

(Convenience translation into English from the original
previously issued in Portuguese)

**COMPANHIA DE SANEAMENTO DO PARANÁ -
SANEPAR**

Auditor's review report

**Quartely Information
For the quarter ended March 31, 2021**

COMPANHIA DE SANEAMENTO DO PARANÁ - SANEPAR

Quarterly Information
For the quarter ended at March 31, 2021

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Individual financial statements/ statements of financial position - assets

(In thousands of Brazilian reais)

Code of Account	Account description	Current quarter 03/31/2021	Prior year 12/31/2020
1	Total Assets	13,929,028	13,190,858
1.01	Current assets	2,273,611	1,756,277
1.01.01	Cash and cash equivalents	1,324,367	874,323
1.01.01.01	Cash and banks	9,087	5,127
1.01.01.02	Financial investments	1,315,280	869,196
1.01.03	Accounts receivable	842,378	779,404
1.01.03.01	Trade accounts receivable	842,378	779,404
1.01.04	Inventories	49,937	53,857
1.01.06	Recoverable taxes	6,896	6,810
1.01.06.01	Current recoverable taxes	6,896	6,810
1.01.08	Other current assets	50,033	41,883
1.01.08.03	Others	50,033	41,883
1.01.08.03.01	Restricted deposits	14,251	4,661
1.01.08.03.02	Derivative financial instruments	9,975	9,476
1.01.08.03.03	Other accounts receivable	25,807	27,746
1.02	Noncurrent assets	11,655,417	11,434,581
1.02.01	Long-term assets	3,356,237	3,224,909
1.02.01.04	Accounts receivable	27,894	20,199
1.02.01.04.01	Trade accounts receivable	27,894	20,199
1.02.01.07	Deferred taxes	664,652	656,495
1.02.01.07.01	Deferred Income and Social Contribution Taxes	664,652	656,495
1.02.01.10	Other noncurrent assets	2,663,691	2,548,215
1.02.01.10.03	Restricted deposits	57,212	56,953
1.02.01.10.06	Court deposits	354,034	320,475
1.02.01.10.07	Contractual financial assets	524,477	490,082
1.02.01.10.08	Contract of asset	1,682,534	1,634,802
1.02.01.10.09	Other receivables	45,434	45,903
1.02.02	Investments	2,018	2,352
1.02.02.01	Shareholdings	2,018	2,352
1.02.02.01.03	Joint Ventures	2,018	2,352
1.02.03	Fixed assets	276,765	286,007
1.02.03.01	Fixed assets in operation	221,832	224,351
1.02.03.02	Rigth-of-use assets	54,933	61,656
1.02.04	Intangible assets	8,020,397	7,921,313
1.02.04.01	Intangible assets	8,020,397	7,921,313
1.02.04.01.01	Concession contracts	7,834,908	7,734,663
1.02.04.01.02	Rigth-of-use assets	185,489	186,650

Individual financial statements/ statements of financial position - liabilities

(In thousands of Brazilian reais)

Code of Account	Account description	Current quarter 03/31/2021	Prior year 12/31/2020
2	Total Liabilities	13,929,028	13,190,858
2.01	Current liabilities	1,422,797	1,448,859
2.01.01	Payroll and social charges	134,866	181,369
2.01.01.02	Labor liabilities	134,866	181,369
2.01.02	Trade accounts payable	173,164	209,428
2.01.02.01	Trade accounts payable - domestic	173,164	209,428
2.01.03	Tax liabilities	98,916	72,691
2.01.03.01	Federal Taxes	96,177	70,190
2.01.03.01.01	Income and Social Contribution Taxes	55,345	0
2.01.03.01.02	Other Federal Taxes	40,832	70,190
2.01.03.03	Municipal Taxes	2,739	2,501
2.01.04	Loans and financing	510,501	521,505
2.01.04.01	Loans and financing	262,423	275,978
2.01.04.01.01	Domestic currency	262,423	275,978
2.01.04.02	Debentures	195,586	191,146
2.01.04.03	Financing from finance lease	52,492	54,381
2.01.05	Other liabilities	314,500	298,226
2.01.05.02	Others	314,500	298,226
2.01.05.02.01	Dividends and interest on equity capital payable	208,864	206,236
2.01.05.02.05	Collaterals and contractual retentions	2,708	2,307
2.01.05.02.07	Unearned revenue	3,850	4,200
2.01.05.02.08	Derivative financial instruments	8,234	8,184
2.01.05.02.09	Other accounts payable	90,844	77,299
2.01.06	Provisions	190,850	165,640
2.01.06.02	Other provisions	190,850	165,640
2.01.06.02.04	Provisions for pension plan and health insurance	79,071	78,090
2.01.06.02.05	Labor provisions	111,779	87,550
2.02	Noncurrent liabilities	5,316,578	4,798,836
2.02.01	Loans and financing	3,591,020	3,126,083
2.02.01.01	Loans and financing	1,439,352	1,450,794
2.02.01.01.01	Domestic currency	1,430,234	1,442,160
2.02.01.01.02	Foreign currency	9,118	8,634
2.02.01.02	Debentures	1,854,467	1,371,619
2.02.01.03	Financing from finance lease	297,201	303,670
2.02.02	Other liabilities	26,229	34,814
2.02.02.02	Others	26,229	34,814
2.02.02.02.05	Contractors and Suppliers	4,392	4,392
2.02.02.02.05	Taxes and contributions	5	105
2.02.02.02.09	Unearned revenue	0	700
2.02.02.02.11	Other accounts payable	21,832	29,617
2.02.04	Provisions	1,699,329	1,637,939
2.02.04.02	Other provisions	1,699,329	1,637,939
2.02.04.02.04	Provisions for pension plan and health insurance	1,106,998	1,093,262
2.02.04.02.05	Provisions	592,331	544,677
2.03	Equity	7,189,653	6,943,163
2.03.01	Realized capital stock	3,996,137	3,996,137
2.03.01.01	Paid-in capital stock	3,996,137	3,996,137
2.03.03	Revaluation surplus	63,033	64,292
2.03.03.01	Own assets	63,033	64,292
2.03.04	Profit reserves	2,853,580	2,853,580
2.03.04.01	Legal reserve	49,757	49,757
2.03.04.07	Tax incentive reserve	11,539	11,539
2.03.04.08	Additional proposed dividend	60,083	60,083
2.03.04.10	Investment plan	2,732,201	2,732,201
2.03.05	Retained earnings/(Accumulated losses)	247,788	0
2.03.06	Asset and liability valuation adjustments	4,629	4,668
2.03.08	Other comprehensive income	24,486	24,486

Individual financial statements/ Statements of income
(In thousands of Brazilian reais)

Code of Account	Account description	Current quarter 01/01/2021 to 03/31/2021	Prior quarter 01/01/2020 to 03/31/2020
3.01	Revenue from sales of goods and/or services	1,226,476	1,246,136
3.02	Cost of goods sold and/or services rendered	-480,777	-461,545
3.03	Gross result	745,699	784,591
3.04	Operating expenses/revenues	-317,337	-350,543
3.04.01	Selling expenses	-94,252	-95,715
3.04.02	General and administrative expenses	-142,209	-157,209
3.04.05	Other operating expenses	-80,431	-96,374
3.04.05.01	Provision for contingencies	-47,654	-20,258
3.04.05.02	Pension plan and health insurance	-14,717	-16,707
3.04.05.04	Profit sharing program	-17,377	-25,371
3.04.05.05	Other operating expenses (revenues)	-683	-34,038
3.04.06	Equity in earnings (losses) of controlled companies	-445	-1,245
3.05	Income (loss) before financial income (loss) and taxes	428,362	434,048
3.06	Financial income (loss)	-55,344	-52,787
3.06.01	Financial revenues	15,600	15,119
3.06.02	Financial expenses	-70,944	-67,906
3.07	Income (loss) before taxes	373,018	381,261
3.08	Income and Social Contribution Taxes	-126,528	-125,236
3.08.01	Current	-134,685	-155,401
3.08.02	Deferred	8,157	30,165
3.09	Net income (loss) from continuing operations	246,490	256,025
3.11	Income/Loss for the period	246,490	256,025
3.99	Earnings per share – (Reais/Share)		
3.99.01	Basic earnings per share		
3.99.01.01	Preferred shares	0.16821	0.17471
3.99.01.02	Common shares	0.15291	0.15883
3.99.02	Diluted earnings per share		
3.99.02.01	Preferred shares	0.16821	0.17471
3.99.02.02	Common shares	0.15291	0.15883

Individual financial statements/ Statements of comprehensive income

(In thousands of Brazilian reais)

Code of Account	Account description	Current quarter		Prior quarter
		01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020	
4.01	Net income for the period	246,490		256,025
4.02	Other comprehensive income	-1,298		-1,404
4.02.01	Realization of revaluation surplus	-1,908		-2,046
4.02.02	Taxes on Realization of Revaluation Surplus	649		695
4.02.03	Realization of Deemed Cost	-59		-81
4.02.04	Taxes on Realization of Deemed Cost	20		28
4.03	Comprehensive income for the period	245,192		254,621

Individual financial statements/Statements of cash flows - indirect method

Code of account	Account description	Accumulated in	Accumulated in
		current year	prior year
		01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
6.01	Net cash from operating activities	344,271	426,014
6.01.01	Cash from operations	484,514	433,582
6.01.01.01	Net income for the period	246,490	256,025
6.01.01.02	Depreciation and amortization	94,376	86,895
6.01.01.03	Costs of fixed and intangible assets write-offs	1,046	3,082
6.01.01.04	Impairment	-583	-850
6.01.01.06	Discount to present value of financial assets	-5,101	6,968
6.01.01.07	Allowance for doubtful accounts	17,583	11,627
6.01.01.08	Deferred Income and Social Contribution Taxes, net	-8,157	-30,165
6.01.01.09	Provision for contingencies	47,654	20,258
6.01.01.10	Pension plan and medical insurance	14,717	16,707
6.01.01.11	Interest on financing	50,748	47,787
6.01.01.12	Monetary variations on financing	15,909	4,735
6.01.01.13	Interest and monetary restatements Leasing	8,200	8,757
6.01.01.14	Exchange rate, net	466	538
6.01.01.15	Exchange on derivative financial instrments	-449	-520
6.01.01.16	Equity in earnings (losses) of controlled companies	445	1,245
6.01.01.17	Appropriation of costs of funds raised from third parties	872	189
6.01.01.18	Adjustment to Fair Value – Investments	298	304
6.01.02	Changes in assets and liabilities	-140,243	-7,568
6.01.02.01	Trade accounts receivable	-88,252	6,022
6.01.02.02	Recoverable taxes and contributions	-86	-3
6.01.02.03	Inventories	3,920	3,368
6.01.02.04	Court deposits	-33,559	18,987
6.01.02.05	Other receivables and accounts receivable	2408	947
6.01.02.06	Contractors and Suppliers	-36,264	-28,214
6.01.02.07	Concession contracts	0	-31,414
6.01.02.08	Taxes and contributions	107,330	117,817
6.01.02.09	Salaries and social charges	-22,274	30,122
6.01.02.10	Collaterals and contractual retentions	401	-104
6.01.02.11	Unearned revenues	-1,050	-1,050
6.01.02.12	Income and social contribution taxes paid	-78,577	-121,528
6.01.02.13	Other accounts payable	5,760	-2,518
6.02	Net cash from investing activities	-258,813	-212,588
6.02.01	Investments in fixed and intangible assets	-258,850	-211,439
6.02.02	Investments	37	-1,149
6.03	Net cash from financing activities	364,586	302,156
6.03.01	Financing	563,606	418,826
6.03.02	Amortization of financing	-106,839	-49,308
6.03.03	Payments of interest on financing	-49,955	-37,494
6.03.04	Payments of Mercantile Leases	-19,861	-19,121
6.03.05	Costs of funds raised with third parties	-12,516	-9,290
6.03.06	Restricted deposits	-9,849	-1,457
6.05	Increase (decrease) in cash and equivalents	450,044	515,582
6.05.01	Beginning balance of cash and cash equivalents	874,323	274,059
6.05.02	Ending balance of cash and cash equivalents	1,324,367	789,641

Individual financial statements/ Statement of changes in equity - 01/01/2021 to 03/31/2021

Code of account	Account description	Paid-in capital stock	Capital reserves, Granted options and Treasury shares	Income reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Initial balances	3,996,137	0	2,853,580	0	93,446	6,943,163
5.03	Adjusted beginning balances	3,996,137	0	2,853,580	0	93,446	6,943,163
5.05	Total comprehensive income	0	0	0	247,788	-1,298	246,490
5.05.01	Net income for the period	0	0	0	246,490	0	246,490
5.05.02	Other comprehensive income	0	0	0	1,298	-1,298	0
5.05.02.06	Realization of revaluation surplus	0	0	0	1,908	-1,908	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-649	649	0
5.05.02.08	Realization of adjustment to deemed cost	0	0	0	59	-59	0
5.05.02.09	Taxes on realization of adjustment to deemed cost	0	0	0	-20	20	0
5.07	Ending balances	3,996,137	0	2,853,580	247,788	92,148	7,189,653

Individual financial statements/ Statement of changes in equity - 01/01/2020 to 03/31/2020

Code of acc	Account description	paid-in capital stock	Capital reserves, Granted options and Treasury shares	Income reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Initial balances	2,851,089	0	3,306,767	0	16,058	6,173,914
5.03	Adjusted beginning balances	2,851,089	0	3,306,767	0	16,058	6,173,914
5.04	Capital transactions with partners	1,145,048	0	0	0	0	1,145,048
5.04.01	Increase capital stock	1,145,048	0	0	0	0	1,145,048
5.05	Total comprehensive income	0	0	0	257,429	-1,404	256,025
5.05.01	Net income for the period	0	0	0	256,025	0	256,025
5.05.02	Other comprehensive income	0	0	0	1,404	-1,404	0
5.05.02.06	Realization of revaluation surplus	0	0	0	2,046	-2,046	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-695	695	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	81	-81	0
5.05.02.09	Taxes on realization of adjustment to attributed c	0	0	0	-28	28	0
5.06	Internal Changes in Stockholders' Equity	0	0	-1,145,048	0	0	-1,145,048
5.06.04	Constitution of Legal Reserve	0	0	-336,909	0	0	-336,909
5.06.05	Profit Retention	0	0	-808,139	0	0	-808,139
5.07	Ending balances	3,996,137	0	2,161,719	257,429	14,654	6,429,939

Individual financial statements/ Statements of value added		Accumulated in	Accumulated in
Code of accoi	Account description	current year	prior year
		01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
7.01	Revenues	1,300,195	1,296,123
7.01.01	Sales of merchandise, products and services	1,318,461	1,341,788
7.01.02	Other revenues	-683	-34,038
7.01.04	Reversal of/allowance for doubtful accounts	-17,583	-11,627
7.02	Inputs acquired from third parties	-405,036	-386,621
7.02.01	Costs of products, merchandise and services sold	-148,391	-142,953
7.02.02	Materials, energy, third-party services and others	-202,214	-201,644
7.02.04	Others	-54,431	-42,024
7.03	Gross value added	895,159	909,502
7.04	Withholdings	-94,376	-86,895
7.04.01	Depreciation, amortization and depletion	-94,376	-86,895
7.05	Net generated value added	800,783	822,607
7.06	Value added received by transfer	15,155	13,874
7.06.01	Equity in earnings (losses) of controlled companies	-445	-1,245
7.06.02	Financial revenues	15,600	15,119
7.07	Total value added to be distributed	815,938	836,481
7.08	Value added distribution	815,938	836,481
7.08.01	Personnel	235,110	247,370
7.08.01.01	Direct compensation	157,892	164,946
7.08.01.02	Benefits	66,132	71,288
7.08.01.03	Severance Pay Fund (FGTS)	11,086	11,136
7.08.02	Taxes, fees and contributions	261,704	264,133
7.08.02.01	Federal	258,835	261,378
7.08.02.02	State	314	425
7.08.02.03	Municipal	2,555	2,330
7.08.03	Return on debt capital	72,634	68,953
7.08.03.01	Interest	70,944	67,906
7.08.03.02	Rents	1,690	1,047
7.08.04	Return on equity capital	246,490	256,025
7.08.04.03	Retained earnings/ Accumulated losses for the period	246,490	256,025

1. OPERATING DATA
1.1 MARKET

We present below the contracts in % of Total Revenue of the Company, as of March 31, 2021:

Contracts (% of Total Revenue)*					Coverage index		Total active units (in thousands)	
Municipalities	Total revenue %	Remaining period of concession	Type of contract	Type of concession	Water	Sewage collections	Water	Sewage collections
Curitiba	21.1%	27.5 years	Program	Water and Sewage	100%	96.4%	831.3	801.6
Londrina	7.3%	25.5 years	Program	Water and Sewage	100%	96.0%	256.6	243.3
Maringá	5.2%	19.7 years	Concession	Water and Sewage	100%	100.0%	168.0	186.3
Ponta Grossa	3.7%	5.3 years	Concession	Water and Sewage	100%	91.6%	150.7	136.6
Cascavel	3.6%	3.9 years	Concession	Water and Sewage	100%	100.0%	129.7	136.4
Foz do Iguaçu	3.5%	23.2 years	Program	Water and Sewage	100%	79.8%	116.1	93.9
São José dos Pinhais	2.8%	23.0 years	Program	Water and Sewage	100%	76.9%	117.4	91.4
Colombo	1.8%	27.3 years	Program	Water and Sewage	100%	66.4%	86.3	58.4
Guarapuava	1.7%	21.8 years	Program	Water and Sewage	100%	85.5%	67.3	56.2
Toledo	1.5%	4.7 years	Concession	Water and Sewage	100%	82.3%	60.2	47.8
Other Municipalities	47.8%						2,104.1	1,262.9
Total					100.0%	76.9%	4,087.7	3,114.8

Concession / Program Contracts*	Number of Contracts*	% of Total Revenue*
Overdue	10	4.0
Expiration between 2021 and 2029	53	12.2
Expiration after 2029	283	83.8
Total	346	100.0

* Information not reviewed by independent auditors.

The rate of service with treated water is 100% and the rate of service with the sewage collection network - IARCE Urbano is 76.9%, with 100% of the collected sewage being treated, according to the Company's Information System.

Revenues stem mainly from residential water connections, representing 90.9% of the total water connections existing at March 31, 2021.

The number of water connections in March 2021 is 2.7% higher than the number of connections existing in March 2020, which represents an increase of 85,300 water connections, as follows:

Number of Water Connections*	MAR/21 (1)	%	MAR/20 (2)	%	Var. % (1/2)
Residential	2,994,308	90.9	2,913,969	90.8	2.8
Commercial	235,319	7.1	230,957	7.2	1.9
Industrial	13,349	0.4	13,115	0.4	1.8
Public Utility	23,885	0.7	23,855	0.7	0.1
Public Administration	26,799	0.9	26,464	0.9	1.3
Total	3,293,660	100.0	3,208,360	100.0	2.7

* Information not reviewed by independent auditors.

The number of sewage connections in March 2021 is 3.7% higher than the number of connections existing in March 2020, representing an increase of 82,491 new sewage connections, as shown below:

Number of Sewage Connections*	MAR/21 (1)	%	MAR/20 (2)	%	Var.% (1/2)
Residential	2,105,282	90.5	2,028,130	90.4	3.8
Commercial	185,810	8.0	181,408	8.1	2.4
Industrial	5,942	0.3	5,489	0.2	8.3
Public Utility	15,522	0.7	15,337	0.7	1.2
Public Administration	14,655	0.5	14,356	0.6	2.1
Total	2,327,211	100.0	2,244,720	100.0	3.7

* Information not reviewed by independent auditors.

1.2 PRODUCTIVITY

In 1Q21, the measured volume of treated water was 130.4 million m³ against 132.8 million m³ in 1Q20, representing an decrease of 1.8%, as shown below:

Measured Volume - million m ³ *	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Residential	112.9	113.0	-0.1
Commercial	9.8	10.7	-8.4
Industrial	3.4	3.2	6.2
Public Utility	0.9	1.3	-30.8
Public Administration	3.4	4.6	-26.1
Total	130.4	132.8	-1.8

* Information not reviewed by independent auditors.

In 1Q21, the volume of treated water billed was 130.4 million m³, against to 137.5 million m³ in 1Q20, representing a decrease of 5.2%, as shown below:

Invoiced Water Volume - million m ³ *	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Residential	112.9	116.7	-3.3
Commercial	9.8	11.5	-14.8
Industrial	3.4	3.5	-2.9
Public Utility	0.9	1.1	-18.2
Public Administration	3.4	4.7	-27.7
Total	130.4	137.5	-5.2

* Information not reviewed by independent auditors.

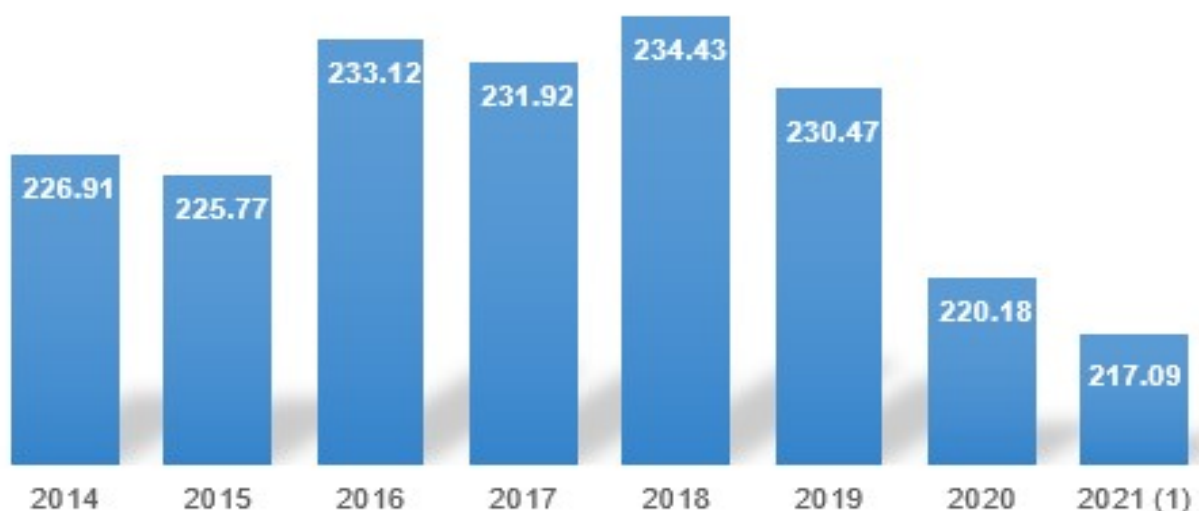
The volume of sewage billed in 1Q21 increased by 5.1% compared to 1Q20, as shown below:

Invoiced Sewage Volume - million m ³ *	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Residential	85.5	88.0	-2.8
Commercial	8.8	10.5	-16.2
Industrial	0.8	0.8	0.0
Public Utility	0.8	0.9	-11.1
Public Administration	2.6	3.6	-27.8
Total	98.5	103.8	-5.1

* Information not reviewed by independent auditors.

DEMONSTRATIVE OF THE LOSS BY CONNECTION*

Litres/Connection/Day *



* Information not reviewed by independent auditors.

(1) Accumulated values from January to March 2021.

Water*	1Q21 (1)	1Q20 (2)	Var. (1/2)	1Q19 (3)	Var. % (2/3)
Units served by the distribution network	4,109,337	4,020,347	2.2 %	3,940,589	2.0 %
Number of treatment stations	168	168	0.0 %	168	0.0 %
Number of wells	1,260	1,140	10.5 %	1,112	2.5 %
Number of surface catchment	233	231	-0.9 %	229	0.9 %
Km of laid network	57,979	55,679	4.1 %	54,373	2.4 %
Volume produced (m ³)	185,456,414	201,547,763	-8.0 %	196,146,701	2.8 %
Loss rate:					
In distribution system - %	32.53	34.09	-1.56 p.p.	32.58	1.51 p.p.
In billings - %	29.69	31.79	-2.10 p.p.	30.11	1.68 p.p.
Evasion of revenues - % (default)	3.59	3.56	0.03 p.p.	2.51	1.05 p.p.

Sewage*	1Q21 (1)	1Q20 (2)	Var. (1/2)	1Q19 (3)	Var. % (3)
Units served by the collection network	3,141,932	3,039,584	3.4 %	2,918,825	4.1 %
Number of treatment stations	257	251	2.4 %	247	1.6 %
Km of laid network	38,985	37,157	4.9 %	36,208	2.6 %
Volume collected in m ³	93,543,997	99,718,064	-6.2 %	97,469,780	2.3 %

* Information not reviewed by independent auditors.

WATER CRISIS AND AVAILABLE VOLUMES

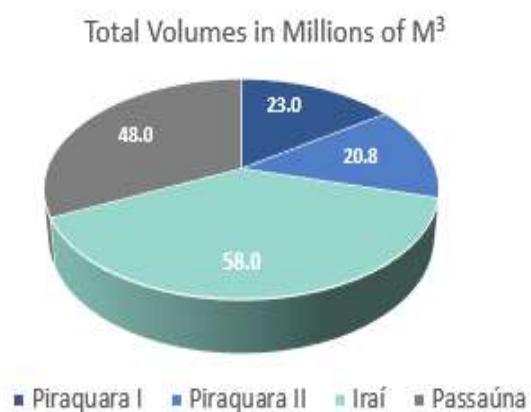
On 05/07/2020, State Decree nº 4,626 was published, recognizing the water emergency situation in the State of Paraná, for a period of 180 days.

Due to the low volume of reservoirs and the scarcity of rain, the Company is rotating the water supply as a mitigating action. Since March 15, 2021, thanks to the elevation of the level of the four dams that make up the Integrated Supply System of Curitiba and Metropolitan Region - SAIC, as a result of the population's economy, within the META20 Program and the actions of the Company, it has been possible implement a new rotation model in Curitiba and the Metropolitan Region with 60 hours of supply and 36 hours of suspension, which will be maintained as long as the reserve level remains above 50%, and if it falls again to the level of 50%, it will be resumed the previous rotation model, 36 hours for 36 hours.

The average volume available of the Integrated Supply System of Curitiba (SAIC) is formed by the dams Piraquara I, Piraquara II, Iraí and Passaúna.

In the Municipality of Foz do Iguaçu, Sanepar uses water from the dam of the hydroelectric power plant Itaipu Binacional, of Itaipu lake, in Paraná River.

The dams of Sanepar are considered of medium size in relation to storage volume, but large due to height/depth of more than 15 meters. At the end of the quarter, the average reserve volume was 60.8%.



2. FINANCIAL DATA

2.1 ECONOMIC PERFORMANCE

Operating revenue - In million of Reais	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Revenues from water	806.1	810.2	-0.5
Revenues from sewage	469.0	483.3	-3.0
Revenues from services	26.8	33.7	-20.5
Revenues from solid waste	3.0	3.2	-6.3
Services provided to Municipalities	5.1	4.9	4.1
Donations made by clients	7.2	5.3	35.8
Other revenues	1.3	1.2	8.3
Total Operating Revenue	1,318.5	1,341.8	-1.7
COFINS	-75.6	-78.6	-3.8
PASEP	-16.4	-17.1	-4.1
Total of Deductions	-92.0	-95.7	-3.9
Total of Operating Revenue, net	1,226.5	1,246.1	-1.6

Net operating revenue decreased by 1.6%, from R\$1,246.1 million in 1Q20 to R\$1,226.5 million in 1Q21, this reduction is due to the decrease in billed volumes of water and sewage, resulting from the current water emergency situation in the State of Paraná, which required mitigating actions due to the low volume of reserves and the scarcity of rain.

Operating costs and expenses In million of Reais	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Personnel	-257.0	-261.2	-1.6
Materials	-53.5	-56.2	-4.8
Electricity	-121.5	-120.0	1.3
Third-party services	-157.7	-154.0	2.4
Depreciation and amortization	-94.4	-86.9	8.6
Losses in Realization of Credits	-17.6	-11.6	51.7
Net Realizable Value of Inventory	1.7	-0.9	-288.9
Municipal Sanitation and Environmental	-15.4	-17.7	-13.0
Regulatory fee	-6.4	-6.3	1.6
Indemnifications for damages to third parties	-1.8	-2.2	-18.2
Expenses capitalized	21.6	17.9	20.7
Provision for contingencies	-47.7	-20.3	135.0
Pension plan and medical insurance	-14.7	-16.7	-12.0
Profit sharing program	-17.4	-25.4	-31.5
Eventual and extraordinary losses	0.0	-37.1	-100.0
Environmental Fines	0.0	0.0	0.0
Net assets write-off	-0.3	3.4	-108.8
Adjustment to Fair Value - Investments	-0.3	-0.3	0.0
Equity in earnings (losses)	-0.4	-1.2	-66.7
Other costs and expenses	-15.4	-15.4	0.0
Total	-798.2	-812.1	-1.7

Operating costs and expenses accumulated in the 1Q21 decreased of 1.7% compared to 1Q20.

The main changes resulted from:

- **Personnel:**

Decrease of 1.6%, due to the 8.9% decrease in the number of employees (from 6,971 to 6,350 employees on March 31, 2020 and March 31, 2021, respectively), as a result of the Incentive Retirement Program - PAI, reflecting in all salary amounts, overcoming the impacts resulting from the salary adjustments of 3.92% and 6.22% (INPC) on the labor amounts and benefits referring to the Collective Labor Agreement - ACT 2020/2021 (base date March 2020 and 2021) and the 7.64% readjustment of SANESAÚDE in June 2020;

- **Materials**

Decrease of 4.8%, mainly in office supplies, use and consumption, cleaning and hygiene material, electromechanical maintenance material, treatment material, cut and reconnection material, fuels and lubricants and safety and protection material;

- **Electricity**

Increase of 1.3%, mainly due to the 3% reduction in the subsidy applied to consumer units that benefited from the discount for sanitation and by the change in the tariff flag practiced by COPEL from “green” in March 2020 to “Yellow” in March 2021, in addition to the average tariff reflex of 0.41% applied since 06/24/2020;

- **Third Party Services**

Increase of 2.4% mainly in professional technical services, surveillance services, registration and billing services, electromechanical maintenance services, operational technical services and sewage removal service;

- **Depreciation and amortization**

Increase of 8.6%, mainly due to the entry into operation of intangible and / or fixed assets, in the period from April 2020 to March 2021, in the amount of R\$1,007.2 million (net of write-offs);

- **Losses on Credit Realization**

Increase of 51.7%, mainly influenced by the growth of the provisions of losses of the accounts receivable from private customers in the amount of R\$17.3 million and also by the accounting of the amount of R\$0.7 million related to the estimate of expected losses on credits, according to studies on the drop in collection caused the current economic scenario, caused by the Pandemic due to COVID-19;

- **Provisions for Contingencies**

Growth of 135.0%, mainly due to the recognition as a probable loss of R\$11.7 million in Public Civil Action, resulting from indemnity for a traffic accident in December 2003, in addition to the reclassification for probable loss of Environmental Action before IBAMA, in which the disposal of untreated sewage waste in rivers is discussed, in the amount of R\$26.3 million.

2.2 ECONOMIC INDICATORS

Financial income (loss) - R\$ in million	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Financial revenues			
Financial investments	4.7	4.9	-4.1
Monetary variation gains	5.1	4.0	27.5
Gain on Derivative Financial Instruments	0.5	0.5	0.0
Other financial revenues	5.3	5.7	-7.0
Total financial revenues	15.6	15.1	3.3
Financial expenses			
Interest and fees on loans, financing, debentures and leases	-54.2	-51.0	6.3
Monetary variation losses	-15.9	-4.7	238.3
Exchange rate variation	-0.5	-0.5	0.0
Other financial expenses	-0.3	-11.7	-97.4
Total financial expenses	-70.9	-67.9	4.4
Financial income (loss), net	-55.3	-52.8	4.7

The financial result varied negatively by 4.7%, from -R\$52.8 million in 1Q20 to -R\$55.3 million in 1Q21, due to the 4.4% growth in financial expenses, mainly in interest expenses and interest rates. financing, loans, debentures and leases, from R\$51.0 million to R\$54.2 million in 1Q20 and 1Q21, respectively and in monetary variations of loans and financing, increasing from an expense of R\$4.7 million in 1Q20 for an expense of R\$15.9 million in 1Q21 due to the growth of the IPCA compared to the same period in 2020.

Economic Result - R\$ million	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Operating income	428.3	434.0	-1.3
Financial income (loss)	-55.3	-52.8	4.7
Taxes on income	-126.5	-125.2	1.0
Net income for the period	246.5	256.0	-3.7

The Company obtained a net profit of R\$246.5 million in 1Q21, 3.7% below the net result of R\$256.0 million recorded in 1Q20. The result was mainly impacted by the 1.6% reduction in net operating revenue.

The following is the reclassification of the result of 1Q21, excluding non-recurring items:

Non-recurrent items - In million of Reais *	1Q21	1Q20
Net income	246.5	256.0
NPV expenses on contractual financial assets due to changes in the useful life of assets	-	11.1
Economic-Financial Rebalancing of the Consortium DMLFMSEF	-	15.2
Tax effects	-	-8.9
Net income adjusted to non-recurring items	246.5	273.4
Net margin of non-recurrent items	20.1	21.9
Adjusted EBITDA of non-recurrent items	522.7	547.2

* Information not reviewed by independent auditors.

Distribution of the Economic Wealth Generated - In million of Reais	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Staff remuneration	235.1	247.4	-5.0
Government Compensation (Taxes)	261.7	264.1	-0.9
Third-party compensation (Rents)	1.7	1.1	54.5
Return on debt capital (interest and monetary variations)	70.9	67.9	4.4
Net income for the period not distributed	246.5	256.0	-3.7
Total Economic Wealth	815.9	836.5	-2.5

SANEPAR's growth and development strategy to operate on a public utility service market, also open to the private initiative, is based on the search for effective results, commitment to the quality of services provided and, in particular to addressing the needs of the granting power and shareholders.

The figures below display the economic-financial results achieved by the Company in supporting the investment programs, providing adequate conditions for the delivery of future demands.

Economic Indicators - In million of Reais	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Net operating revenue	1,226.5	1,246.1	-1.6 %
Operating profit	428.3	434.0	-1.3 %
Net income	246.5	256.0	-3.7 %
% Operating margin	28.3	28.4	-0.1 p.p.
% Net margin	20.1	20.5	-0.4 p.p.
% Return on average shareholders' equity	3.5	4.1	-0.6 p.p.
Net debt/ EBITDA (Accumulated 12 month) *	1.4	1.3	0.1 p.p.

* CVM Instruction 527/12 - Information not reviewed by independent auditors.

At the close of 1Q21, the Company's total assets reached R\$13,929.1 million (R\$13,190.9 million at 12/31/2020), while total debt at the end of 1Q21 was R\$6,739.4 million (R\$6,247.7 million on 12/31/2020).

Of the total debt, R\$4,101.5 million (R\$3,647.6 million at 12/31/2020) refer to loans, financing, debentures and leases, an increase of 12.4% compared to the end of the year of 2020.

	Reference	MAR/21	DEC/20	Var.
Equity	R\$ Million	7,189.6	6,943.2	3.5 %
Share value	R\$	4.76	4.59	3.7 %
Indebtedness level *	%	48.4	47.4	1.0 p.p.
Current ratio *	R\$	1.60	1.21	32.2 %
Quick ratio *	R\$	1.56	1.17	33.3 %

* Information not reviewed by independent auditors.

EBITDA and Generation of Operating Cash

EBITDA in 1Q21, which represents the Company's operating result, was R\$522.7 million, against R\$520.9 million in 1Q20. The EBITDA margin went from 41.8% to 42.6%. This increase in performance was due to the 3.0% reduction in costs and expenses that impact EBITDA, considering the reduction of 1.6% in net revenue.

Operating cash generation in 1Q21 was R \$ 522.7 million, an increase of 0.3% compared to 1Q20. The Conversion of EBITDA into Operating Cash was 65.8%.

EBITDA - R\$ Million *	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Net income for the period	246.5	256.0	-3.7
(+) Taxes on Income	126.5	125.2	1.0
(+) Financial income (loss)	55.3	52.8	4.7
(+) Depreciation and amortization	94.4	86.9	8.6
EBITDA	522.7	520.9	0.3
% EBITDA Margin	42.6	41.8	0.8 p.p.
% EBITDA conversion into cash	65.8	81.8	-16.0 p.p.

* CVM Instruction 527/12 Information not reviewed by independent auditors.

2.3 INVESTMENTS

The investments made in the second quarter of 1Q21 totaled R\$258.8 million (R\$211.4 million in 1Q20), as shown below:

Investments – R\$ Million	1Q21 (1)	1Q20 (2)	Var. % (1/2)
Water	114.4	101.7	12.5
Sewage	109.5	90.3	21.3
Other investments	34.9	19.4	79.9
Total	258.8	211.4	22.4

2.4 INDEBTEDNESS

Gross debt increased from R\$3,647.6 million in December 2020 to R\$4,101.5 in March 2021, representing an increase of R\$453.9 million. Net debt went from R\$2,773.3 million in December 2020 to R\$2,777.1 million in March 2021. In this quarter, R\$500.0 million was released referring to the 11th Debentures Issuance.

The leverage ratio, measured by the “Net Debt / EBITDA (accumulated 12 months)” ratio went from 1.3x in 1Q20 to 1.4x in 1Q21.

The level of indebtedness was 48.4% at the end of 1Q21 (48.8% in 1Q20).

Next is the breakdown of loans, financing, debentures and leases, with their respective interest rates, maturities and debt balances as at March 31, 2021:

Indebtedness - R\$ million	Annual interest rate	Index	Contract termination	Debt balance	%
Caixa Econômica Federal	6.62% to 12.00%	TR	07/19/2042	1,167.6	28.5
Debentures 10th Issue - 1st series	4.66%	IPCA	03/15/2027	362.8	8.8
BNDES - PAC2	TJPL + 1.67% and 2.05%	-	07/15/2029	300.3	7.3
Lease - Litoral	11.14%	IPC-FIPE	12/07/2036	276.0	6.7
Debentures 11th Issue – 2nd series	4.25%	IPCA	03/15/2029	203.8	5.0
Debentures 9th Issue – 1st series	106.05% of the DI	-	06/11/2024	200.3	4.9
Bank Credit Notes - CCB	DI + 2.75%	-	06/13/2022	165.8	4.0
Debentures 11th Issue – 3rd series	4.49%	IPCA	03/17/2031	158.2	3.9
Debentures 8th Issue – 2nd series	108.00% of the DI	-	06/21/2023	155.8	3.8
Debentures 9th Issue – 2nd series	107.25% of the DI	-	06/11/2026	151.7	3.7
Debentures 4th Issue – 1st series	TJLP + 1.67%	-	07/15/2027	151.5	3.7
Debentures 11th Issue – 1st series	DI + 1.65%	-	03/13/2026	126.9	3.1
Debentures 8th Issue – 1st series	106.50% of the DI	-	06/21/2021	95.5	2.3
Debentures 4th Issue – 2nd series	7.44%	IPCA	07/15/2027	89.3	2.2
Debentures 2nd Issue – 2nd series	9.19%	IPCA	09/15/2024	84.5	2.1
Lease - Right of Use	5.97%	-	02/28/2026	73.7	1.8
Debentures 7th Issue – 2nd series*	4.79%	IPCA	11/15/2038	70.5	1.7
Debentures 2nd Issue – 3rd series	TJLP + 1.92%	-	09/15/2024	57.2	1.4
Debentures 7th Issue – 1st series*	5.20%	IPCA	11/15/2038	45.7	1.1
Debentures 2nd Issue – 1st series	TJLP + 1.92%	-	09/15/2024	42.9	1.1
Debentures 7th Issue – 4th series	6.57%	IPCA	11/15/2038	32.3	0.8
BNDES - AVANÇAR	3.56% to 3.96%	IPCA	06/15/2040	25.9	0.6
Debentures 7th Issue – 3rd series	6.97%	IPCA	11/15/2038	21.1	0.5
BNDES	TJLP + 1.82%	-	01/15/2023	14.1	0.3
Banco Itaú PSI	3.0% to 6.0%	-	01/15/2025	10.7	0.3
KfW Bank	1.35%	EURO	12/30/2032	9.2	0.2
Banco do Brasil - PSI	3.0% to 6.0%	-	04/15/2024	8.2	0.2
Total				4,101.5	100.0

* IPCA as a variable component of the TLP

We present below the debt profile in relation to maturity:

Description - R\$ million	Debt balance	%
12 months	510.5	12.4
24 months	275.6	6.7
36 months	387.6	9.5
60 months	589.8	14.4
Over 60 months	2,338.0	57.0
Total	4,101.5	100.0

3. REGULATIONS

Tariff Readjustment 2020

On 12/29/2020, at Ordinary Meeting n° 029/2020 AGEPAR decided to partially approve Sanepar's readjustment request for the year 2020, being approved the index of 5.11%, applied as of February 5, 2005 2021, according to Resolution n° 040/2020. The calculation made by AGEPAR considered the provisional suspension of the 4th installment of the tariff deferral, originating from RTP 2017, and the replacement in the basket of indexes of the IGP-M by the IPCA.

The Agency also defined that the compensation for the delay in granting the tariff adjustment, in the period between May 2020 and February 2021, should be considered in the 2nd RTP.

On 01/25/2021, the Company filed a request with AGEPAR aiming at offsetting the amounts arising from the replacement of the IGP-M by the IPCA, the Agency, in turn, accepted Sanepar's request and cleared the amounts in the calculation of the 1st phase of the 2nd RTP, as well as the compensation resulting from the delay in granting the IRT 2020 (May 2020 to February 2021).

Portion A Cost Variation Account (CVA)

The Compensation for Variation of Items in Portion "A" corresponds to the compensation for the sum of monthly differences, positive or negative, calculated according to the variations in the costs of electricity, chemicals and sector charges, adjusted by the IPCA.

The CVA is determined from the historical cost verified in period t-1 for the three components mentioned above and transferred via readjustments in period t. However, the basic formulation of the tariff adjustment does not guarantee the perfect pass-through of non-manageable costs to the consumer, since it does not consider, for example, the difference between the reference market and the application market.

Since the calculation of the tariff readjustment assumes that in the following period exactly the same volume (m^3) will occur in the calculation of the readjustment, at the end of period t the CVA balance would be zero.

In the accumulated until March 2021, the Company's CVA obtained a positive balance of R\$5.4 million from management, which Sanepar should recover, via tariff.

The Company is announcing adjusted EBITDA with non-manageable items as a metric to analyze the impacts of the offsetting of the "A" portion (electrical energy, treatment material, fees and charges) of the tariff model.

Adjusted EBITDA with non-manageable items is a non-accounting measurement and should not be considered in isolation as an operating indicator or cash flow or to measure the Company's liquidity or debt capacity.

Below we present the calculation of Adjusted EBITDA based on EBITDA, which follows ICVM 527/12, considering the estimated values of non-manageable items, accumulated up to March 31, 2021:

EBITDA - R\$ million *	1Q21
EBITDA	522.7
(+) Items no manageable	5.4
Electrical energy	6.6
Treatment material	4.8
Fee and charges	(6.0)
(=) Adjusted EBITDA with non-manageable items	528.1
% EBITDA Margin with non-manageable items	43.1

* Information not reviewed by the independent auditors

1st Phase of the 2nd RTP and the Deferral 1st RTP

On 01/04/2021 AGEPAR promoted the opening of Public Consultation No. 001/2021, referring to the 1st phase of the 2nd RTP - Periodic Tariff Review and submitted 09 (nine) Technical Notes for contributions until 02/17/2021. On 03/31/2021, the Agency held Public Hearing nº 001/2021, to discuss the Technical Notes already updated after the contributions of the Public Consultation. On 04/14/2021, AGEPAR's Board of Directors, at Extraordinary Meeting nº 012/2021, decided to approve the new tariff repositioning of 5.7701%, as a result of the 1st phase of the 2nd RTP. The repositioned tariff will take effect 30 days after its approval.

Also, in the 1st phase of the 2nd RTP, AGEPAR updated the calculation rule in relation to the amortization of the portion of the deferral from the 1st RTP. In the proposed calculation, the deferred debt balance was estimated based on the balance of the differences between the Required Revenue and Verified Revenue projected up to May 2021 and resulted in the amount of R\$1,708.8 billion, this amount was integrated into the tariff through of a fixed-value compensation portion over the tariff cycle (2021 - 2024) of R\$0.459 per m³, calculated based on the equality of a cash flow discounted by the regulatory WACC.

The deferral comes from Sanepar's 1st RTP, on which occasion the Company was authorized by the Regulatory Agency for Public Delegated Services of Paraná (AGEPAR), through Homologatory Resolution No. 003, of April 12, 2017, to apply the index of tariff repositioning of 25.63% as of April 17, 2017, as provided for in article 3:

"Art. 3 - Define that the application of the tariff review approved according to article 2 of this Resolution will be deferred in 8 (eight) years, and the first installment will correspond, in the year of 2017, to an average repositioning of 8.53% (eight point fifty and three percent), and the remainder in 7 (seven) installments of 2.11% (two point eleven percent), plus the corresponding financial correction and economic correction, which will be applied by the weighted average rate of daily financing calculated in the Special Settlement and Custody System (SELIC), under the terms defined in the Technical Note approved in article 1 of this Resolution".

In relation to accounting records, in analogy to “Technical Guideline OCPC 08 - Recognition of Certain Assets and Liabilities in the General Purpose Accounting - Financial Reports of Electricity Distributors issued in accordance with Brazilian and International Accounting Standards, the Company does not record in the Financial statements the amounts receivable arising from the deferral, considering that: (i) the realization or enforceability of these amounts would depend on a future event not fully controllable by the entity - future billing of water and sewage services; (ii) it is not practicable to know, when the right to receive arises, who are the debtors of these amounts; and (iii) the effective receipt of these amounts will only occur with the maintenance of the concessions.

4. IMPACTS OF THE CORONAVIRUS (COVID-19)

The Company disclosed the impacts of the new coronavirus pandemic (COVID-19) in Explanatory Note 31 to the Interim Financial Statements for the 1Q2021.

Companhia de Saneamento do Paraná - SANEPAR

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Base Date March 31, 2021
(In thousands of Brazilian Reais)

1. OPERATIONS

Companhia de Saneamento do Paraná – SANEPAR (also identified as “Company” or “Sanepar”), located at Rua Engenheiros Rebouças in Curitiba – Paraná, is a private company, controlled by the government of the state of Paraná and its municipalities, and engaged in rendering basic sanitation services, mainly water distribution, collection and treatment of sewage and solid waste, as well as studies, projects and construction work of new facilities, expansion of water distribution and collection and treatment of sewage networks, and rendering of advisory services and technical assistance in its areas of activity. The Company also collaborates with federal, state, municipal agencies and other entities in issues relevant to the achievement of its basic purposes.

On July 28, 2020, Law No. 20,266 / 2020 was sanctioned, which amended Article 1 of Law No. 4,684 of January 24, 1963, authorizing the Company to operate, including abroad, in the exploration of public services and private systems water supply, collection, removal and final destination of effluents, domestic and industrial solid waste, urban drainage, related services to protection of the environment and its water resources, in addition to being authorized to sell the energy generated in its units, services and rights arising from its patrimonial assets and to use networks for the installation of optical fibers. The Company may also participate, majority or minority, in consortia, investment funds or companies with public and private companies. The operation of these businesses may be directly or through subsidiaries, through special purpose companies or other legal types of association approved by the General Shareholders' Meeting.

By means of municipal concessions, the Company renders services of treatment and distribution of water and collection and treatment of sewage. Contract renewals have average term of 30 years. From a total of 346 municipalities served, about 10 (2.9%) of the contracts are expired, 53 (15.3%) expire from 2021 to 2029 and 283 (81.8%) were renewed and expire after 2029. In the case of non renewed concessions, the municipalities shall reimburse to the Company the residual amounts of the assets related to the concession upon termination.

In addition, the Company is discussing in court the validity of the additive term that renewed the concession with the municipality of Maringá. According to the determination of the Court of Justice of the State of Paraná, the contractual breach with the municipality can only occur after indemnification to the Company of the investments made.

The Company is registered with CVM (Brazilian Securities and Exchange Commission) as a public company type A (issuers authorized to negotiate any securities) and has its shares negotiated in São Paulo's stock exchange (B3 – Brasil, Bolsa, Balcão), listed in Level 2 of Corporate Governance.

The Company has 40% interest in the Special Purpose Entity, organized as a closely-held corporation, named “CS Bioenergia S/A”, engaged in rendering services of proper final destination of solid and organic waste and of the sludge generated in the sewage stations, production of biogas and generation of energy, as mentioned in Note 12.

Companhia de Saneamento do Paraná - SANEPAR

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Base Date March 31, 2021
(In thousands of Brazilian Reais)

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements are presented in conformity with Laws CPC 21 (R1) - Interim Statement issued by CPC - Pronouncements Committee Accounting Statements and IAS 34 - Interim Financial Reporting, issued by IASB -International Accounting Standards Board, applicable to the preparation of the Quarterly - ITR, and presented in a manner consistent with the rules and procedures established by the Brazilian Securities Commission - CVM.

Therefore, the Interim Financial Information is also in accordance with IFRS, and shows all relevant information specific to the quarterly information, which is consistent with that used by Management in its management.

The Interim Financial Information was authorized for disclosure by the Company's Management on May 13, 2021.

2.2 Operational continuity

The Company's Management has carried out all its planning and actions aiming at the continuity of its business, so it evaluates that it has the conditions to make available all the resources to continue its operations, this quarter, it also assessed the impacts of COVID-19, as presented in Note 31. Management is not aware of any material uncertainties that may raise doubts about the Company's operating continuity, and so the interim financial information was prepared taking into account this assumption.

2.3 Measurement and Presentation Basis

The Interim Financial Information was prepared considering historical cost as base value, financial assets measured at fair value and certain classes of current and non-current assets and liabilities, as presented in the explanatory note on accounting practices.

2.4 Functional and Reporting Currency

All amounts presented in the Interim Financial Information, including the amounts in the notes, are stated in thousands of Brazilian Reais, which the Company's functional currency, unless otherwise stated.

3. MAIN ACCOUNTING PRACTICES

The main accounting practices used in the preparation of the Interim Financial Information for the quarter ended March 31, 2021 are consistent with the practices described in Note 3 of the Company's financial statements for the year ended December 31, 2020.

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New IFRS and IFRIC Interpretations (IASB Financial Information Interpretation Committee):

In the quarter ended March 31, 2021, no new standards, amendments and interpretations of standards were issued. In addition, the IASB has issued / revised some IFRS standards, which have their adoption for the year 2021 or after, and the Company is evaluating the impacts on its Interim Financial Information from the adoption of these standards:

[Amendment to IAS 1 standards](#) - Classification of liabilities as Current or Non-current. Clarifies aspects to be considered for the classification of liabilities as Current Liabilities or Non-Current Liabilities. This amendment to the standard is effective for years beginning on or after 01/01/2023. The Company does not expect significant impacts on its Interim Financial Information.

[Annual improvements in IFRS standards 2018-2020](#) - Makes changes to IFRS 1 standards, addressing aspects of first adoption in a subsidiary; IFRS 9, addressing the 10% test criterion for reversing financial liabilities; IFRS 16, covering illustrative examples of leasing and IAS 41, covering aspects of measurement at fair value. These changes are effective for exercises beginning on or after 1/01/2022. The Company does not expect significant impacts on its Interim Financial Statements.

[Amendment to IAS 16 - Property, plant and equipment](#) - Result generated before reaching the expected conditions of use. Clarifies aspects to be considered for the classification of items produced before the fixed asset is in the projected conditions of use. This amendment to the standard is effective for fiscal years beginning on or after 1/01/2022. The Company does not expect significant impacts on its Interim Financial Statements.

[Amendment to IAS 37 standard - Onerous contract](#) - Cost of fulfilling a contract. Clarifies aspects to be considered for the classification of costs related to the fulfillment of an onerous contract. This amendment to the standard is effective for fiscal years beginning on or after 1/01/2022. The Company does not expect significant impacts on its Interim Financial Statements.

[Amendment to IFRS 3 - References to the conceptual framework](#) - Clarifies the conceptual alignments of this standard with the conceptual framework of IFRS. This amendment to the standard is effective for fiscal years beginning on or after 1/01/2022. The Company does not expect significant impacts on its Interim Financial Statements.

[Amendment to IFRS 17 - Insurance contracts](#) - Clarifies aspects related to insurance contracts. This amendment to the standard is effective for years beginning on or after 01/01/2023. The Company does not expect impacts on its Interim Financial Statements.

[Amendment to IFRS 4 - Extension of temporary exemptions from the application of IFRS 9](#) - Clarifies aspects related to insurance contracts and the temporary exemption from the application of IFRS 9 to insurance companies. This amendment to the standard is effective for years beginning on or after 01/01/2023. The Company does not expect impacts on its Interim Financial Statements.

[Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reference Interest Rate Reform - Phase 2](#): Clarifies aspects related to the definition of reference interest rates for application in these standards. This amendment to the standard is effective for years beginning on or after 1/01/2021. The Company does not expect impacts on its Interim Financial Information.

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4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to financial risks, however, they are managed or mitigated to not significantly affect the results of its operations and are described in this Note.

4.1 Financial risk management

Business Risk: The Company's business relates primarily to capture, treat and distribute water, collect and treat sewage for 345 municipal centers operated in the State of Paraná and 1 in the State of Santa Catarina. The Company's results depend on the maintenance of concessions in the municipalities where it operates, usually the concession contracts and program contracts have a term of 30 years. These contracts foresee meeting targets for the expansion and maintenance of water and sewage systems, related to the rate of service of the water supply and sewage collection networks. In some situations, the municipality may terminate the contract before its final term or not authorize its renewal upon compensation at the fair value of the balances of investments not yet depreciated/amortized. The process of readjustment and review of the tariff is approved by the Regulatory Agency.

Credit Risk: The Company is exposed to credit risk of the counterpart in its financial transactions (cash and cash equivalents, bank deposits and financial institutions) and accounts receivable (credit to customers and balances with related parties). The maximum exposure is equivalent to the accounting value as at March 31, 2021 and stated in Notes 6, 9 e 20. The risks related to trade accounts receivable are mitigated because their composition includes a dispersed base which covers practically the entire population of the State of Paraná. Considering our type of business, we do not perform a credit history analyses about the customer's ability to pay and adopt the practice of cutting the supply in case of default, with a minimum prior notice of thirty days, except under the terms of State Law No. 20,187 resulting from the pandemic. The level of losses on accounts receivable is considered normal for the sanitation sector.

The practice of cutting the supply is not applicable to the public bodies, however, Management is intensifying efforts to reduce delinquency levels with negotiations with these municipalities and attempting to offset accounts with those who have credits with the Company, In case there is no agreement, the company files for judicial recovery.

Interest Rate Risk: Interest rate risk is the risk that the fair value of future cash flows of a certain financial instrument changes due to variations in market interest rates. The Company's exposure to the risk of changes in market interest rates refers mainly to the Company's long-term obligations subject to variable interest rates.

This risk is due to the possibility of the Company incurring losses on account of interest rate fluctuations, which may increase the financial expenses on loans and financing.

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Sensitivity analysis of interest rate: the following is the calculation sensitivity to a possible change in the rate of return on financial investments and interest on the of loans and financing, debentures and lease subject to variable interest rates, which can have significant impact to the Company. If the return rates of investments and interest on the loans held in real varied around 25% and 50% more or less, with all other variables held constant, the effect on profit before taxes would have been R\$5,460 and R\$10,919 plus or minus in particular due to the revenues stemming from financial investments and interest rates expenses lower or higher than in the financial loans as variable interest rates described below:

Description	Index	+25%	-25%	+50%	-50%
Caixa FI Sanepar I Renda Fixa	DI	1,388	(1,388)	2,777	(2,777)
Assets		1,388	(1,388)	2,777	(2,777)
Bank Credit Notes - CCB	DI	(263)	263	(526)	526
BNDES	TJLP	(45)	45	(90)	90
BNDES-PAC2	TJLP	(565)	565	(1,130)	1,130
BNDES-AVANÇAR	IPCA	(100)	100	(200)	200
Debentures 2nd Issuance - 1st to 3rd series	TJLP	(275)	275	(550)	550
Debentures 2nd Issuance - 2nd series	IPCA	(487)	487	(974)	974
Debentures – 4th Issuance - 1st series	TJLP	(413)	413	(826)	826
Debentures – 4th Issuance - 2nd series	IPCA	(551)	551	(1,102)	1,102
Debentures - 7th Issuance - 1st to 4th series	IPCA	(713)	713	(1,426)	1,426
Debentures - 8th Issuance - 1st and 2nd series	DI	(332)	332	(664)	664
Debentures - 9th Issuance - 1st and 2nd series	DI	(454)	454	(908)	908
Debentures – 10th Issuance - single series.	IPCA	(2,238)	2,238	(4,476)	4,476
Debentures – 11th Issuance - 1st series	DI	(29)	29	(58)	58
Debentures – 11th Issuance - 2nd and 3rd series	IPCA	(152)	152	(304)	304
Lease of Right of Use	DI	(231)	231	(462)	462
Liabilities		(6,848)	6,848	(13,696)	13,696
Effects on Income before Taxation		(5,460)	5,460	(10,919)	10,919

The indexes considered for the 12-month period were TR of 0.00% and the TJLP of 4.70% obtained from BACEN - Banco Central do Brasil, the IPCA at the rate of 6.10% obtained from IBGE - Instituto Brazilian Geography and Statistics, the DI at the rate of 2.21% obtained from B3 - Brasil, Bolsa e Balcão and the IPC at the rate of 6.99% obtained from Fipe.

Exchange Rate Sensitivity Analysis: The following are the impacts that would be generated by changes in risk variables related to derivative financial instruments intended to hedge foreign currency lending. According to data from the Central Bank of Brazil - BACEN, obtained from the Market Expectations System, the probable scenario for the next quarter is a reduction of 4.3407% in the dollar rate. This scenario uses the average exchange rate projected for the second quarter of 2021, in relation to the PTAX rate informed on the date of March 31, 2021.

Considering the notional amount of €1,486 thousand (R\$9,940 thousand), the value of the euro quotation as R\$6.6915 for March 31, 2021 (Ptax - Central Bank) and considering the assumption of the proportional value of USD1.1745 for each Euro, considering the Dollar to R\$5.6973, below is the 25% and 50% exchange variation for appreciation and depreciation in relation to exposure:

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Effect on income	Probable	+25%	-25%	+50%	-50%
Risk of reduced - Euro (4.3407%)	431	(2,485)	2,485	(4,970)	4,970

Liquidity Risk: Liquidity risk is the possibility that the Company might not have sufficient funds to meet its commitments due to the different currencies and realization / settlement terms for their rights and obligations. The Company structures the maturities of non-derivative financial agreements, as shown in Note 14, so as not to affect its liquidity. The management of liquidity and cash flow is performed daily by the Company's management, to ensure that the operating cash generation and the upfront funding raise, when necessary, are sufficient to maintain its schedule of commitments, reducing liquidity risks. Additionally the Company approved the dividends and treasury and Market risks policy.

Derivative Financial Instruments: In accordance with the Company's Risk, Treasury and Market Management Policy, in order to mitigate the risks related to foreign exchange exposure, 3 financial institutions were hired to perform hedge operations, without speculative character, when Receipt of proceeds from a loan from Banco KfW through the swap of the debt variation in Euros + 1.35% of interest per year for a percentage of the CDI. The Company does not apply the hedge accounting policy to this agreement, measuring it at fair value through profit or loss, presented in the financial result. The debt of this loan is shown in Note 14.

On March 31, 2021 the Company has swap contracts (Euro + interest X CDI) as shown below:

Financial Instruments - Swap Contract							
Operation	Agent	Start date of the operation	Maturity of the operation	Notional Value EUR	Fair Value of the Asset Position	Fair Value of the Liabilite Position	Gain (Loss) with Derivative Instruments Swap
1	Itaú BBA	08/09/2019	12/26/2022	6	40	26	14
2	Itaú BBA	09/04/2019	12/26/2022	64	432	296	136
3	Itaú BBA	10/04/2019	12/26/2022	12	79	53	26
4	Itaú BBA	11/13/2019	12/26/2022	368	2,471	1,701	770
5	Itaú BBA	06/05/2020	12/26/2022	632	4,243	3,665	578
6	Itaú BBA	12/15/2020	12/26/2022	404	2,710	2,493	217
TOTAL				1,486	9,975	8,234	1,741

4.2. Capital risk management

The purpose of the capital management of the Company is to guarantee a strong credit *rating* to financial institutions and an optimal capital ratio in order to support business and maximize values to the shareholders. The Company manages its capital structure by means of adjustments and adequacy to current economic conditions. With this objective, the company can make payments of dividends, enter into new loans, issue promissory notes and contract operations with derivatives. For the period ended on March 31, 2021, here was no change in the objectives, policies or capital structure processes.

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In order to preserve its liquidity and payment capability, the Company uses as leverage metrics on net debt / equity. For net debt effect purposes loans, financing, debentures and lease, minus cash and cash equivalents:

Description	03/31/2021	12/31/2020
Loans, financing, debentures and lease	4,101,521	3,647,588
Cash and cash equivalents	(1,324,367)	(874,323)
Net debt	2,777,154	2,773,265
Equity	7,189,653	6,943,163
Ratio Net Debt/Equity	0.39	0.40

4.3. Financial Instruments

The financial instruments are recognized in the Company's Interim Financial Information, as follows:

Description	03/31/2021	12/31/2020
Assets		
Fair value measured through income		
Financial investments	1,315,280	869,196
Financial instrument - Swap	9,975	9,476
Restricted deposits	71,463	61,614
Amortized cost		
Cash and banks	9,087	5,127
Trade accounts receivables	870,272	799,603
Contractual financial assets	524,477	490,082
Total	2,800,554	2,235,098
Liabilities		
Fair value measured through income		
Financial instrument - Swap	8,234	8,184
Amortized cost		
Loans, financing, debentures and lease	4,101,521	3,647,588
Contractors and Suppliers	177,556	213,820
Total	4,287,311	3,869,592

Financial instruments related to financial investments are classified as Level 2, in the hierarchy of fair value according to CPC 48 – Financial Instruments.

5. CASH AND CASH EQUIVALENTS

These have the following composition:

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Description	03/31/2021	12/31/2020
Unrestricted bank deposits	911	2,972
Restricted bank deposits	8,176	2,155
	9,087	5,127
Financial investments	1,315,280	869,196
Total cash and cash equivalents	1,324,367	874,323

Financial investments are close to fair value and have short-term, high liquidity and low risk of changes in value. They are constituted by a fixed income fund, invested in an exclusive Investment Fund (CNPJ 03.737.212/0001-44 – Fundo de Investimento Exclusivo Caixa SANEPAR I Renda Fixa) whose portfolio is composed mostly of federal government bonds and Bank Deposit Certificate, with an average remuneration of 94.39% of the CDI (100.70% in 2020). The increase in the balance of Financial Investments is due to the new funding of the 11th issue of debentures in the amount of R\$500,000.

6. TRADE ACCOUNTS RECEIVABLES, NET

a) The balances of trade receivables break down per maturity as follows:

Description	03/31/2021	12/31/2020
Falling due accounts receivable	290,710	271,640
Accounts receivable from installment payments	79,645	64,447
Adjustment to Present Value	(9,596)	(8,860)
Accounts to be billed (Unbilled consumption)	219,486	210,282
	580,245	537,509
Overdue accounts receivable		
From 1 to 30 days	145,752	136,883
From 31 to 60 days	59,972	53,029
From 61 to 90 days	36,573	31,306
From 91 to 180 days	62,991	55,961
Over 180 days	289,276	271,869
Allowance for losses on doubtful accounts	(304,537)	(286,954)
	290,027	262,094
Total accounts receivable, net	870,272	799,603
Current	842,378	779,404
Non-current	27,894	20,199

We highlight that, due to the impacts of the Coronavirus (COVID-19), as described in Note 31, there was an increase in the provision for Expected Losses on Realization of Credits from accounts receivable, mainly from private customers in the amount of R\$13,068 (R\$12,328 in 2020 and R\$740 in 2021), considering the best estimate for the moment.

We present below the breakdown of total trade accounts receivables due, net of the allowance for doubtful:

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Description	Trade accounts receivable	Allowance for doubtful	Adjustment to present value	03/31/2021	12/31/2020
Municipal administration	99,868	(54,434)	(8,769)	36,665	36,811
Private	1,071,352	(250,103)	(827)	820,422	743,682
Federal Entity	1,652	-	-	1,652	990
Government State	11,533	-	-	11,533	18,120
Balance at end of period	1,184,405	(304,537)	(9,596)	870,272	799,603

b) Changes in the allowance for doubtful accounts were as follows:

Description	03/31/2021	12/31/2020
Balances at beginning of period	(286,954)	(196,487)
Amounts recorded as expenses*	(17,583)	(90,972)
Write-offs, net of recoveries	-	505
Balances at end of period	(304,537)	(286,954)

* Growth due to overdue accounts, mainly from private customers, due to measures adopted to face Covid-19, such as suspension of cuts due to non-payment of bills.

c) The balance of the allowance for doubtful accounts breaks down as follows:

Description	03/31/2021	12/31/2020
Private customers	250,103	232,015
Municipal Administrations	54,434	54,939
Total	304,537	286,954

d) The balances of short- and long-term trade accounts receivable arising from installment payments have been discounted to present value. The changes in present value adjustment was as follows:

Description	03/31/2021	12/31/2020
Balances at beginning of period	(8,860)	(4,088)
Adjustment to Present Value	(736)	(4,772)
Balances at end of period	(9,596)	(8,860)

7. RECOVERABLE TAXES AND CONTRIBUTIONS

It has the following composition:

Description	03/31/2021	12/31/2020
Recoverable income tax	4,807	4,747
Recoverable social contribution	2,089	2,063
Balances at end of period	6,896	6,810
Current	6,896	6,810

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8. RESTRICTED DEPOSITS

Restricted deposits breakdown as follows:

Description	03/31/2021	12/31/2020
Health National Foundation - FUNASA	4,688	4,661
Reserves kept in CAIXA (1)	57,212	56,953
Other agreements (2)	9,563	-
Total	71,463	61,614
Current	14,251	4,661
Non-current	57,212	56,953

- (1) Reserve accounts linked to financing contracts in amounts sufficient to meet contractual clauses; and
(2) Technical and financial cooperation agreement signed with Itaipu Binacional for the development of the project "Water Resources Management and Water Security in the West Region of Paraná".

9. OTHER ACCOUNTS RECEIVABLE

These break down as follows:

Description	03/31/2021	12/31/2020
Advances to employees	16,045	11,280
Reimbursable payments	5,452	12,510
Guarantee deposits	2,259	1,858
Municipal Fund for the Environment (1)	46,537	47,005
Prepaid expenses	246	243
Bonds and other receivables	702	753
Total	71,241	73,649
Current	25,807	27,746
Non-current	45,434	45,903

(1) Anticipation of transfer to the Municipal Funds of the Environment, as provided in a program contract.

10. CONTRACTUAL FINANCIAL ASSETS

Changes in financial assets are as follows:

Description	12/31/2020	Additions	NPV Revenue	NPV Expense	03/31/2021
Investment Not Amortized	1,353,837	78,841	-	-	1,432,678
Adjustment to Present Value	(863,755)	(49,547)	5,116	(15)	(908,201)
Total	490,082	(a) 29.294	5,116	(15)	524,477

a) Amount transferred from property, plant and equipment and intangible assets, referring to the expectation of residual value receivable at the end of program contracts, net of Adjustment to Present Value for the period (note 13c).

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The equivalent discount rate applied to calculate the present value adjustment was 4.1% (spread between the IPCA projected for the period and the Company's WACC rate) and took into account Program Contracts with terms of 20 to 30 years.

11. CONTRACT ASSET

It has the following movement:

Description	12/31/2020	Additions	Capitalisation of interest	Write-off and Loss	Transfer to Intangible asset	03/31/2021
Projects and Works in Progress	1,526,448	207,315	5,585	-	(182,523)	1,556,825
Inventories for Construction Work	108,354	17,355	-	-	-	125,709
Total	1,634,802	224,670	5,585	-	(182,523)	1,682,534

Up to the first quarter of 2021, R\$224,670 (R\$177,828 in the same period in 2020) was recorded as projects and works in progress, due to the expansion of the Water Supply System, mainly in the municipalities of Curitiba, Cascavel, Laranjeiras do Sul, Pato Branco and Cândido de Abreu, Sewage Collection and Treatment mainly in the municipalities of Curitiba, Ivaiporã, Ibaiti, Londrina and Rio Negro. And values related to completed works for the expansion of the Water Supply and Collection and Sewage Treatment System were also transferred to Intangible, mainly in the municipalities of Umuarama, Guarapuava, Ponta Grossa, Almirante Tamandaré and Curitiba.

In the first quarter of 2021, interest and other financial charges on the resources and loans that financed the Company's projects and works were capitalized, in the amount of R\$5,585 (R\$5,768 in the same period of 2020). The average rate used to determine the amount of capitalized borrowing costs in relation to total costs was 8.3%.

12. INVESTMENTS

Description	03/31/2021	12/31/2020
Investment in joint venture - CS Bioenergia S.A.	-	-
Other investments	2,018	2,352
Total	2,018	2,352

Investments in joint venture – CS Bioenergia S.A.

The Company owns 40% of CS Bioenergia SA, a company located next to the Belém Sewage Treatment Plant (ETE), which aims to properly explore and dispose of solid, organic waste and sludge produced in said ETE, in addition to producing of biogas and energy generation through the biodigestion process. CS Bioenergia S.A. partially started operations in June 2017 and in 2019 reached operational stability and started the process of transferring electricity credits to Sanepar's consumer units. The financial contribution made by the Company comprises the amount of R\$35,008 recorded in its Capital Stock and R\$50 as Advance for Future Capital Increase - AFAC.

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The Company's interest is accounted for using the equity method in the investee's financial statements, which are summarized below:

Statement of financial position – CS Bioenergia S.A.	03/31/2021	12/31/2020
Current assets	2,153	2,095
Noncurrent assets	58,678	59,907
• Fixed assets	42,538	43,360
• Lease	14,067	14,483
• Other	2,073	2,064
Total Assets	60,831	62,002
Current liabilities	9,866	10,221
• Loans, financing and lease	6,821	7,328
• Other	3,045	2,893
Noncurrent liabilities	10,175	10,066
• Loans, financing and lease	10,175	10,066
Equity	40,790	41,715
Total Liabilities and Equity	60,831	62,002

Statement of income (loss) – CS Bioenergia S.A.	03/31/2021	03/31/2020
Gross revenue	3,084	1,562
(-) Custos dos Serviços	(3,023)	(3,115)
Gross profit	61	(1,553)
(-) Operational expenses	(710)	(568)
Income before Financial Income and Taxes	(649)	(2,121)
(-) Finance income (loss)	(276)	(991)
Income before income tax	(925)	(3,112)
Income tax	-	-
Loss for the period	(925)	(3,112)

Changes in the investment in the period are as follows:

Description	03/31/2021	12/31/2020
Balance at beginning of period	-	-
Financial contribution	-	1,199
Equity in earnings (losses) of controlled company (percentage of interest 40%)	(445)	(1,859)
Impairment Test - (Constitution) / Reversal	445	660
Balance at end of period/year	-	-

Investments assets impairment on CS Bioenergia S.A.

As a result of the delay in the conclusion and start-up of the CS Bioenergia SA plant, as recommended by CPC 18 and CPC 01, Sanepar's Management carried out the impairment test of this investment at the year end 2020, considering the history losses and that future cash flows show negative results, for the analyzed period of 5 years, concluded that the investment has no recoverable value. Accordingly, the impact of the Impairment Test of the investment in CS Bioenergia was recorded in the Company's results, and this amount is being adjusted with the recognition of the equity in the period.

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Other investments

The Company has investment quotas in FINAM (Amazon Investment Fund) arising from the application of Tax Incentive Income Tax in the amount of R\$2,201 and several investments over which it does not exercise significant influence in the amount of R\$417, which are brought to value fair considering the quotation on March 31, 2021, equivalent to R\$2,018.

13. FIXED AND INTANGIBLE ASSETS

a) Fixed assets

These have the following composition:

By account			03/31/2021	12/31/2020
Description	Cost	Accumulated depreciation	Net amount	
Administration	359,504	(138,068)	221,436	222,921
Other fixed assets	3,637	(3,241)	396	1,430
Right of use - Lease	144,262	(89,329)	54,933	61,656
Total	507,403	(230,638)	276,765	286,007

By account				31/03/2021	31/12/2020
Description	Annual depreciation rate	Cost	Accumulated depreciation	Net amount	
Plots of land	-	2,932	-	2,932	2,932
Civil construction	*1.84%	114,682	(20,363)	94,319	92,112
Leasehold	*2%	2,566	(794)	1,772	1,662
Facilities	*5.83%	9,789	(3,235)	6,554	7,804
Equipment	*6.23%	87,839	(32,126)	55,713	56,552
Furniture and fixtures	*7.14%	51,965	(21,317)	30,648	30,688
IT equipment	*19.82%	41,484	(28,433)	13,051	13,478
Vehicles	*13.05%	27,263	(15,954)	11,309	11,859
Machinery, tractors and similar	*19.35%	23,108	(18,534)	4,574	5,064
Tools	*6.67%	1,482	(553)	929	949
Patrimonial assets to incorporate	-	31	-	31	1,251
Right of use - Lease	*20.16%	144,262	(89,329)	54,933	61,656
Total		507,403	(230,638)	276,765	286,007

* Weighted average rate

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b) Intangible assets

These have the following composition:

By account			03/31/2021	12/31/2020
Description	Cost	Accumulated depreciation	Net amount	
Water mains	5,262,827	(1,757,223)	3,505,604	3,451,339
Sewage mains	5,546,548	(1,375,951)	4,170,597	4,132,346
Solid waste	5,881	(4,023)	1,858	1,891
System Use and Operation Rights	125,116	(74,174)	50,942	51,412
Other intangible assets	187,751	(81,844)	105,907	97,675
Right of use - Lease	200,851	(15,362)	185,489	186,650
Total	11,328,974	(3,308,577)	8,020,397	7,921,313

By account				03/31/2021	12/31/2020
Description	Annual amortization rate	Cost	Accumulated amortization	Net amount	
Plots of land	-	199,714	-	199,714	198,544
Wells	*3.10%	159,704	(40,882)	118,822	115,650
Dams	*2.67%	143,008	(61,442)	81,566	81,467
Civil construction	*2.59%	2,474,876	(614,695)	1,860,181	1,876,928
Leasehold	*2.67%	33,797	(4,706)	29,091	28,388
Piping	*2.64%	5,729,238	(1,527,423)	4,201,815	4,077,316
Building connections	*3.33%	851,243	(271,600)	579,643	570,538
Facilities	*5.83%	196,402	(79,923)	116,479	137,947
Hydrometers	*10%	243,164	(99,481)	143,683	140,853
Macro-meters	*10%	6,618	(4,674)	1,944	1,972
Equipments	*6.23%	709,961	(322,175)	387,786	394,731
Furniture and fixtures	*7.14%	6,655	(3,892)	2,763	2,796
IT equipment	*19.82%	89,666	(83,793)	5,873	6,222
Computer programs	*20%	79,357	(47,453)	31,904	25,725
Vehicles	*13.05%	19,643	(12,769)	6,874	7,172
Machinery, tractors and similar	*19.35%	25,947	(20,888)	5,059	5,581
Tools	*6.67%	295	(211)	84	87
Rights of Use of Transmission Lines	*6.25%	171	(136)	35	36
Environmental protection and preservation	*20%	31,411	(22,898)	8,513	8,289
Concession of the Mun. of Curitiba (1)	*1.50%	125,000	(74,062)	50,938	51,406
Concession of the Mun. of Cianorte (2)	*5%	116	(112)	4	5
Patrimonial assets to incorporate	-	2,137	-	2,137	3,010
Rights of Use - Lease	*24.24%	200,851	(15,362)	185,489	186,650
Total		11,328,974	(3,308,577)	8,020,397	7,921,313

* Weighted average rate

(1) Concession right established in the onerous concession contract signed on December 6, 2001 and early renewed on June 5, 2018 by the signature of the program contract, in conformity with Law No. 11.445, of January 5, 2007, and other related legal acts.

(2) Concession right of the onerous concession contract entered into with the Municipality of Cianorte, assigned on March 7, 2002, to provide public utility services of collection, treatment and final disposition of solid waste for a period of 20 years.

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Lease:

The Company has lease agreements, with the following characteristics:

(i) lease agreement for assets valued at R\$199.3 million due to the expansion of the sanitary sewage system of the municipalities of Matinhos and Pontal do Paraná, for a term of 240 (two hundred and forty) months, whose payment began in February 2017, with a substantial transfer of the risks and benefits of the assets which will be owned by the Company at the end of the agreement; and

(ii) lease agreements vehicles, movable and immovable property, where the risks and benefits of using the property with the landlord. These contracts do not exceed the term of 5 years.

The obligations arising from these contracts are shown in note 14.

We highlight that the Lease contracts had no changes in terms and conditions due to the Coronavirus (COVID-19).

As of March 31, 2021, the carrying amount for each category of assets under lease commitments recorded in Fixed and Intangible Assets is as follows:

By account				03/31/2021	12/31/2020
Description	Annual Amortization Rate	Cost	Accumulated amortization	Net amount	
Buildings	2.59%	37,434	(2,355)	35,079	35,235
Piping	2.64%	147,315	(9,870)	137,445	138,182
Building connections	3.33%	8,227	(950)	7,277	7,345
Facilities	5.83%	309	(78)	231	237
Equipment	6.23%	6,013	(1,374)	4,639	4,732
Lease - Litoral		199,298	(14,627)	184,671	185,731
Car Rental	13.05%	61,933	(52,745)	9,188	11,713
Civil construction	2.59%	48,210	(14,727)	33,483	34,917
Equipment	6.23%	418	(348)	70	113
IT Equipment	19.82%	35,254	(22,244)	13,010	15,832
Lease - Right of use		145,815	(90,064)	55,751	62,575
Total		345,113	(104,691)	240,422	248,306
Fixed assets		144,262	(89,329)	54,933	61,656
Intangible assets		200,851	(15,362)	185,489	186,650

The Company recorded in the result the amount of R\$1,690 related to low value and short term (less than 12 months) lease agreements.

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Assets resulting from leasing contracts present the following changes:

Assets	12/31/2020	Additions	Amortization	03/31/2021
Lease - Litoral	185,731	-	(1,060)	184,671
Vehicles	11,713	2,319	(4,844)	9,188
Civil construction	34,917	984	(2,418)	33,483
Equipment	113	-	(43)	70
IT Equipment	15,832	-	(2,822)	13,010
Saldo	248,306	3,303	(11,187)	240,422

c) Changes to Fixed and Intangible assets in the period of January to March of 2021:

Description	12/31/2020	Additions	Depreciation and Amortization	Write-offs and losses	Transfers to Work	Transfers	03/31/2021
Fixed assets							
Plots and land	2,932	-	-	-	-	-	2,932
Civil construction	92,112	-	(545)	-	2,761	(9)	94,319
Leasehold	1,662	-	(12)	-	122	-	1,772
Facilities	7,804	95	(137)	-	(1,208)	-	6,554
Equipment	56,552	391	(1,230)	-	-	-	55,713
Furniture and fixtures	30,688	760	(800)	-	-	-	30,648
IT Equipment	13,478	344	(771)	-	-	-	13,051
Vehicles	11,859	-	(550)	-	-	-	11,309
Machinery, tractors and similar	5,064	-	(490)	-	-	-	4,574
Tools	949	-	(20)	-	-	-	929
Patrimonial assets to incorporate	1,251	(1,220)	-	-	-	-	31
Right of Use - Lease	61,656	3,303	(10,026)	-	-	-	54,933
Total Fixed Assets	286,007	3,673	(14,581)	-	1,675	(9)	276,765
Intangible Asset							
Plots of land	198,544	463	-	-	707	-	199,714
Wells	115,650	-	(495)	1	3,725	(59)	118,822
Dams	81,467	73	(755)	-	936	(155)	81,566
Civil construction	1,876,928	872	(14,949)	50	4,093	(6,813)	1,860,181
Leasehold	28,388	350	(216)	4	736	(171)	29,091
Piping	4,077,316	6,479	(35,055)	-	174,733	(21,658)	4,201,815
Building connections	570,538	-	(6,607)	(23)	16,141	(406)	579,643
Facilities	137,947	486	(2,960)	70	(19,064)	-	116,479
Hydrometers	140,853	-	(5,591)	(229)	8,650	-	143,683
Macro-meters	1,972	-	(86)	-	58	-	1,944
Equipment	394,731	11,837	(7,286)	(791)	(10,705)	-	387,786
Furniture and fixtures	2,796	43	(77)	1	-	-	2,763
IT Equipment	6,222	-	(362)	-	13	-	5,873
Computer programs	25,725	8,495	(2,316)	-	-	-	31,904
Vehicles	7,172	-	(298)	-	-	-	6,874
Machinery, tractors and similar	5,581	-	(522)	-	-	-	5,059
Tools	87	-	(3)	-	-	-	84
Rights of Use of Transmission Lines	36	-	(1)	-	-	-	35
Environmental protection and preservation	8,289	-	(585)	7	825	(23)	8,513
Concession of the Mun. of Curitiba	51,406	-	(468)	-	-	-	50,938
Concession of the Mun. of Cianorte	5	-	(2)	1	-	-	4
Patrimonial assets to incorporate	3,010	(873)	-	-	-	-	2,137
Right of Use - Lease	186,650	-	(1,161)	-	-	-	185,489
Subtotal intangible assets	7,921,313	28,225	(79,795)	(909)	180,848	(29,285)	8,020,397
Grand Total	8,207,320	31,898	(94,376)	(909)	(a) 182,523	(b) (29,294)	8,297,162

(a) Amount transferred from the Contract Assets account (Note 11);

(b) Amount transferred to the Contractual Financial Assets account, referring to the expected residual value receivable at the end of the program contracts, net of the Present Value Adjustment for the period (Note 10).

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d) Analysis of the recoverable value of assets

Due to the impacts of the Coronavirus (COVID-19), as described in Note 31, the Company reevaluated the technical study carried out at the end of the Fiscal Year 2020 and did not identify any amount to be recognized as a loss this quarter.

14. LOANS, FINANCING, DEBENTURES AND FINANCE LEASE

a) Composition of loans, financing, debentures and lease is as follows:

Description	Annual Interest Rate	Index	03/31/2021			12/31/2020		
			Current	Non-current	Total	Current	Non-current	Total
Currency:								
Debentures 8th Issuance - 1st series	106.50% of the DI	-	95,525	-	95,525	95,020	-	95,020
Bank Credit Notes - CCB	DI + 2.75%	-	132,666	33,149	165,815	132,665	66,205	198,870
Debentures 8th Issuance - 2nd series	108.00% of the DI	-	831	154,918	155,749	22	154,902	154,924
BNDES	TJLP + 1.82%	-	7,699	6,385	14,084	7,705	8,300	16,005
Banco do Brasil - PSI	3.00% to 6.00%	-	3,383	4,810	8,193	3,385	5,652	9,037
Debentures 2nd Issuance - 1st series	TJLP + 1.92%	-	12,335	30,548	42,883	12,347	33,602	45,949
Debentures 2nd Issuance - 2nd series	9.19%	IPCA	24,028	60,421	84,449	21,710	58,959	80,669
Debentures 2nd Issuance - 3rd series	TJLP + 1.92%	-	16,447	40,730	57,177	16,462	44,803	61,265
Debentures 9th Issuance - 1st series	106.05% of the DI	-	1,195	199,084	200,279	174	199,076	199,250
Banco Itaú - PSI	3.00% to 6.00%	-	3,565	7,158	10,723	3,566	8,044	11,610
Debentures 9th Issuance - 2nd series	107.25% of the DI	-	923	150,780	151,703	140	150,776	150,916
Debentures 11th Issuance - 1st series	DI + 1.65%	-	132	126,800	126,932	-	-	-
Debentures 4th Issuance - 1st series	TJLP + 1.67%	-	24,261	127,271	151,532	24,287	133,237	157,524
Debentures 4th Issuance - 2nd series	7.44%	IPCA	14,362	74,970	89,332	14,001	76,583	90,584
Debentures 10th Issuance - Single issued	4.66%	IPCA	-	362,809	362,809	3,529	354,050	357,579
Debentures 11th Issuance - 2nd series	4.25%	IPCA	207	203,627	203,834	-	-	-
BNDES - PAC2	TJLP + 1.67% to 2.05%	-	48,686	251,635	300,321	49,561	262,979	312,540
Lease - Litoral	11.14%	IPC-FIPE	10,456	265,552	276,008	10,282	267,633	277,915
Lease - Right of use	5.97%	-	42,036	31,649	73,685	44,099	36,037	80,136
Debentures 11th Issuance - 3rd series	4.49%	IPCA	170	158,064	158,234	-	-	-
Debentures 7th Issuance - 1st series*	5.20%	IPCA	1,478	44,258	45,736	1,108	44,922	46,030
Debentures 7th Issuance - 2nd series*	4.79%	IPCA	2,249	68,261	70,510	1,675	69,285	70,960
Debentures 7th Issuance - 3rd series	6.97%	IPCA	575	20,493	21,068	270	20,295	20,565
Debentures 7th Issuance - 4th series	6.57%	IPCA	868	31,433	32,301	401	31,129	31,530
BNDES - AVANÇAR	3.56% to 3.96%	IPCA	150	25,692	25,842	4	24,972	24,976
Caixa Econômica Federal	6.62% to 12.00%	TR	66,241	1,101,405	1,167,646	79,092	1,066,008	1,145,100
Total in Brazilian Reais			510,468	3,581,902	4,092,370	521,505	3,117,449	3,638,954
Foreign currency								
KfW Bank	1.35%	EURO	33	9,118	9,151	-	8,634	8,634
Total Foreign currency			33	9,118	9,151	-	8,634	8,634
Balances at end of the period			510,501	3,591,020	4,101,521	521,505	3,126,083	3,647,588
Loans and financing			262,423	1,439,352	1,701,775	275,978	1,450,794	1,726,772
Debentures			195,586	1,854,467	2,050,053	191,146	1,371,619	1,562,765
Lease			52,492	297,201	349,693	54,381	303,670	358,051

* IPCA as a variable component of the TLP

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Foreign Currency Debt:

On December 11, 2017, the Company signed a loan agreement with KfW Bank of EUR 50 million, with interest subsidy provided by the Federal Republic of Germany for projects that meet the eligibility criteria of the development policy as per terms that meet the OECD - Organization for Economic Co-operation and Development requirements for recognition as Official Development Assistance. The first release of funds took place in August 2019.

The Company will use the Loan exclusively to finance the promotion of the DKTi climate-friendly biogas technology promotion program in the state of Paraná regarding: (i) rehabilitation, expansion and construction of sewage treatment systems and plants; (ii) collection, treatment, disposal and use of biogas from sewage treatment plants; (iii) sludge treatment; (iv) equipment and accessories; and (v) consulting services.

The Company will promote the execution of the contractually planned activities and Banco KfW will disburse the amounts by 06/30/2023. Half-yearly payment of a 0.25% commitment fee will be due per year on the amount not yet disbursed and interest of 1.35% per year on the amount disbursed. The debt will be repaid in 21 semi-annual payments as of December 30, 2022.

Throughout the term of the agreement, the Company shall comply with the covenants pursuant to item f of this Note.

The Company contracted hedge derivative financial instruments, with Banco Bradesco S.A., Banco Santander Brasil S.A. and Itaú Unibanco S.A., which were signed on 11/6/2017, 12/7/2017 and 1/22/2018 respectively, to mitigate foreign exchange risk, assuming as a counterparty a CDI variation, as described in Note 4.1. Until first quarter ended March 31, 2021, KfW bank released €1,486 thousand, and swaps were carried out in the period to hedge interest rate and exchange variation, without speculative character, converting the financial charges to 127.91% of CDI (weighted average), which represents the percentage of 2.83% for a rate of 2.21% of the CDI.

Lease:

The obligations arising from Leases are allocated to financial charges and reduction of the corresponding liability, reflecting a periodic and constant interest rate on the remaining balance of the liability. Lease liabilities have the following characteristics:

(i) The asset lease agreement resulting from the expansion of the sanitary sewage system in the municipalities of Matinhos and Pontal do Paraná (Lease - Litoral) provides for an annual monetary update of the debt balance linked to the IPC-FIPE during the term of the agreement. The discount rate applied in the initial recognition of this contract was carried out in the period in which the contractual stages were delivered, being the weighted average of 11.1%; and

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(ii) Vehicle rental contracts, movable and immovable property (Lease - Right of Use), do not have a contractual term of more than 5 years. The incremental loan rate (weighted average) applied to the liabilities of these leases varies according to the period in which they are signed, when the respective initial accounting record is made. On January 1, 2019, the weighted average discount rate applied to the contracts was 6.88%. On December 31, 2019, the weighted average discount rate applied to the recognition of these contracts was 6.76%, on December 31, 2020 it was 6.12% and on March 31, 2021 it was 5.97%. The Company does not have variable rent payments in its lease agreements, nor does it have a sale or leaseback transaction for assets.

The lease liability recognized by the Company is gross of PIS/COFINS, and has the following changes:

Liabilities	12/31/2020	Additions	Financial charges	Payments	03/31/2021
Lease - Litoral	277,915	-	7,275	(9,182)	276,008
Lease - Right of use	80,136	3,303	925	(10,679)	73,685
Total	358,051	3,303	8,200	(19,861)	349,693
Current	54,381				52,492
Non-current	303,670				297,201

As of March 31, 2021, the present value of the minimum future financial obligations related to the Lease is shown below:

Description	Minimum Future Payments	Financial charges	03/31/2021	12/31/2020
			Present Value of Future Payments	Present Value of Future Payments
Lease - Litoral				
Less than a year	36,729	(26,272)	10,457	10,282
More than a year and less than five years	146,917	(105,690)	41,227	40,227
Above five years	372,449	(148,125)	224,324	227,406
Subtotal	556,095	(280,087)	276,008	277,915
Lease - Right of Use				
Less than a year	44,882	(2,847)	42,035	44,099
More than a year and less than five years	33,760	(2,110)	31,650	36,037
Subtotal	78,642	(4,957)	73,685	80,136
Total	634,737	(285,044)	349,693	358,051

The liabilities for use rights lease were measured considering the discount rate of the incremental loan, with the incorporation of projected inflation, and presents the following composition:

Below we present the future payment flows, considering the incremental interest and projected inflation until the maturity of the contracts, by nature of the lease, in relation to the lease commitments for the right to use:

Description	2021	2022	2023	2024	2025	2026	Total
Vehicles	5,885	4,288	-	-	-	-	10,173
Mobile goods	10,286	7,097	3,312	-	-	-	20,695
Real estate	6,623	9,545	10,396	11,332	12,369	3,267	53,532
Total	22,794	20,930	13,708	11,332	12,369	3,267	84,400

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The composition of the Company's loans, financing, debentures and lease expressed in Brazilian Reais subject to variable and fixed interest rates are shown below:

Index	03/31/2021	12/31/2020
TR (Reference Rate)	1,167,646	1,145,100
TJLP (Long-Term Interest Rate)	565,997	593,283
IPCA (National Amplified Consumer Price Index)	1,094,115	722,893
DI	896,003	798,980
IPC-FIPE	276,008	277,915
EURO	9,151	8,634
No Monetary Adjustment	92,601	100,783
Total	4,101,521	3,647,588

b) Description of loans, financing, debentures and finance lease:

Description	Period of Issuance	Final Maturity	Amount Contracted	Number of Debentures	Payments	
					Amortization	Interest
Debentures 3rd Issuance – 2nd series	2013	2020	100,330	10,033	2019/2020	Six-monthly
Debentures 8th Issuance – 1st series	2018	2021	95,000	9,500	2021	Six-monthly
Bank Credit Notes - CCB	2020	2022	200,000	-	Monthly	Monthly
Debentures 8th Issuance – 2nd series	2018	2023	155,000	15,500	2023	Six-monthly
BNDES - 1 Contract	2007	2023	81,357	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 9th Issuance – 1st series	2019	2024	199,150	19,915	2024	Six-monthly
Banco do Brasil - PSI - 11 Contracts	2013 to 2014	2024	30,793	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 2nd Issuance - 1st and 3rd series	2011	2024	276,609	7,000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 2nd Issuance – 2nd series	2011	2024	118,547	3,000	Annual	Annual
Banco Itaú - PSI - 13 Contracts	2013 to 2014	2025	33,175	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 9th Issuance – 2nd series	2019	2026	150,850	15,085	2026	Six-monthly
Debentures 4th Issuance – 1st series	2014	2027	230,012	7,000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 4th Issuance – 2nd series	2014	2027	98,576	3,000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 10th Issuance – Single issue	2020	2027	350,000	35,000	2027	Semestral
BNDES - PAC2 - 4 Contracts	2011 to 2014	2029	629,594	-	Monthly	Quarterly during grace period and monthly at amortization
KfW Bank (Euro)	2017	2032	50,000	-	Six-monthly	Six-monthly
Lease - Litoral	2013	2036	460,592	-	Monthly	Monthly
Lease - Right of Use	2015 to 2020	2020 to 2025	137,263	-	Monthly	Monthly
Debentures 7th Issuance – 1st series	2018	2038	47,279	19,733	Monthly	Quarterly during grace period and monthly at amortization
Debentures 7th Issuance – 2nd series	2018	2038	120,437	50,267	Monthly	Quarterly during grace period and monthly at amortization
Debentures 7th Issuance – 3rd series	2018	2038	20,263	8,457	Monthly	Quarterly during grace period and monthly at amortization
Debentures 7th Issuance – 4th series	2018	2038	51,616	21,543	Monthly	Quarterly during grace period and monthly at amortization
Caixa Econômica Federal - 326 Contracts	2003 to 2018	2042	3,410,420	-	Monthly	Monthly

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c) The amortization timeline is as follows:

Description	2021	2022	2023	2024	2025	2026	2027	2028
Debentures 2nd Issue	45,683	48,651	48,651	41,524	-	-	-	-
Debentures 4th Issue	29,142	37,922	37,922	37,922	37,922	37,922	22,112	-
Debentures 7th Issue	2,704	9,867	9,867	9,867	9,867	9,867	9,867	9,867
Debentures 8th Issue	96,374	-	154,900	-	-	-	-	-
Debentures 9th Issue	2,129	-	-	199,075	-	150,778	-	-
Debentures 10th Issue	-	-	-	-	-	-	362,809	-
Debentures 11th Issue	507	-	-	-	63,400	63,400	-	-
Subtotal Debentures	176,539	96,440	251,340	288,388	111,189	261,967	394,788	9,867
BNDES	5,784	7,661	639	-	-	-	-	-
BNDES - PAC2	37,343	44,768	43,557	43,557	43,557	38,839	25,805	21,255
BNDES - AVANÇAR	203	-	757	1,511	1,508	1,508	1,508	1,508
Banco do Brasil - PSI	2,541	3,369	2,093	190	-	-	-	-
Banco Itaú - PSI	2,679	3,542	3,056	1,420	26	-	-	-
Bank Credit Notes - CCB	99,608	66,207	-	-	-	-	-	-
Caixa Econômica Federal	50,113	64,592	66,753	70,906	75,317	79,254	83,705	87,752
KfW Bank	34	466	861	861	861	861	861	861
Subtotal loans and financing	198,305	190,605	117,716	118,445	121,269	120,462	111,879	111,376
Lease - Litoral	9,063	8,705	9,591	10,579	11,682	12,914	14,291	15,831
Lease - Right of Use	36,766	17,218	12,169	5,401	2,116	15	-	-
Subtotal Lease	45,829	25,923	21,760	15,980	13,798	12,929	14,291	15,831
Total	420,673	312,968	390,816	422,813	246,256	395,358	520,958	137,074

Description	2029	2030	2031	2032	2033	2034	2035 to 2042	Total
Debentures 2nd Issue	-	-	-	-	-	-	-	184,509
Debentures 4th Issue	-	-	-	-	-	-	-	240,864
Debentures 7th Issue	9,867	9,867	9,867	9,867	9,867	9,867	38,640	169,615
Debentures 8th Issue	-	-	-	-	-	-	-	251,274
Debentures 9th Issue	-	-	-	-	-	-	-	351,982
Debentures 10th Issue	-	-	-	-	-	-	-	362,809
Debentures 11th Issue	203,627	-	158,066	-	-	-	-	489,000
Subtotal Debentures	213,494	9,867	167,933	9,867	9,867	9,867	38,640	2,050,053
BNDES	-	-	-	-	-	-	-	14,084
BNDES - PAC2	1,640	-	-	-	-	-	-	300,321
BNDES - AVANÇAR	1,508	1,508	1,508	1,508	1,508	1,508	8,291	25,842
Banco do Brasil - PSI	-	-	-	-	-	-	-	8,193
Banco Itaú - PSI	-	-	-	-	-	-	-	10,723
Bank Credit Notes - CCB	-	-	-	-	-	-	-	165,815
Caixa Econômica Federal	86,085	80,240	71,862	55,023	52,293	44,503	199,248	1,167,646
KfW Bank	861	861	861	902	-	-	-	9,151
Subtotal loans and financing	90,094	82,609	74,231	57,433	53,801	46,011	207,539	1,701,775
Lease - Litoral	17,556	19,488	21,654	24,084	26,812	29,876	43,882	276,008
Lease - Right of Use	-	-	-	-	-	-	-	73,685
Subtotal Lease	17,556	19,488	21,654	24,084	26,812	29,876	43,882	349,693
Total	321,144	111,964	263,818	91,384	90,480	85,754	290,061	4,101,521

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d) Changes in loans, financing, debentures and Finance Lease were:

Description	03/31/2021		12/31/2020	
	Current	Non-current	Current	Non-current
Balances at beginning of period	521,505	3,126,083	357,213	2,723,218
Releases	-	563,606	-	860,789
Interest and fines	50,748	-	197,045	-
Monetary Variations on financing	-	15,909	-	23,685
Transfers	102,912	(102,912)	480,325	(480,325)
Amortization	(176,655)	-	(565,873)	-
Costs of funds raised with third parties	488	(12,132)	(1,290)	(9,981)
Exchange rate variation	-	466	-	1,317
Interest and monetary variation of lease	8,200	-	34,307	7,380
Lease	3,303	-	19,778	-
Balances at end of period	510,501	3,591,020	521,505	3,126,083

e) The main events in the year were as follows:

Until the first quarter of 2021, the Company obtained and amortized funds from third parties, as stated below:

Index	Releases	Amortization
Debentures 2nd Issue	-	(8,741)
Debentures 4th Issue	-	(13,308)
Debentures 7th Issue	-	(5,922)
Debentures 10th Issue	-	(8,271)
Debentures 11th Issue	500,000	-
BNDES	-	(2,148)
BNDES - PAC2	-	(16,829)
BNDES - AVANÇAR	-	(43)
Banco do Brasil - PSI	-	(925)
Banco Itaú - PSI	-	(1,021)
Bank Credit Notes - CCB	-	(35,405)
Caixa Econômica Federal	63,606	(64,181)
Subtotal	563,606	(156,794)
Lease (1)	3,303	(19,861)
Total	566,909	(176,655)

(1) Releases represent right of use (without impact on cash)

f) Restrictive Contractual Clauses – Covenants (Information unaudited and not reviewed by the independent auditors)

Covenants and restrictive clauses linked to the loans, financing and debentures are shown below:

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• Covenants in BNDES contracts and in 2nd, 4th and 7th Issuance of Debentures

Index	Limit	Range
EBITDA Debt Service	Equal to or higher than 1.5	Less than 1.5 and equal to or higher than 1.2
Net Bank Debt/ EBITDA	Equal to or under than 3.0	Equal to or under 3.8 and higher than 3.0
Other Onerous Debt/ EBITDA	Equal to or under than 1.0	Equal to or under 1.3 and higher than 1.0

• Covenants of contracts of the 8th, 9th, 10th and 11th Issuance of Debentures and of Bank Credit Notes - CCB

Index	Limit
Net Bank Debt / adjusted EBITDA	Equal to or higher than 1.5
Adjusted EBITDA /Net Financial Expenses	Equal to or under than 3.0

• Covenants of contracts of the Caixa Econômica Federal

Index	Limit
Adjusted EBITDA /Net Financial Expenses	Equal to or higher than 1.5
Net Bank Debt / adjusted EBITDA	Equal to or under 3.0
Other Onerous Debt/Adjusted EBITDA	Equal to or under 1.0

• Covenants of contracts of the KfW Bank

Index	Limit
EBITDA / Debt service	Equal to or higher than 1.5
Net Bank Debt / Adjusted EBITDA	Equal to or under than 3.0
Other Onerous Debt / Adjusted EBITDA	Equal to or under 1.0
Levels of debt	Equal to or under 60

For BNDES contracts of financing, including the new contract called “AVANÇAR” and the 2nd, 4th and 7th Issuance of Debentures, the Company shall maintain throughout the term of the financing agreements the limit ratios, calculated on a quarterly basis and related to cumulative values for the past 12 months.

In case one or more of the Company covenants should exhibit for a minimum of two (02) quarters, consecutive or not, within 12 months, ratios within the range mentioned above, the monthly amount for the installment of the transferred rights granted in escrow in the terms of the clause “Fiduciary Assignment of Rights” for each of the contracts will be automatically increased by twenty percent (20%).

For contracts in item (ii), of the 8th, 9th, 10th and 11th issuances of simple debentures, not convertible into shares, the type species and for the Bank Credit Notes - CCB contracted with Banco BTG Pactual, considering that it does not confer any special or general privilege to the holders, the Company must maintain the ratios mentioned above throughout the period and until the final maturity.

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In relation to the contracts of the Caixa Econômica Federal, related to the 3rd phase of Normative Instruction 14 and Normative Instruction 29, pursuant to Item 16.1 of Clause Six of said agreements, the Company shall maintain throughout the term and until the final maturity the indexes pointed above.

In relation to the KfW Bank contract, pursuant to item 11.11 of the loan agreement, the Company must maintain the indices stipulated above throughout the term of the agreement.

As of March 31, 2021, the Company is fully complying with the restrictive covenants stipulated by the issuance of debentures and financing from BNDES, Caixa Econômica Federal, KfW Bank and CCB with Banco BTG Pactual.

15. TAXES AND CONTRIBUTIONS

The composition is as follows:

Description	03/31/2021	12/31/2020
Income tax payable	40,626	-
Social contribution payable	14,720	-
COFINS (tax on sales) payable	28,708	25,202
PASEP (tax on sales) payable	6,224	5,464
IPTU (Property tax) - installment payment (1)	551	670
Taxes and Contributions Withheld at Source	8,092	41,460
Total taxes and contributions	98,921	72,796
Current	98,916	72,691
Non-current	5	105

(1) This amount is in reference to IPTU (Urban Property Tax) by the municipality of Curitiba, relevant to the legal expropriation of property subject to an area occupied by ETE CIC/Xisto, for the period 2002-2013, encompassing interest, and monetary indexed and legal fees of 10% on the total amount of debt. The amount of debt of R\$1,664, was divided by the Company in 90 monthly installments restated by the IPCA, plus moratorium interest of 1% per month, and until 03/31/2021, 79 installments had been paid for the amount of R\$2,606.

16. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Reconciliation of Income Tax and Social Contribution Expenses Recorded in the Statements of Income

Description	03/31/2021		03/31/2020	
	Income Tax	Social Contribution Tax	Income Tax	Social Contribution Tax
Income before Income and Social Contribution Taxes	373,018	373,018	381,261	381,261
Income and social contribution taxes - current rate	(93,254)	(33,572)	(95,315)	(34,313)
Workers' Meal Program – PAT (1)	-	-	4,532	-
Corporate Citizen Incentive (2)	165	-	159	-
Equity in earnings (losses) of the controlled companies	(111)	(40)	(311)	(112)
Other	225	59	107	17
Total expenses	(92,975)	(33,553)	(90,828)	(34,408)
Total Income and Social Contribution taxes	(126,528)		(125,236)	
Effective rate	33.9%		32.8%	

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- (1) According to Law no. 6,321, of 04/14/1976;
(2) According to Decree 7,052, of December 23, 2009, regulating Law no. 11,770, of 09/09/2008

b) Current and deferred income and social contribution taxes

The composition of these items for the period is as follows:

Description	03/31/2021	03/31/2020
Income Tax	(99,057)	(113,092)
Social Contribution Tax	(35,628)	(42,309)
Realization of Deferred Income Tax	6,082	22,264
Realization of Deferred Social Contribution	2,075	7,901
Total	(126,528)	(125,236)

Possible tax impacts for the recognition of actuarial gains and losses in Net Equity are disclosed in the statement of Comprehensive Income.

c) Deferred income and social contribution taxes

The composition of the basis for deferred income tax and social contribution on assets and liabilities for future realization is as follows:

Description	Estimated realization term	03/31/2021				12/31/2020
		Calculation basis	Income tax	Social Contribution Tax	Total	Total
ASSETS						
NPV on Contractual Financial Assets	30 years	908,201	227,051	81,738	308,789	293,677
Lease - Litoral (Asset)	20 years	276,008	69,002	24,841	93,843	94,491
Pension and Health Plans	15 years	1,186,069	296,517	106,746	403,263	398,260
Impairment on assets	10 years	11,493	2,873	1,035	3,908	3,955
Provisões Cíveis, Trabalhistas, Tributárias e Ambientais	5 years	592,331	148,083	53,310	201,393	185,190
Lease - Right of Use (Asset)	5 years	73,686	18,421	6,632	25,053	27,246
Impairment on the investment - CS Bionergia	5 years	16,241	4,061	1,461	5,522	5,673
NPV of trade accounts receivable	5 years	9,596	2,399	864	3,263	3,012
Net realisable value of inventories	5 years	1,048	262	94	356	929
Investments valued at fair value	5 years	563	141	50	191	90
Allowance for doubtful accounts	3 years	52,201	13,050	4,698	17,748	17,619
Provision for expected on accounts receivable - CPC 48	3 years	13,068	3,267	1,176	4,443	4,192
PAI – Encouraged Retirement Program	1 year	16,106	4,026	1,450	5,476	26,274
Provision for PPR	1 year	87,620	21,905	7,886	29,791	23,882
Total			811,058	291,981	1,103,039	1,084,490
LIABILITIES						
NPV on Contractual Financial Assets	30 years	850,700	212,675	76,563	289,238	275,185
IRPJ Deferred on Construction and Improvements	24 years	114,506	28,626	-	28,626	28,943
Lease - Litoral (Liabilities)	20 years	184,671	46,168	16,621	62,789	63,149
Doações de Órgãos Públicos	20 years	11,539	2,885	1,038	3,923	3,923
Donations from Public Agencies	13 years	95,504	23,876	8,595	32,471	33,120
Lease - Right of use (Liabilities)	5 years	55,750	13,937	5,018	18,955	21,270
Attribution of New Cost to Fixed Assets	3 years	7,014	1,754	631	2,385	2,405
Total			329,921	108,466	438,387	427,995
Total Net			481,137	183,515	664,652	656,495

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d) Estimated Future Realization of Deferred Income Tax and Social Contribution

The estimated future realization of deferred tax assets and deferred tax liabilities as at March 31, 2021 is as follows:

Periods of Realization	Deferred Tax Assets			Deferred Tax Liabilities		
	Income Tax	Social Contribution Tax	Total	Income Tax	Social Contribution Tax	Total
2021	48,843	17,583	66,426	12,325	4,097	16,422
2022	40,685	14,647	55,332	16,433	5,463	21,896
2023	52,658	18,957	71,615	16,433	5,463	21,896
2024	36,341	13,083	49,424	15,796	5,234	21,030
2025	184,424	66,392	250,816	15,796	5,234	21,030
2026 to 2028	93,054	33,499	126,553	38,584	12,531	51,115
2029 to 2031	93,906	33,806	127,712	38,584	12,531	51,115
2032 to 2034	92,490	33,296	125,786	34,520	11,068	45,588
2035 to 2037	57,896	20,843	78,739	32,488	10,337	42,825
2038 to 2040	33,186	11,947	45,133	32,488	10,337	42,825
2041 to 2043	22,705	8,174	30,879	25,078	7,669	32,747
2044 to 2046	22,705	8,174	30,879	21,267	7,656	28,923
2047 to 2049	22,705	8,174	30,879	21,267	7,656	28,923
2050	9,460	3,406	12,866	8,862	3,190	12,052
Total	811,058	291,981	1,103,039	329,921	108,466	438,387

17. REVENUE TO BE APPROPRIATED

The Company renewed the cession contract for operation of financial services with Caixa Econômica Federal for a sixty-month term (sixty), starting in March/2017, for the amount of R\$21,000. Revenues corresponding to this contract are recognized on a monthly basis, for the term of the contract, on the accrual basis. The amount recognized in the results during the first quarter of 2021 was of R\$1,150 (R\$1,150 for the same period in 2020), The balance as at March 31, 2021 was of R\$3,850 (R\$4,900 as at 12/31/2020), this amount is recorded in current liabilities.

18. PROVISIONS, CONTINGENT LIABILITIES AND COURT DEPOSITS

a) Provisions

The Company books provisions for civil, labor, tax and environmental claims classified as probable losses, with the following changes:

Nature	12/31/2020	Additions	Reversals	Payments	03/31/2021
Labor claims (i)	318,722	19,171	(7,891)	(1,394)	328,608
Civil claims (ii)	201,171	16,409	(1,139)	(928)	215,513
Environmental claims (iii)	16,866	26,321	(2,937)	-	40,250
Tax claims (iv)	7,918	42	-	-	7,960
Total	544,677	61,943	(11,967)	(2,322)	592,331

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In the first quarter of 2021 there was a civil provision of R\$11,656, referring to a lawsuit for indemnity for traffic accidents, due to water leakage, causing the slope to collapse, causing the launch of mud on the highway.

In the first quarter of 2021, an environmental provision of R\$26,321 was set up, arising from the Environmental Infraction Notice issued by IBAMA, referring to the discharge of sewage residues in disagreement with the requirements established in Laws and Normative Acts.

Also in the first quarter of 2021, there was a supplement to the labor provision in the amount of R\$5,427, referring to a lawsuit filed by the Paraná State Engineers Union - SENGE, related to salary differences in the Positions, Career and Compensation Plan.

b) Contingent liabilities

The Company, given the nature of the claim proceedings in which it is involved and supported by the opinion of its legal advisors, discloses its contingent liabilities that are expected to incur possible losses, for these actions, no provisions were made for possible losses, as established by CPC 25 of the Accounting Pronouncement Committee.

The position of contingent liabilities with possible loss for labor, civil, environmental and tax claims, is as follows:

Nature	Contingent liabilities	
	03/31/2021	12/31/2020
Labor claims (i)	62,677	44,051
Civil claims (ii)	556,095	494,577
Environmental claims (iii)	353,654	388,910
Tax claims (iv)	22,935	23,414
Total	995,361	950,952

(i) Labor

Labor claims are mostly related to claims filed by former employees of the company and providers (joint responsibility), who vindicate salary differences and labor charges. The main suits involving the Company are in relation to: i) plan for jobs and wages; ii) premium for unhealthy and nocturnal; (iii) functional reintegration; iv) wage equalization; v) reduction of the employer contribution to the health plan; vi) FGTS fines 40% and vii) work accident.

(ii) Civil

Civil proceedings are related to requests for compensation of customers and suppliers, and third-party damages, the main suits involving the Company are in relation to: i) reimbursement of costs incurred for the replacement of materials; ii) other proceedings resulting from indemnification related to the suspension of the contract, traffic accidents, property damage, loss of profits, among others.

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(iii) Environmental

The Company has several environmental actions, related to infraction notices issued by Municipal, State and Federal environmental agencies, motivated by different non-conformities, presented primarily in the sewage process, as specified below: i) Leakage and overflow of collection networks; ii) Deficiencies in environmental licensing and grants from Sewage Treatment Stations - ETE; iii) Release of effluents from sewage treatment stations in disagreement with the parameters required by law; and iv) Incorrect destination of the residues (sludge) resulting from the treatment.

Some tax assessment notices are being challenged both at the administrative level by the respective bodies, as well as in court.

As a result of the infraction notices drawn up by IBAMA, this Federal Agency filed in 2014 and 2015, 17 Public Civil Actions (ACP) that are being processed before the 11th Federal Court of Curitiba. In 2018, 17 Terms of Judicial Agreements - TAJ were signed in these Public Civil Actions, duly signed by the Federal Public Ministry, IBAMA and Instituto Água e Terra - IAT and ratified by the Federal Court. Of the 251 ETEs in operation that make up Sanepar's Sanitary Sewage System (SES), 183 were covered by these Judicial Agreement Terms (TAJ).

In 2019, the Court of the 11th Federal Court of Curitiba ruled for non-compliance with two agreements (ACP 5001669-33.2015.4.04.7015 and ACP 5001739-56.2015.4.04.7013) regarding a Clause in them that oblige the Company to pay fine in the estimated amount of R\$14.6 million. This amount is disclosed as a contingent liability, with a "Possible" probability of loss. The Company appealed to the Federal Regional Court of the 4th Region, obtaining a preliminary suspension of the effects of the decision. In December 2020, the Company concluded the renegotiation of the agreements with IBAMA and Instituto Água e Terra, with the adjustment of some construction schedules and the elaboration of new clauses with the establishment of compensations of the respective agreements signed in 2018. In the first quarter of 2021 the renegotiation of the agreements was presented in court, currently awaiting a statement from the Federal Public Ministry.

(iv) Taxes

Tax proceedings are mainly in relation to queries connected to collection of ISSQN (Tax over Services of Any Nature) due to divergent interpretations of the law. The main claims with which the Company is involved include the municipalities of Londrina, Paranavaí, Campina da Lagoa, Porecatu, Pinhais and Colombo.

c) Court deposits

The Company has made court deposits that will only be recovered in case of a favorable sentence for the Company.

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The breakdown is as follows:

Nature	Court deposits	
	03/31/2021	12/31/2020
Labor claims	247,651	227,969
Civil claims	85,680	73,575
Environmental claims	5,384	5,096
Tax claims	15,319	13,835
Total	354,034	320,475

19. PENSION PLAN AND MEDICAL INSURANCE

Sanepar sponsors the Fundação Sanepar de Previdência e Assistência Social – FUSAN, non-profit legal entity, with the main purpose of managing the company's retirement plan that targets supplementing pension benefits for Company staff.

Due to the Coronavirus (COVID-19), the financial market and the health sector were significantly affected, for which we highlight below the reflexes for the retirement plans (Fusanprev) and medical assistance (Sanesaúde), sponsored by the Company:

Fusanprev: The beginning of 2021 was marked by the largest worldwide vaccination campaign in history, however quite concentrated in more developed countries, in contrast, the Brazilian scenario was marked by a second wave of COVID and with difficulties in the vaccination program (less than 10% of the population). population had been vaccinated by March 31, 2021), and new restrictive measures were imposed on society that negatively impacted economic activity and expectations for the short term. In addition to the serious pandemic situation, the Brazilian Congress faces difficulties in resolving political demands through amendments with fiscal restrictions considering the position of the Federal Executive Branch, directly impacting the 2021 Budget, in addition to important issues such as the job maintenance program and the continuity of emergency aid, signaling a very negative scenario and amplifying the perception of increased medium and long-term fiscal risks. Despite this context, having been a very difficult quarter for the financial market, the Fusanprev Plan had a positive return of 1.20% in the quarter, above the market reference index, CDI - Interbank Deposit Certificate, which was 0, 49%, but below the Plan's actuarial minimum, which was 3.27% in the same period, mainly due to the significant increase in inflation, the INPC - Consumer Price Index, which is the plan's index. For this new scenario, in December 2020, the Investment Policy for the 2021 financial year and a new ALM (Asset Liability Management) study were approved, maintaining a diversified investment portfolio with a moderate profile, applied to various asset classes, with medium and long term profile, providing sufficient liquidity to honor the payment of benefits. Considering: (i) the governance structure of FUSAN for decision making, following the advice of the regulatory bodies linked to Supplementary Pension Plans, (ii) the practice of being closely monitoring the investments made, including checking the investment opportunities arising in the crisis, due to the expectation of a positive economic cycle between the major world economies, especially China and the United States, even considering the uncertainty in Brazil in relation to the country's fiscal situation, with projected growth of 3.5% of GDP for the year 2021 , (iii) that inflation remains at an estimated rate of 5% in the same period, in addition to interest rates remaining low, with an estimated Selic rate of 6%, we do not estimate any change in the amounts provisioned for the end of this quarter.

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Sanesaúde: The plan had a loss-making result at the end of the 1st Quarter of 2021 in the amount of R \$ 1.3 million, mainly due to high-cost procedures with more complex treatments such as cancer, heart and COVID (there was an increase in cases and hospitalizations in the quarter), in addition to the accounting record of the Provision for PEONA SUS, which had been extended to the Exercise of 2021. It is noteworthy that the impact of the COVID-19 cases on Plan expenses has so far been limited. Technical reserves indicate that the plan is in balance, with balances greater than 2 times the amount required by ANS - National Supplementary Health Agency, with a further readjustment of the Plan in June 2021, with the expectation of not presenting a high rate. It is expected that during 2021, with the cooling of the pandemic in the State of Paraná and the consequent relaxation of restrictive measures, there will be an increase in the demand for elective procedures, a fact that may consume part of the positive result generated in the 2020 Exercise. The Sanepar Foundation daily monitors the scenario based on the hospitalization census, with a view to taking the necessary measures for the management of the Plan, as well as evaluating the impacts of the pandemic and carefully monitoring the measures and recommendations of Organs regulatory bodies linked to Supplementary Health, so we estimate any change in the amounts provisioned this quarter.

The retirement/pension plan managed by FUSAN has the following main features: defined contribution during the working phase and defined benefit with lifetime income for retirees, pensioners and risk benefits (disability retirement, death pension, sickness and accident). In that quarter the Sponsor passed on the amount of R\$7,420 (R\$7,909 for the same period in 2020) as contribution to FUSAN.

The technical reserves for purposes of meeting the standards established by Previc - National Superintendency of Complementary Pensions are determined by the actuary responsible for the pension plan.

The Company also sponsors the Fundação Sanepar de Assistência Social, a non-profit social welfare association that manages health care for active and retired Sanepar employees, called SaneSaúde.

SaneSaúde is a collective of medical and dental care insurance plan, self-managed, financed by pre-payment, and the contributions made on average 63.3% for the sponsor and 36.7% for active and retired beneficiaries through defined monthly contributions for the regulation of the plan, which are determined annually based on actuarial calculations, which take into account the age of the beneficiary, and the existence of limiting factors for use of the services offered.

As a contribution to the Foundation, in that quarter, the Company transferred the amount of R\$18,672 (R\$17,798 for the same period in 2020).

Additionally, for the purposes of compliance with the determinations contained in CPC 33 (R1), approved by CVM Deliberation 695, Mirador Atuarial Ltda. for the year ended December 31, 2020, that was hired and issued detailed reports that support the information included on the date stated.

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The information below shows the actuarial position of liabilities related to pension and health care plans in March 31, 2021 and December 31, 2020:

Description	Pension Plan	Medical Insurance	03/31/2021	12/31/2020
Current	34,990	44,081	79,071	78,090
Non-current	489,862	617,136	1,106,998	1,093,262
Total	524,852	661,217	1,186,069	1,171,352

The table below shows the projected expenses for the year of 2021:

Description	Pension Plan	Medical Insurance	2021
Current service cost	9,916	4,706	14,622
Interest cost	109,018	47,389	156,407
Expected return on the plan's assets	(71,915)	-	(71,915)
Contributions of the sponsor/participants	(14,468)	(25,779)	(40,247)
Total	32,551	26,316	58,867

The amount of R\$58,867 was the actuarial estimate for expected variation in the plans for year 2021, which is being booked by the Company on a monthly basis with an accrual in the first quarter of 2021 the amount of R\$14,717 (R\$16,707 for the same period in 2020). At the end of 2021, a new actuarial review will be performed to determine the accounting adjustments in the plans. If abnormal variations in the rules of the pension and health care plan occur during the year, or even in the base of participants, which have not occurred to date, an interim actuarial review can be performed.

20. RELATED-PARTY TRANSACTIONS

As at March 31, 2021, the State of Paraná holds credits for interest on Self Owned Capital for the amount of R\$55,657 (R\$62,055 for the same period in 2020). The Company also supplied water and sewage services to the state of Paraná for a revenue of R\$25,606 and R\$32,670 until the first quarter of 2021 and 2020, respectively.

The Company provides water and sanitary sewage services to a number of city administrations, with which it maintains Concession Contracts and Municipal Program Contracts, with the revenues from said contracts with municipal administrations being, until the first quarter of 2021, R\$20,348 (R\$26,880 for the same period in 2020). The Company also provides services in urban solid waste management in some municipalities of the State of Paraná, with the revenue being R\$2,967 (R\$3,163 for the same period in 2020). In addition, the Company has accounts receivable from these City Halls in the amount of R\$37,202 in the first quarter 2021 (R\$36,811 in December 31, 2020), as shown in Note 6a.

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The Company transacts with CS Bioenergia S.A., and in the 1st quarter of 2021, it obtained revenues from the treatment of sewage effluents in the amount of R\$22 (R\$412 in the same period in 2020) and property rental in the amount of R\$82 (R\$78 in the same period in 2020), in addition to reimbursable electricity expenses in the amount of R\$124 (R\$118 in the same period in 2020) and also expenses related to: (i) sludge removal from the Sewage Treatment Station - ETE Belém in the amount of R\$2,636 (R\$1,756 in the same period in 2020) and (ii) lease of a mini-generator plant for electricity from biogas in the amount of R\$577. Additionally, on March 31, 2021, the Company has accounts receivable from CS Bioenergia S.A. in the following composition:

i) in the amount of R\$206 (of which R\$124 for electricity and R\$82 for rental expenses); and

ii) installment payment of outstanding debts arising from the treatment of sewage effluents from September 2018 to February 2020 in the total amount of R\$1,187, in 150 installments.

The Company also carries out operations with the Sanepar Foundations (Health Plan and Pension Plan), and in the first quarter of 2021 obtained revenues for the supply of water and sewage services in the amount of R\$2 (R\$5 for the same period in 2020), expenses of rent of property in the amount of R\$136 (R\$150 for the same period in 2020) and of employer contributions to the employee benefit plans in the amount of R\$26,092 (R\$25,707 for the same period in 2020), as described in note 19.

All transactions with related parties were practiced by Sanepar's Management under the same market conditions as practiced with its other customers, except for some municipalities that have discounts on invoices of water supply and sewage, depending on the set maximum consumption in each special contract with the government to obtain the benefit.

Management compensation

A remuneração anual dos administradores para o exercício findo em 31 de dezembro de 2021 foi aprovada pela 57ª / 2021 Assembleia Geral Ordinária (AGO) de 22 de abril de 2021, no montante global de R\$15.046. Para o exercício de 2020 a aprovação se deu pela 56ª / 2020 Assembleia Geral Ordinária (AGO) realizada em 23 de abril de 2020, no montante de R\$15.036.

The following are the payments made to managers:

Description	03/31/2021	03/31/2020
Remuneration	2,476	2,279
Charges and Benefits	755	659
Social charges	686	618
Health plan (Sanesaúde)	16	14
Sanepar Foundation (Fusanprev)	29	27
Complementary programs	24	-
Total	3,231	2,938

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21. OTHER ACCOUNTS PAYABLE

The composition is as follows:

Description	03/31/2021	12/31/2020
Contracts and Agreements with third parties	18,970	13,073
Agreements with municipal administrations	16,893	18,177
Collaterals and amounts reimbursable	18,344	9,146
Installment payment IBAMA	53,451	61,124
Municipal Sanitation and Environmental Management Fund	5,018	5,396
Total	112,676	106,916
Current	90,844	77,299
Non-current	21,832	29,617

(1) Balance of R\$33,309 referring to the payment of debts in installments related to 31 Environmental Tax Notices with the Brazilian Institute for the Environment and Renewable Resources - IBAMA, in accordance with the Non-Tax Debt Regularization Program - PRD established by Law No. 13,494 / 2017. And also installments of several Environmental Infraction Notices with IBAMA in the amount of R\$20,142.

22. EQUITY

a) Capital Stock

Capital stock, fully paid-in, is composed by 1,511,205,519 shares, with no par value, being 503,735,259 common shares and 1,007,470,260 preferred shares. In addition to the common and preferred shares, the Company started to negotiate Share Deposit Certificates ("Units"), being each "Unit" formed by one common share and four preferred shares.

Preferential shares are not entitled to vote, but they have assured: (i) equally participate with ordinary shares in the distribution of shares or any other bonds or benefits, including incorporation of reserves to capital stock; (ii) priority treatment in the reimbursement of capital in case of the Company's liquidation; and (iii) the right to receive compensation, of at least 10% higher than the amount attributed to each ordinary share.

The equity value of each share on March 31, 2021, already considering the provision for additional dividends proposed by Management, is R\$4.76 (R\$4.59 on December 31, 2020).

The Capital stock underwritten and fully paid in as at March 31, 2021 is of R\$4,000,000, that net of the share issuance costs is of R\$3,996,137, and the shareholding structure is the following:

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Shareholders	Number of shares					
	Common	%	Preferred	%	Total	%
Estado do Paraná	302,658,716	60.1	3	-	302,658,719	20.0
Municipal Administrations	-	-	5,572,423	0.6	5,572,423	0.4
Foreign Investors	59,142,140	11.7	311,598,346	30.9	370,740,486	24.5
Other Investors	141,934,403	28.2	690,299,488	68.5	832,233,891	55.1
Total	503,735,259	100.0	1,007,470,260	100.0	1,511,205,519	100.0

b) Revaluation surplus

The reevaluation surplus was realized in the first quarter, transferring to Retained earnings the amount of R\$1,259 (R\$1,351 for the same period in 2020), net of Income Tax and Social Contribution. The realization of this reserve occurs in the same ratio as of right down and depreciation of assets registered in the fixed and intangible assets line, object of said reevaluation.

The changes in the realization of the Reevaluation Surplus were as follows:

Description	03/31/2021	03/31/2020
Balances at beginning of period	64,292	69,559
Realization of revaluation surplus	(1,908)	(2,046)
Realization of Taxes on the Revaluation surplus	649	695
Balances at end of period	63,033	68,208

c) Valuation Adjustments to Equity

Constituted in accordance with article 182 of the Brazilian Corporation Law, referring to the equity valuation adjustments, while not computed in the income for the year in accordance with the accrual basis, the counterparts of increases or decreases in amounts attributed to assets and liabilities, as a result of their valuation at fair value.

During this quarter it was transferred to retained earnings, the amount of R\$39 (R\$53 in the same period of 2020), net of income tax and social contribution. The realization of this account occurs in the same proportion of the write-offs and depreciation of property, plant and equipment and intangible assets, to which new values have been assigned.

The changes in the realization of the Valuation Adjustments were as follows:

Description	03/31/2021	03/31/2020
Balance at beginning of period	4,668	5,196
Realization of Adjustments to Assigned Cost	(59)	(81)
Realization of Taxes on Adjustments to Assigned Cost	20	28
Balance at end of period	4,629	5,143

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d) Reserve for Investment Plan

The investment plan reserve corresponds to remaining profit, after constituting the legal reserve, the fiscal incentives reserve, and the distribution of interest on shareholders' equity and dividends. The limit for constituting this reserve is the value of the paid-in shareholders capital. The funds allocated to the investment plan reserve will be invested in construction projects and expansion of water supply systems, collection and treatment of sewage, as established in the Company's investment plans.

e) Legal Reserve

Constituted in accordance with the Brazilian Corporation Law and the Bylaws, based on 5% of the net profit for each year, less the amount destined to constitute the Tax Incentive Reserve, until reaching the limit of 20% of paid-in capital. The legal reserve can only be used to increase capital or absorb accumulated losses. Also in accordance with the Brazilian Corporation Law, Management respects the capital limit for setting up profit reserves.

f) Tax incentive reserve

Constituted related to the portion of net income from donations and government subsidies, in accordance with article 195-A of the Brazilian Corporation Law.

g) Other Comprehensive Income

Pursuant to CPC 33 (R1) - Employee Benefits, adjustments to the fair value of actuarial liabilities related to employee benefit plans (Note 19) arising from actuarial gains or losses are recorded directly in Shareholders' Equity. Adjustments are also made referring to the Realizations of the Revaluation Surplus and the Adjustment to the Deemed Cost.

h) Shareholders' compensation

The Company Bylaws provide for the mandatory distribution of dividends of 25% of the adjusted net income in accordance with the Brazilian Corporate Law. Holders of preferential shares was assigned interest on shareholders' equity (dividend) per share 10% higher than that of holders of common shares.

The tax laws allow companies to proceed, within certain limits, with payments of interest on shareholders' equity to shareholders and to treat said payments as deductible expenses in calculating Income Tax and Social Contribution owed.

This distribution, applicable to mandatory dividends payable by the Company, is treated for accounting purposes as a deduction of the shareholders' equity, similar to dividends. On these values is withheld income tax at the rate of 15%, and paid by the Company upon the payment of interest.

On April 22, 2021, the Shareholder Meeting approved the payment of Interest on Equity Capital, credited to shareholders in the year of 2020, for the gross amount of R\$296,428, which will be paid until June 18, 2021.

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i) Earnings per Share

The amount of remuneration to shareholders, per share, was as follows:

Description	2020	2019
Common shares	0.18389	0.61493
Preferred shares	0.20228	0.67642
Value for 1 "Unit"	0.99303	3.32060

In 2020, the Company's shares were split.

The table below establishes the calculation of the profit per share (in thousands, except amounts per share):

Basic and diluted earnings por share	03/31/2021	03/31/2020
Numerator		
Net profit for the period attributed to Company shareholders		
Common Shares	77,028	80,008
Preferred shares	169,462	176,017
Denominator		
Weighted average of number of common shares	503,735,259	503,735,259
Weighted average of number of preferential shares	1,007,470,260	1,007,470,260
Basic and diluted earnings		
Per ordinary share	0.15291	0.15883
Per preferential share	0.16821	0.17471

23. OPERATING REVENUES

Operating Revenues composition, by nature, is the following:

Description	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Revenue		
Revenues from Water	806,051	810,243
Revenues from Sewage	468,982	483,251
Revenues from services	26,824	33,672
Revenues from Solid Waste	2,967	3,163
Services Provided to Municipalities	5,156	4,908
Donations made by clients	7,163	5,302
Other Revenue	1,318	1,249
Total operating revenues	1,318,461	1,341,788
Deductions from Operating Revenues		
COFINS	(75,596)	(78,609)
PASEP	(16,389)	(17,043)
Total Deductions	(91,985)	(95,652)
Total operating revenues, net	1,226,476	1,246,136

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The Company incurred revenue and costs from construction contracts linked to the program contracts of R\$28,225 (R\$18,477 for the same period in 2020), during the first quarter of 2021, i.e., with a null margin. These revenues are shown net of construction costs.

24. COST OF PRODUCTS AND SERVICES

The composition of costs, by nature, is the following:

Description	01/01/2021 to 03/31/2021			01/01/2020 to 03/31/2020		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(65,820)	(32,482)	(98,302)	(65,790)	(27,852)	(93,642)
Materials	(26,133)	(16,223)	(42,356)	(23,980)	(19,159)	(43,139)
Electricity	(106,467)	(15,058)	(121,525)	(106,757)	(13,196)	(119,953)
Third-party services	(57,932)	(42,264)	(100,196)	(53,160)	(42,490)	(95,650)
Depreciation and amortization	(39,809)	(38,531)	(78,340)	(35,996)	(35,049)	(71,045)
Indemnities of third-party damages	(815)	(631)	(1,446)	(1,201)	(314)	(1,515)
Other costs	(28,395)	(10,217)	(38,612)	(26,056)	(10,545)	(36,601)
Total	(325,371)	(155,406)	(480,777)	(312,940)	(148,605)	(461,545)

25. SELLING, ADMINISTRATIVE AND OTHER EXPENSES

The composition of these expenses, by nature, is the following:

Description	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Selling		
Personnel	(28,876)	(31,869)
Materials	(605)	(1,087)
Third-party services	(28,002)	(28,833)
Depreciation and amortization	(2,456)	(2,983)
Losses in Realization of Credits	(17,583)	(11,627)
Municipal Sanitation and Environmental Management Fund	(15,447)	(17,713)
Indemnities of third-party damages	(177)	(380)
Sanepar Rural program	(476)	(690)
Other expenses	(630)	(533)
Total selling expenses	(94,252)	(95,715)
Administrative		
Personnel	(129,846)	(135,640)
Materials	(10,581)	(12,014)
Third-party services	(29,448)	(29,507)
Depreciation and amortization	(13,580)	(12,867)
Adjustment to the Net Realizable Value of the Inventory	1,684	(879)
Regulatory fee	(6,448)	(6,342)
Travel expenses	(792)	(1,270)
Exhibitions, congresses and events	-	(45)
Environmental and social programs	(2,146)	(4,142)
Indemnities of third-party damages	(140)	(354)
Other expenses	(4,891)	(4,883)
Transfers to Selling expenses and cost (1)	32,384	32,798
Expenses Capitalized (2)	21,595	17,936
Total administrative expenses	(142,209)	(157,209)
Other operating revenues (expenses)		
Expenses		
Eventual or extraordinary losses (3)	(46)	(37,139)
Environmental fines	(8)	(27)
Write-off of assets	(331)	3,432
Adjustment to Fair Value – Investments	(298)	(304)
Total other operating revenues (expenses), net	(683)	(34,038)

(1) These amounts are first recorded as administrative expenses and later transferred to costs of selling expenses;

(2) These amounts refer to capitalized administrative expenses, as they relate to projects and works in progress, allocated directly by the Company's Management; and

(3) Amount of R\$37,137 (2020) related to the settlement of a lawsuit by the DM/LFM/SEF consortium, related to the economic and financial rebalancing of CA 05.1/2000.

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26. PROFIT SHARING PROGRAM

The Company provisioned the amount of R\$17,377 (R\$25,371 in the same period in 2020), as Profit Sharing in the first quarter of 2021, which is recorded in the Salaries and Social Charges account, in current liabilities.

27. FINANCIAL INCOME (LOSS)

Description	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Financial revenues		
Financial investments	4,732	4,891
Monetary variation gains	5,045	3,985
Exchange rate variation - Gain	34	-
Gain with derivative financial instruments	491	520
Other financial revenues	5,298	5,723
Total financial revenues	15,600	15,119
Financial expenses		
Financing and Debenture Interest and Charges and Lease	(54,230)	(50,974)
Monetary variation losses (1)	(15,902)	(4,725)
Exchange rate variation - losses	(500)	(538)
Losses with derivative financial instruments	(43)	-
Other financial expenses (2)	(269)	(11,669)
Total financial expenses	(70,944)	(67,906)
Financial income (loss), net	(55,344)	(52,787)

- (1) Increase in the base for calculating monetary variations, due to the issuance of debentures (10th and 11th issues), Bank Credit Card and readjustment of the coastal lease agreement;
- (2) R\$11,057 (2020) refers to the change in the useful life of the items Fluidized Sludge Anaerobic Reactors and High Efficiency Upflow Anaerobic Reactors from 60 to 40 years, reflected in the accounting for the Adjustment to Present Value of the contractual financial assets.

28. INFORMATION BY BUSINESS SEGMENT

The Company has two clearly identifiable business segments, to wit, water treatment and distribution and sewage collection and treatment. The process of collecting and treating solid waste was considered in the sewage segment. The operational profit by segment is represented by the revenue, with deductions of direct costs and direct and indirect operating expenses that can be allocated to these segments. The identifiable assets and liabilities per segment are presented separately. Corporate assets and liabilities were not directly attributed to each business segment.

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The Company evaluates the performance targeting, based on information generated by the accounting records, and miscellaneous expenses are allocated by means of apportionment, as shown in following table:

Description	01/01/2021 to 03/31/2021			01/01/2020 to 03/31/2020		
	Water	Sewage	Total	Water	Sewage	Total
Direct operating revenue	824,920	479,904	1,304,824	835,689	494,640	1,330,329
Other operating revenues	7,767	5,870	13,637	6,528	4,931	11,459
Total gross operating Revenue	832,687	485,774	1,318,461	842,217	499,571	1,341,788
Revenue Deductions (PASEP and COFINS)	(52,393)	(39,592)	(91,985)	(54,500)	(41,152)	(95,652)
Net operating revenue	780,294	446,182	1,226,476	787,717	458,419	1,246,136
Cost	(325,371)	(155,406)	(480,777)	(312,940)	(148,605)	(461,545)
Gross profit	454,923	290,776	745,699	474,777	309,814	784,591
Selling expenses	(53,681)	(40,571)	(94,252)	(54,532)	(41,183)	(95,715)
Administrative expenses	(80,996)	(61,213)	(142,209)	(89,569)	(67,640)	(157,209)
Other operating revenues (expenses)	(389)	(294)	(683)	(19,393)	(14,645)	(34,038)
Equity in earnings (losses) of controlled companies	-	(445)	(445)	-	(1,245)	(1,245)
Financial income (loss), net	(24,580)	(30,764)	(55,344)	(23,544)	(29,243)	(52,787)
Profit sharing program	(9,897)	(7,480)	(17,377)	(14,455)	(10,916)	(25,371)
Provisions	(27,143)	(20,511)	(47,654)	(11,530)	(8,728)	(20,258)
Pension plan and medical insurance	(8,382)	(6,335)	(14,717)	(9,518)	(7,189)	(16,707)
Income before taxes and contributions	249,855	123,163	373,018	252,236	129,025	381,261
Income and social contribution taxes	(84,751)	(41,777)	(126,528)	(82,854)	(42,382)	(125,236)
Net income for the period	165,104	81,386	246,490	169,382	86,643	256,025
Operating margin - Unaudited/ Not reviewed	32.0%	27.6%	30.4%	32.0%	28.1%	30.6%
Net margin - Unaudited/ Not reviewed	21.2%	18.2%	20.1%	21.5%	18.9%	20.5%
Investments in fixed /Intangible assets in the period (1)	132,231	126,619	258,850	112,006	99,433	211,439
Shareholding Interest – CS Bioenergia	-	-	-	-	200	200
Indebtedness – Loans, Financing, Debentures and Lease	1,784,275	2,317,246	4,101,521	1,422,995	2,027,424	3,450,419
Contract of assets, Fixed assets and intangible assets, net	4,496,114	5,483,582	9,979,696	4,217,835	5,184,001	9,401,836
Depreciation and amortization for the period	(48,943)	(45,433)	(94,376)	(45,027)	(41,868)	(86,895)
Accounts receivable (current and non-current) (2)	773,995	410,410	1,184,405	672,306	351,408	1,023,714
Total assets	6,275,391	7,653,637	13,929,028	5,637,210	6,928,510	12,565,720
Total current and noncurrent liabilities	3,064,828	3,674,547	6,739,375	2,821,767	3,314,014	6,135,781
Number of Users – Unaudited/Not reviewed (3)	3,293,660	2,327,211	-	3,208,360	2,244,720	-
Volume Thousand m ³ Invoiced – Unaudited/Not reviewed (4)	130,391	98,546	-	137,469	103,814	-

- (1) The amounts invested in administrative assets were allocated in proportion to the investments of each segment;
- (2) Presented by the gross value;
- (3) The users included in the sewage sector are practically all included in the water sector; and
- (4) Billed volumes of the sewage sector are derived from the billed volumes of the water utility sector.

29. INSURANCE

The Company has insurance contract with MAPFRE Seguros Gerais S/A covering its main assets located in a number of localities throughout the State of Paraná, for the amount of R\$1,716,442, with coverage term from 03/13/2021 to 03/13/2022, basic cover for fire, wind and electrical damages to the equipment.

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Assets	Amount insured
Buildings	845,173
Machinery, equipment and vehicles	786,266
Inventory	85,003
Total	1,716,442

Additionally, the Company has legal guarantee insurance policies to guarantee values that would be deposited and/or replace the values already deposited and/or seized property in legal proceedings of labor, civil, environmental, and tax proceedings. Until March 31, 2021, the Company offered guarantees through Guarantee Insurance in 215 legal proceedings in the amount of R\$184,229 with Pottencial Seguradora S/A.

The Company also signed/renewed the contract with Starr International Brasil Seguradora S / A for insurance coverage in the modality of civil liability of directors and administrators of Sanepar (D & O - Directors and Officers) with national and international coverage, with the maximum guarantee limit R\$20,000, with the term of the contract for 365 days ending on 09/09/2021.

30. OPERATIONS “RÁDIO PATRULHA”, “INTEGRAÇÃO”, “ÁGUAS CLARAS” AND “DUCTOS” AND ITS EFFECTS ON THE COMPANY

Operations “Rádio Patrulha” and “Integração”:

At the end of 2018, the announcement of Mr. Nelson Leal Júnior was published in the scope of the operation called “Rádio Patrulha”, which mention, among others, some former managers of the Company. The operation “Rádio Patrulha” investigates a supposed payment scheme for the diversion of funds through bids in the “Patrulha do Campo” program, which aimed to restore rural roads in the State of Paraná. The operation “Rádio Patrulha” made a former manager of the Company a defendant.

The operation “Integração” investigates the alleged scheme of corruption and money laundering, which would have lasted from 1999 to 2018 and is related to the federal highway concession procedures in the State of Paraná of the so-called “Anel de Integração”. The first phase of operation “Integração” was launched on February 22, 2018 and the second phase on September 26, 2018. Within the scope of operation “Integração”, one of the employees of the Federal Public Ministry also mentioned in his agreement some former managers of the Company.

Considering the outbreak of these operations, after internal diligence, the Company, through a resolution of its Board of Directors, constituted an External Investigation Commission (“CEI”), and hired the law firm Tauil & Checker Advogados, associated with Mayer Brown and consultancy Ernst & Young - EY (jointly, “Investigation Team”) to conduct an independent forensic investigation, under the coordination of CEI, and to investigate certain facts, allegations and possible irregularities / non-conformities arising from these operations.

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Progress of Activities:

The independent forensic investigation related to the allegations arising from the above Operations, was concluded by the Investigation Team in April 2021 and the final report was forwarded to the Board of Directors, with recommendations for improvements in the governance and internal controls processes, which are, in part implemented or in the process of being implemented.

Operation “Águas Claras”:

The Operation “Águas Claras”, which is an offshoot of Operation “Pecúlio” that took place in 2016, investigates alleged frauds in sewer works bids with the favor of a company whose representatives allegedly paid undue advantages to a retired Company employee, as well as alleged bribery payments by the same company disguised as investment in advertising and sponsorship. The alleged illegal conduct would have been practiced between 2011 and 2016 and would involve some employees of the Company.

Notwithstanding the initiation of the said operation occurred after the beginning of the internal investigation work of the operations “Rádio Patrulha” and “Integração”, the approval for the hiring of the Investigation Team took place in November 2020 and the hiring was carried out in December of 2020 to conduct an independent forensic investigation into allegations related to Operation “Águas Claras”, also under the coordination of the CEI.

Operation “Ductos”:

On July 20, 2020, the Company published a Notice to the Market on the “Duct Operation”, related to an investigation that investigates conduct involving people related to the Company. The investigations initiated about two years ago by the Special Action Group to Combat Organized Crime (Gaeco), mainly investigate the undue payment for services not provided and fraud in bids. It is also investigated, the billing for service not fully executed or for overpriced service, using false measurements or not supervised by Sanepar employees. On the same date, the Board of Directors initiated internal measures so that the allegations of Operation “Ductos” were included in the scope of the independent forensic investigation conducted by the Investigation Team.

The Company's Management removed, cautiously, all employees involved in the referred operation, and at the 9th / 2020 Ordinary Meeting of the Board of Directors, of September 24, 2020, the Board was informed by the Executive Board that the removed employees returned to their positions. original functions for which they had tendered.

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At its 9th/2020 Ordinary Meeting, the Board of Directors decided to establish a task force to conduct a preliminary investigation of the allegations and monitor the developments of Operation “Ductos” and, in December 2020, the Investigation Team was hired to conduct independent forensic investigation into allegations related to Operation “Ductos”, under the coordination of the CEI. The activities of the task force and the Investigation Team are being conducted in parallel, with different scopes and deadlines, but with interactions between the two teams.

Progress of Activities:

The work of independent forensic investigation to verify the allegations related to the Operations above, are in progress and continue to be monitored by CEI and the Company's external auditor and until the date of publication of this interim financial information, the works are within the according to schedule.

Sanepar's Management will continue to use its best efforts to support the work of the independent internal investigation conducted by the Investigation Team and CEI with respect to the operations mentioned above, as well as communicating to the market about any other relevant information on the matter.

31. IMPACTS OF THE CORONAVIRUS (COVID-19)

On March 11, 2021, it celebrated a year since the World Health Organization - WHO classified the covid-19 as a worldwide pandemic. Brazil is currently facing the worst moment since the onset of the disease. On the other hand, the beginning of vaccination, in mid-January this year, brought hope for a reduction in the number of cases and deaths from the disease. As immunization advances, the expectation of economic recovery in the country increases. World experience has shown that the most efficient tools for combating the disease are social isolation, the use of masks, hand hygiene and mass vaccination. With the advance of immunization, other measures to contain the disease may be loosened, especially those related to social isolation, which will allow the gradual release of economic activities, which still remain quite restricted.

Within this context, Sanepar, which provides Environmental Sanitation services, considered an “essential service”, kept its activities in operation. All prevention protocols were followed, guided by the health authorities, which reaffirms the Company's commitment to contribute to improving the quality of life of the population served in the municipalities in which it operates.

The Company understands that there are no risks in the continuity of its operation, however, we present below our analysis for measuring the economic and financial impacts resulting from the coronavirus:

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- Revenues, costs, accounts receivable and cash flows: As these are essential services, revenues from the sanitation sector were less impacted by the effects of the pandemic, in relation to other segments. However, operating cash flow was affected by an increase in defaults and a temporary extension of the maturity of water and sewage bills for low-income consumers. Complementing the Material Facts of March 23, June 24, September 21 and December 15, 2020, and continuing the actions implemented to minimize the impacts to the population caused by the pandemic, the Company published a new Material Fact, on March 15, 2021, informing about the postponement of the collection of water and sewage bills, for customers registered in the Social Tariff. The measure is valid for a period of 90 days, starting on March 20, 2021. In the first quarter of this year, the average monthly billing of the Social Tariff was R\$3.3 million, and an average of 198,693 thousand water savings were met and 138,479 thousand sewage.

In addition, laws were maintained that restrict the interruption of the provision of services to certain categories of consumers, during emergency situations, as in the case of COVID-19, which corroborated the increase in the default rate, due to the increase in accounts to be paid. receivable from customers, impacting the Company's liquidity.

After the beginning of the quarantine period, starting on March 19, 2020, the Company has been analyzing collection and defaults on a basis, and considering the best estimate for the moment, constituted a provision for expected losses on accounts receivable in the amount of R\$13.1 million.

In terms of costs, especially those related to the acquisition of imported chemical products, given the current exchange rates, the Company does not expect a significant increase in costs, since certain products tend to have their cost reduced by decreasing demand, thus offsetting possible unfavorable changes in the exchange rate.

- Loans and Financing: The Company has Financing agreements with CAIXA, Sistema BNDES and KfW, in addition to issues of public and private debentures. There were no renegotiations of interest rates related to these contracts and changes to the conditions already contracted are not expected. During the year 2021, the Company obtained funds in the amount of R\$563.6 million, being R\$500 million referring to the settlement of the 11th issue of incentive debentures and R\$63.6 million of funds released by CAIXA.
- Leases: The Company has (i) an asset lease agreement with a substantial transfer of the risks and benefits of the assets which will be owned by the Company at the end of the agreement; (ii) vehicle, movable and immovable lease agreements, in which the benefits of the assets will remain with the lessor. There was no change in the terms and conditions of the contracts.

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- Management evaluated the impacts on employee benefits and the Company's obligations. In that year, despite the great uncertainty in the financial market and the impacts on the health scenario, considering the best information available, did not identify any adjustment to be made in the record of the provisions arising from the Retirement and Medical Assistance Plans, in addition to those supported by the actuarial calculation shown in Note 19.
- Additionally, Management evaluated and concluded that there is no evidence of loss in the recoverability of its Assets, linked to Concessions and Right of Use Assets, at the end of the 1st quarter of 2021, in addition to those shown in Note 13.

With regard to its professionals and customers, the Company has adopted the following preventive guidelines, in line with the recommendations of the Ministry of Health and local laws:

- Home isolation according to medical prescription for employees with suspected infection or who have had contact with a symptomatic or infected person;
- Remote work regime for employees over 60 (sixty) years of age, with chronic, respiratory, immunocompromised diseases, in cancer treatment and for pregnant and lactating women;
- In administrative activities, priority should be given to replacing the face-to-face work regime for teleworking, when possible, in order to reduce the number of people on the company's premises, and at the same time, avoid agglomerations in the transport system and public roads;
- Service in the relationship centers follows the criteria and definitions in a document disclosed to the General Managements, Regional Managements and Client Coordination, according to the restriction denominations determined by the local authorities of the municipalities where Sanepar operates.

The Company will continue to assess the impacts that COVID-19 may have on its business.

32. SUBSEQUENT EVENTS

The Paraná Regulatory Agency (Agepar), approved on April 14, 2021, through Extraordinary Meeting nº 012/2021, the result of the 1st Phase of the 2nd Periodic Tariff Review - RTP of Sanepar, defining the amount of R\$5.666/m³ to be applied to the Water and Sewage Accounts 30 days after the publication of the Resolution on this topic by the Agency, which represents an increase of 5.7701% in relation to the base rate considered of R\$5.3583/m³.

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On April 15, 2021, Homologatory Resolution 15/2021 was published in the Official Gazette of the State of Paraná, defining the start of the new tariff for 05/17/2021.

On 05/04/2021, Decree nº 7554 was published, recognizing the situation of water emergency in the metropolitan regions of Curitiba and the Southwest of the State of Paraná, with a view to reducing the volume available for collection. The aforementioned Decree authorizes the Company to adopt as a mitigating action a 24 (twenty-four) hour rotation period considered from the interruption until the resumption of supply, with a normalization period of up to another 24 (twenty-four) hours. Such limits can be extrapolated in emergency maintenance situations or resulting from acts of God and force majeure, and must be communicated to the population and supervisory bodies. The decree will be in force for a period of 90 days and may be revised at any time, depending on the evolution of the situation.

INDEPENDENT AUDITOR'S REPORT ON THE INTERIM FINANCIAL STATEMENTS

To
Shareholders, Advisers and Board of Directors of
Companhia de Saneamento do Paraná - Sanepar
Curitiba - PR

Introduction

We have reviewed the interim financial information of **Companhia de Saneamento do Paraná - Sanepar ("Company")** contained within the Quarterly Financial Information - ITR, for the quarter ended on March 31, 2021, which comprise the balance sheet on March 31, 2021 and the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as a summary of the significant accounting practices and other notes.

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

Scope of the review

We conducted our review in accordance with Brazilian and International Standard on Review of interim financial information (NBC TR 2410 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 International Standards on Auditing and consequently does not enable us to obtain assurance that 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 financial information

Based on our review, we are not aware of any fact that causes us to believe that the interim financial information included in the Quarterly Financial information - ITR referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to Quarterly Financial Information - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis

Ongoing Independent internal investigation (“Rádio Patrulha”, “Integração”, “Águas Claras” and “Ductos” operations)

On going Independent internal investigation (“Rádio Patrulha”, “Integração” and “Águas Claras” operations)

As mentioned in Note 30 to the interim financial statements, the Company's Board of Directors on August 2019 ratified the creation of the External Investigation Commission - CEI and in August 2019 elected the members of the CEI, to coordinate investigations for the purpose of providing clarification on investigations within the scope of the “Radio Patrol” and “Integration” operations. Subsequently, in December 2019, the “Águas Claras” operation was included in the scope of the investigations and the “Ductos” operation, the latter started in July 2020 by the Special Action Group to Combat Organized Crime (GAECO) of the Public Ministry of Paraná. In November 2020, the Board of Directors decided to hire CEI, for the operations “Águas Claras” and “Ductos” and made the hiring in December 2020 of CEI and forensic Investigators. The internal investigations, which are being followed up by the CEI, was concluded in relation to the operations “Rádio Patrulha” and “Integração”, which no financial or accounting impacts were found, and in relation to the operations “Águas Claras” and “Ductos” are in the initial planning and, at this moment, it is not possible to predict future developments for the Company arising from them, nor is there knowledge about developments on the side of public authorities. Our conclusion is not being qualified in relation to this matter.

Other issues

Statement of added value

The quarterly information referred to above includes the interim statements of value added (SVA) for the three-month period ended March 31, 2021, prepared under the responsibility of Company management and presented as supplementary information for IAS 34 purposes. This information have been subject to review procedures performed in conjunction with the review of the quarterly information to conclude whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in referred to Standard and consistently with the interim financial information taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Curitiba, May 13, 2021.

STATEMENT

By this instrument, the Executive Board of Companhia de Saneamento do Paraná - Sanepar, a state-owned public company, with its headquarters at Rua Engenheiros Rebouças nº 1,376, Curitiba - PR, registered at CNPJ under No. 76.484.013/0001- 45, for the purposes of items V and VI of article 25 of CVM Instruction N° 480/2009, declares that it has reviewed, discussed and agreed with Sanepar's interim financial statements for the period ended March 31, 2021.

Curitiba, April 26th, 2021.

CLAUDIO STABILE
Chief Executive Officer

ABEL DEMETRIO
Chief Financial and Investor
Relations Officer

SERGIO WIPPEL
Chief Operating Officer

LEURA LUCIA CONTE DE OLIVEIRA
Chief Investment Officer

ELERIAN DO ROCIO ZANETTI
Chief Commercial Officer

ANDREI DE OLIVEIRA RECH
Chief Legal Officer

PRISCILA MARCHINI BRUNETTA
Chief Administrative Officer

JULIO CESAR GONCHOROSKY
Chief of Environment and Social Action Officer

STATEMENT

Through this instrument, the Executive Board of Companhia de Saneamento do Paraná - Sanepar, mixed capital state administration corporation, publicly traded, with headquarters at Rua Engenheiros Rebouças nº 1,376, Curitiba - PR, registered at CNPJ under No. 76.484.013/0001- 45, for the purposes of dispositions of items V and VI of article 25 of CVM Instruction N° 480/2009, has reviewed, discussed and agree with the opinions stated in the audit report issued by BDO RCS Auditores Independentes with respect to the Sanepar interim financial statements for the period ended on March 31, 2021.

Curitiba, May 13th, 2021.

CLAUDIO STABILE
Chief Executive Officer

ABEL DEMETRIO
Chief Financial and Investor
Relations Officer

SERGIO WIPPEL
Chief Operating Officer

LEURA LUCIA CONTE DE OLIVEIRA
Chief Investment Officer

ELERIAN DO ROCIO ZANETTI
Chief Commercial Officer

ANDREI DE OLIVEIRA RECH
Chief Legal Officer

PRISCILA MARCHINI BRUNETTA
Chief Administrative Officer

JULIO CESAR GONCHOROSKY
Chief of Environment and Social Action Officer