

(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 June 30, 2021

A free translation from Portuguese into English of the ITR - Quarterly Information originally issued in Portuguese.

ITR - QUARTERLY INFORMATION SECOND QUARTER OF 2021

COMPANHIA DE SANEAMENTO DO PARANÁ - SANEPAR

Quarterly Information
For the quarter ended at June 30, 2021

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(In thousands of Brazilian reais)

Code of Account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
1	Total Assets	13,868,519	13,190,858
1.01	Current assets	1,989,112	1,756,277
1.01.01	Cash and cash equivalents	988,297	874,323
1.01.01.01	Cash and banks	24,842	5,127
1.01.01.02	Financial investments	963,455	869,196
1.01.03	Accounts receivable	872,358	779,404
1.01.03.01	Trade accounts receivable	872,358	779,404
1.01.04	Inventories	49,043	53,857
1.01.06	Recoverable taxes	28,570	6,810
1.01.06.01	Current recoverable taxes	28,570	6,810
1.01.08	Other current assets	50,844	41,883
1.01.08.03	Others	50,844	41,883
1.01.08.03.01	Restricted deposits	14,189	4,661
1.01.08.03.02	Derivative financial instruments	10,734	9,476
1.01.08.03.03	Other accounts receivable	25,921	27,746
1.02	Noncurrent assets	11,879,407	11,434,581
1.02.01	Long-term assets	3,433,444	3,224,909
1.02.01.04	Accounts receivable	35,740	20,199
1.02.01.04.01	Trade accounts receivable	35,740	20,199
1.02.01.07	Deferred taxes	652,760	656,495
1.02.01.07.01	Deferred Income and Social Contribution Taxes	652,760	656,495
1.02.01.10	Other noncurrent assets	2,744,944	2,548,215
1.02.01.10.03	Restricted deposits	57,524	56,953
1.02.01.10.06	Court deposits	353,961	320,475
1.02.01.10.07	Contractual financial assets	556,074	490,082
1.02.01.10.08	Contract of asset	1,732,421	1,634,802
1.02.01.10.09	Other receivables	44,964	45,903
1.02.02	Investments	3,047	2,352
1.02.02.01	Shareholdings	3,047	2,352
1.02.02.01.03	Joint Ventures	3,047	2,352
1.02.03	Fixed assets	293,446	286,007
1.02.03.01	Fixed assets in operation	219,165	224,351
1.02.03.02	Rigth-of-use assets	74,281	61,656
1.02.04	Intangible assets	8,149,470	7,921,313
1.02.04.01	Intangible assets	8,149,470	7,921,313
1.02.04.01.01	Concession contracts	7,965,134	7,734,663
1.02.04.01.02	Rigth-of-use assets	184,336	186,650

Individual financial statements/ statements of financial position - liabilities

(In thousands of Brazilian reais)

Code of Account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
2	Total Liabilities	13,868,519	13,190,858
2.01	Current liabilities	1,229,208	1,448,859
2.01.01	Payroll and social charges	68,976	181,369
2.01.01.02	Labor liabilities	68,976	181,369
2.01.02	Trade accounts payable	199,868	209,428
2.01.02.01	Trade accounts payable - domestic	199,868	209,428
2.01.03	Tax liabilities	60,414	72,691
2.01.03.01	Federal Taxes	58,458	70,190
2.01.03.01.02	Other Federal Taxes	58,458	70,190
2.01.03.03	Municipal Taxes	1,956	2,501
2.01.04	Loans and financing	442,040	521,505
2.01.04.01	Loans and financing	265,035	275,978
2.01.04.01.01	Domestic currency	265,035	275,978
2.01.04.02	Debentures	110,660	191,146
2.01.04.03	Financing from finance lease	66,345	54,381
2.01.05	Other liabilities	237,164	298,226
2.01.05.02	Others	237,164	298,226
2.01.05.02.01	Dividends and interest on equity capital payable	133,861	206,236
2.01.05.02.05	Collaterals and contractual retentions	2,297	2,307
2.01.05.02.07	Unearned revenue	2,800	4,200
2.01.05.02.08	Derivative financial instruments	10,313	8,184
2.01.05.02.09	Other accounts payable	87,893	77,299
2.01.06	Provisions	220,746	165,640
2.01.06.02	Other provisions	220,746	165,640
2.01.06.02.04	Provisions for pension plan and health insurance	80,052	78,090
2.01.06.02.05	Labor provisions	140,694	87,550
2.02	Noncurrent liabilities	5,329,008	4,798,836
2.02.01	Loans and financing	3,594,101	3,126,083
2.02.01.01	Loans and financing	1,434,175	1,450,794
2.02.01.01.01	Domestic currency	1,424,234	1,442,160
2.02.01.01.02	Foreign currency	9,941	8,634
2.02.01.02	Debentures	1,857,083	1,371,619
2.02.01.03	Financing from finance lease	302,843	303,670
2.02.02	Other liabilities	20,402	34,814
2.02.02.02	Others	20,402	34,814
2.02.02.02.05	Contractors and Suppliers	4,392	4,392
2.02.02.02.05	Taxes and contributions	0	105
2.02.02.02.09	Unearned revenue	0	700
2.02.02.02.11	Other accounts payable	16,010	29,617
2.02.04	Provisions	1,714,505	1,637,939
2.02.04.02	Other provisions	1,714,505	1,637,939
2.02.04.02.04	Provisions for pension plan and health insurance	1,120,733	1,093,262
2.02.04.02.05	Provisions	593,772	544,677
2.03	Equity	7,310,303	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	61,661	64,292
2.03.03.01	Own assets	61,661	64,292
2.03.04	Profit reserves	2,793,497	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	0	60,083
2.03.04.10	Investment plan	2,732,201	2,732,201
2.03.05	Retained earnings/(Accumulated losses)	429,955	0
2.03.06	Asset and liability valuation adjustments	4,567	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	Accumulated in current year	Prior quarter	Accumulated in prior year
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
3.01	Revenue from sales of goods and/or services	1,273,389	2,499,865	1,150,039	2,396,175
3.02	Cost of goods sold and/or services rendered	-499,378	-980,155	-479,679	-941,224
3.03	Gross result	774,011	1,519,710	670,360	1,454,951
3.04	Operating expenses/revenues	-289,770	-607,107	-287,706	-638,249
3.04.01	Selling expenses	-105,786	-200,038	-101,360	-197,075
3.04.02	General and administrative expenses	-142,149	-284,358	-168,215	-325,424
3.04.05	Other operating expenses	-41,035	-121,466	-17,327	-113,701
3.04.05.01	Provision for contingencies	-1,441	-49,095	14,774	-5,484
3.04.05.02	Pension plan and health insurance	-14,716	-29,433	-16,707	-33,414
3.04.05.03	Profit sharing program	-23,394	-40,771	-13,391	-38,762
3.04.05.04	Other operating expenses (revenues)	-1,484	-2,167	-2,003	-36,041
3.04.06	Equity in earnings (losses) of controlled companies	-800	-1,245	-804	-2,049
3.05	Income (loss) before financial income (loss) and taxes	484,241	912,603	382,654	816,702
3.06	Financial income (loss)	-59,975	-115,319	-31,740	-84,527
3.06.01	Financial revenues	25,060	40,660	15,527	30,646
3.06.02	Financial expenses	-85,035	-155,979	-47,267	-115,173
3.07	Income (loss) before taxes	424,266	797,284	350,914	732,175
3.08	Income and Social Contribution Taxes	-92,449	-218,977	-66,528	-191,764
3.08.01	Current	-80,557	-215,242	-53,001	-208,402
3.08.02	Deferred	-11,892	-3,735	-13,527	16,638
3.09	Net income (loss) from continuing operations	331,817	578,307	284,386	540,411
3.11	Income/Loss for the period	331,817	578,307	284,386	540,411
3.99	Earnings per share – (Reais/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Preferred shares	0.22643	0.39464	0.19407	0.36878
3.99.01.02	Common shares	0.20585	0.35876	0.17642	0.33525
3.99.02	Diluted earnings per share				
3.99.02.01	Preferred shares	0.22643	0.39464	0.19407	0.36878
3.99.02.02	Common shares	0.20585	0.35876	0.17642	0.33525

Individual financial statements/ Statements of comprehensive income

(In thousands of Brazilian reais)

Code of Account description

Account	Account description	Accumulated in current		Prior quarter	Accumulated in prior year
		Current quarter	year		
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
4.01	Net income for the period	331,817	578,307	284,386	540,411
4.02	Other comprehensive income	-1,433	-2,732	-1,445	-2,849
4.02.01	Realization of revaluation surplus	-2,077	-3,986	-1,998	-4,044
4.02.02	Taxes on Realization of Revaluation Surplus	706	1,355	680	1,375
4.02.03	Realization of Deemed Cost	-94	-153	-192	-273
4.02.04	Taxes on Realization of Deemed Cost	32	52	65	93
4.03	Comprehensive income for the period	330,384	575,575	282,941	537,562

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 06/30/2021	01/01/2020 to 06/30/2020
6.01	Net cash from operating activities	752,659	906,793
6.01.01	Cash from operations	1,054,335	888,377
6.01.01.01	Net income for the period	578,307	540,411
6.01.01.02	Depreciation and amortization	191,998	176,331
6.01.01.03	Costs of fixed and intangible assets write-offs	5,536	6,387
6.01.01.04	Impairment	-1,520	-1818
6.01.01.06	Discount to present value of financial assets	-10,647	2,626
6.01.01.07	Allowance for doubtful accounts	43,343	26,810
6.01.01.08	Deferred Income and Social Contribution Taxes, net	3,735	-16,638
6.01.01.09	Provision for contingencies	49,095	5,484
6.01.01.10	Pension plan and medical insurance	29,433	33,414
6.01.01.11	Interest on financing	108,641	95,866
6.01.01.12	Monetary variations on financing	35,894	-895
6.01.01.13	Interest and monetary restatements Leasing	16,850	17,342
6.01.01.14	Exchange rate, net	-856	975
6.01.01.15	Exchange on derivative financial instrments	950	-944
6.01.01.16	Equity in earnings (losses) of controlled companies	1,245	2,049
6.01.01.17	Appropriation of costs of funds raised from third parties	2,016	756
6.01.01.18	Adjustment to Fair Value – Investments	315	221
6.01.02	Changes in assets and liabilities	-301,676	18,416
6.01.02.01	Trade accounts receivable	-151,838	35,814
6.01.02.02	Recoverable taxes and contributions	-21,760	-40,746
6.01.02.03	Inventories	4,814	-1,394
6.01.02.04	Court deposits	-33,486	9,329
6.01.02.05	Other receivables and accounts receivable	2,764	3,265
6.01.02.06	Contractors and Suppliers	-9,560	-24,198
6.01.02.07	Concession contracts	0	-31,414
6.01.02.08	Taxes and contributions	205,502	297,340
6.01.02.09	Salaries and social charges	-59,249	48,633
6.01.02.10	Collaterals and contractual retentions	-10	-136
6.01.02.11	Unearned revenues	-2,100	-2,100
6.01.02.12	Income and social contribution taxes paid	-233,661	-267,821
6.01.02.13	Other accounts payable	-3,092	-8,156
6.02	Net cash from investing activities	-553,350	-447,768
6.02.01	Investments in fixed and intangible assets	-552,339	-446,569
6.02.02	Investments	-1,011	-1,199
6.03	Net cash from financing activities	-85,335	151,122
6.03.01	Financing	626,455	694,682
6.03.02	Amortization of financing	-283,462	-99,582
6.03.03	Payments of interest on financing	-98,757	-87,995
6.03.04	Payments of Mercantile Leases	-39,191	-39,082
6.03.05	Costs of funds raised with third parties	-12,516	-12,443
6.03.06	Restricted deposits	-10,099	-1,031
6.03.07	Payments of Interest on Equity	-267,765	-303,427
6.05	Increase (decrease) in cash and equivalents	113,974	610,147
6.05.01	Beginning balance of cash and cash equivalents	874,323	274,059
6.05.02	Ending balance of cash and cash equivalents	988,297	884,206

Individual financial statements/ Statement of changes in equity - 01/01/2021 to 06/30/2021

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
5.04	Capital Transactions with Shareholders	0	0	-60,083	-151,084	0	-211,167
5.04.06	Dividends	0	-60,083	0	0	0	-60,083
5.04.07	Interest on Equity	0	0	0	-151,084	0	-151,084
5.05	Total comprehensive income	0	0	0	581,039	-2,732	578,307
5.05.01	Net income for the period	0	0	0	578,307	0	578,307
5.05.02	Other comprehensive income	0	0	0	2,732	-2,732	0
5.05.02.06	Realization of revaluation surplus	0	0	0	3,986	-3,986	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-1,355	1,355	0
5.05.02.08	Realization of adjustment to deemed cost	0	0	0	153	-153	0
5.05.02.09	Taxes on realization of adjustment to deemed cost	0	0	0	-52	52	0
5.07	Ending balances	3,996,137	0	2,793,497	429,955	90,714	7,310,303

Individual financial statements/ Statement of changes in equity - 01/01/2020 to 06/30/2020

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	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	-73,932	-150,687	0	920,429
5.04.01	Increase capital stock	1,145,048	0	0	0	0	1,145,048
5.04.06	Dividends	0	0	-73,932	0	0	-73,932
5.04.07	Interest on Equity	0	0	0	-150,687	0	-150,687
5.05	Total comprehensive income	0	0	0	543,260	-2,849	540,411
5.05.01	Net income for the period	0	0	0	540,411	0	540,411
5.05.02	Other comprehensive income	0	0	0	2,849	-2,849	0
5.05.02.06	Realization of revaluation surplus	0	0	0	4,044	-4,044	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-1,375	1,375	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	273	-273	0
5.05.02.09	Taxes on realization of adjustment to attributed c	0	0	0	-93	93	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	2,087,787	392,573	13,209	6,489,706

Individual financial statements/ Statements of value added		Accumulated in	Accumulated in
Code of account	Account description	current year	prior year
		01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
7.01	Revenues	2,643,547	2,513,840
7.01.01	Sales of merchandise, products and services	2,689,057	2,576,691
7.01.02	Other revenues	-2,167	-36,041
7.01.04	Reversal of/allowance for doubtful accounts	-43,343	-26,810
7.02	Inputs acquired from third parties	-762,050	-735,895
7.02.01	Costs of products, merchandise and services sold	-297,379	-292,812
7.02.02	Materials, energy, third-party services and others	-408,123	-398,320
7.02.04	Others	-56,548	-44,763
7.03	Gross value added	1,881,497	1,777,945
7.04	Withholdings	-191,998	-176,331
7.04.01	Depreciation, amortization and depletion	-191,998	-176,331
7.05	Net generated value added	1,689,499	1,601,614
7.06	Value added received by transfer	39,415	28,597
7.06.01	Equity in earnings (losses) of controlled companies	-1,245	-2,049
7.06.02	Financial revenues	40,660	30,646
7.07	Total value added to be distributed	1,728,914	1,630,211
7.08	Value added distribution	1,728,914	1,630,211
7.08.01	Personnel	497,268	514,362
7.08.01.01	Direct compensation	320,087	330,580
7.08.01.02	Benefits	155,591	161,200
7.08.01.03	Severance Pay Fund (FGTS)	21,590	22,582
7.08.02	Taxes, fees and contributions	494,652	458,268
7.08.02.01	Federal	491,719	455,468
7.08.02.02	State	324	425
7.08.02.03	Municipal	2,609	2,375
7.08.03	Return on debt capital	158,687	117,170
7.08.03.01	Interest	155,979	115,173
7.08.03.02	Rents	2,708	1,997
7.08.04	Return on equity capital	578,307	540,411
7.08.04.01	Interest on Equity	151,084	150,687
7.08.04.03	Retained earnings/ Accumulated losses for the period	427,223	389,724

1. OPERATING DATA
1.1 MARKET

We present below the contracts in % of Total Revenue of the Company, as of June 30, 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	21.4%	27 years	Program	Water and Sewage	100%	96.9%	829.8	804.3
Londrina	7.4%	25 years	Program	Water and Sewage	100%	96.1%	256.8	243.8
Maringá	5.3%	19,2 years	Concession	Water and Sewage	100%	100.0%	169.0	187.5
Ponta Grossa	3.7%	4,8 years	Concession	Water and Sewage	100%	91.6%	150.9	136.7
Cascavel	3.6%	3,4 years	Concession	Water and Sewage	100%	100.0%	130.6	137.1
Foz do Iguaçu	3.4%	22,7 years	Program	Water and Sewage	100%	79.8%	117.0	94.5
São José dos Pinhais	2.8%	22,5 years	Program	Water and Sewage	100%	77.2%	118.5	92.7
Colombo	1.8%	26,8 years	Program	Water and Sewage	100%	66.7%	86.6	58.9
Guarapuava	1.7%	21,3 years	Program	Water and Sewage	100%	85.1%	67.8	56.3
Toledo	1.5%	4,2 years	Concession	Water and Sewage	100%	82.6%	60.8	48.6
Other Municipalities	47.4%						2,099.9	1,254.4
Total					100.0%	77.1%	4,087.7	3,114.8

Concession / Program Contracts ¹	Number of Contracts*	Intangible assets Contract assets Financial assets (in millions of Brazilian Reais) ^{1 2}	% of Total Revenue ¹
Overdue	11	365.3	4.1
Expiration on 2021	3	11.7	0.1
Expiration between 2022 and 2030	51	1,395.7	12.1
Expiration after 2030	281	8,449.3	83.7
Total	346	10,222.0	100.0

¹ Information not reviewed by independent auditors.

² Book value

The rate of service with treated water is 100% and the rate of service with the sewage collection network - IARCE Urbano is 77.1%, 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 on June 30, 2021.

The number of water connections in June 2021 is 2.7% higher than the number of connections existing in June 2020, which represents an increase of 86,995 water connections, as follows:

Number of Water Connections*	JUN/21 (1)	%	JUN/20 (2)	%	Var. % (1/2)
Residential	3,011,564	90.9	2,930,563	90.9	2.8
Commercial	236,421	7.1	230,983	7.2	2.4
Industrial	13,399	0.4	13,136	0.4	2.0
Public Utility	23,912	0.7	23,871	0.7	0.2
Public Administration	26,841	0.9	26,589	0.8	0.9
Total	3,312,137	100.0	3,225,142	100.0	2.7

* Information not reviewed by independent auditors.

The number of sewage connections in June 2021 is 3.8% higher than the number of connections existing in June 2020, representing an increase of 85,668 new sewage connections, as shown below:

Number of Sewage Connections*	JUN/21 (1)	%	JUN/20 (2)	%	Var. % (1/2)
Residential	2,122,243	90.5	2,042,691	90.4	3.9
Commercial	186,711	8.0	181,544	8.0	2.8
Industrial	5,981	0.3	5,524	0.2	8.3
Public Utility	15,572	0.7	15,370	0.7	1.3
Public Administration	14,714	0.5	14,424	0.7	2.0
Total	2,345,221	100.0	2,259,553	100.0	3.8

* Information not reviewed by independent auditors.

1.2 PRODUCTIVITY

In 2Q21, the measured volume of treated water was 124.2 million m³ against 122.0 million m³ in 2Q20, representing a decrease of 1.8%, as shown below:

Measured Volume - million m ³ *	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Residential	107.4	107.2	0.2	216.0	220.2	-1.9
Commercial	8.8	7.9	11.4	17.7	18.6	-4.8
Industrial	3.4	2.3	47.8	6.7	5.5	21.8
Public Utility	1.1	1.0	10.0	2.1	2.3	-8.7
Public Administration	3.5	3.6	-2.8	6.8	8.2	-17.1
Total	124.2	122.0	1.8	249.3	254.8	-2.2

* Information not reviewed by independent auditors.

In 2Q21, the volume of treated water billed was 130.0 million m³, against to 128.1 million m³ in 2Q20, representing an increase of 1.5%, as shown below:

Invoiced Water Volume - million m ³ *	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Residential	112.2	111.8	0.4	225.1	228.5	-1.5
Commercial	9.7	8.8	10.2	19.5	20.3	-3.9
Industrial	3.6	2.9	24.1	7.0	6.4	9.4
Public Utility	0.9	0.9	0.0	1.8	2.0	-10.0
Public Administration	3.6	3.7	-2.7	7.0	8.4	-16.7
Total	130.0	128.1	1.5	260.4	265.6	-2.0

* Information not reviewed by independent auditors.

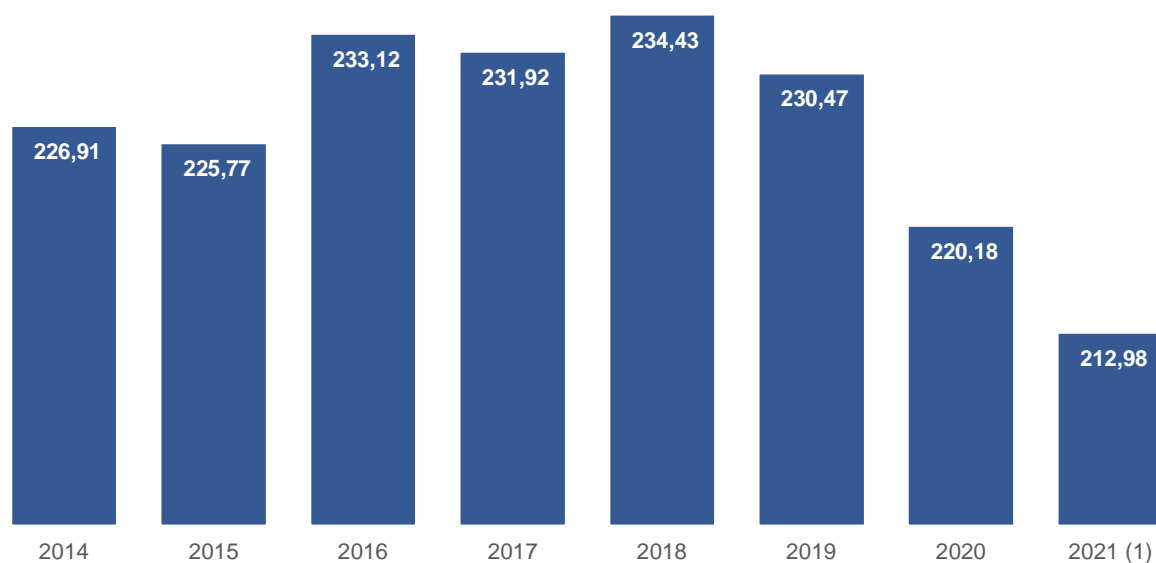
The volume of sewage billed in 2Q21 increased by 2.1% compared to 2Q20, as shown below:

Invoiced Sewage Volume - million m ³ *	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Residential	85.7	84.8	1.1	171.2	172.8	-0.9
Commercial	8.7	7.8	11.5	17.5	18.3	-4.4
Industrial	0.8	0.6	33.3	1.6	1.4	14.3
Public Utility	0.8	0.8	0.0	1.6	1.7	-5.9
Public Administration	2.8	2.8	0.0	5.4	6.4	-15.6
Total	98.8	96.8	2.1	197.3	200.6	-1.6

* 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 June 2021.

Water*	2Q21 (1)	2Q20 (2)	Var. (1/2)	2Q19 (3)	Var. % (2/3)
Units served by the distribution network	4,127,856	4,037,310	2.2 %	3,956,974	2.0 %
Number of treatment stations	168	165	1.8 %	165	0.0 %
Number of wells	1,261	1,142	10.4 %	1,131	1.0 %
Number of surface catchment	234	232	0.9 %	238	-2.5 %
Km of laid network	58,407	56,056	4.2 %	54,736	2.4 %
Volume produced (m ³)	372,320,146	390,017,332	-4.5 %	387,774,728	0.6 %
Loss rate:					
In distribution system - %	33.05	34.68	-1.63 p.p.	34.38	0.30 p.p.
In billings - %	30.07	31.90	-1.83 p.p.	31.71	0.19 p.p.
Evasion of revenues - % (default)	3.65	3.69	-0.04 p.p.	1.72	1.97 p.p.

Sewage*	2Q21 (1)	2Q20 (2)	Var. (1/2)	2Q19 (3)	Var. % (3)
Units served by the collection network	3,165,405	3,058,663	3.5 %	2,940,247	4.0 %
Number of treatment stations	258	251	2.8 %	247	1.6 %
Km of laid network	39,221	37,609	4.3 %	36,402	3.3 %
Volume collected in m ³	187,103,523	191,396,902	-2.2 %	188,974,856	1.3 %

* Information not reviewed by independent auditors.

WATER CRISIS AND AVAILABLE VOLUMES

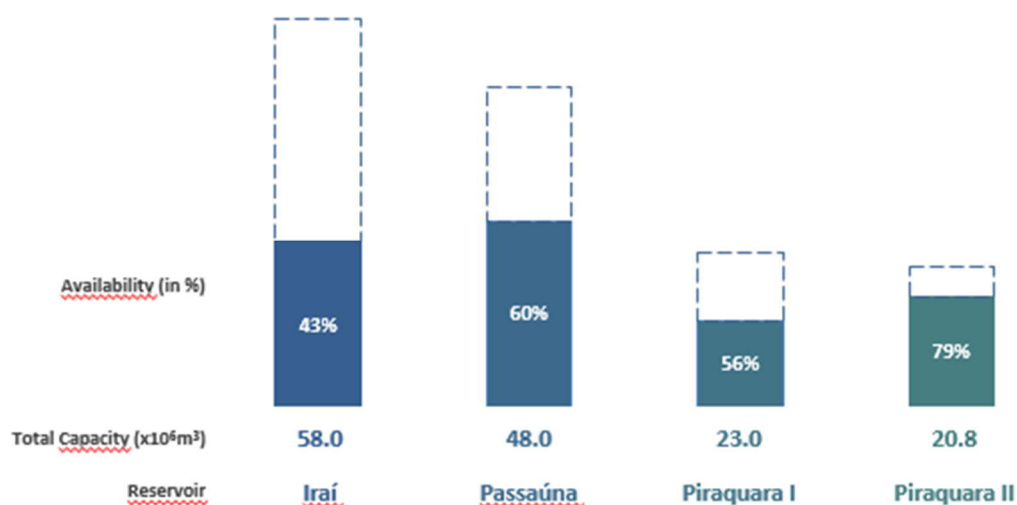
On 05/07/2020, State Decree nº 4,626 was published, recognizing the water emergency situation in the State of Paraná, for a period of 180 days. Subsequently, on 10/29/2020, State Decree No. 6,068 was published, which extended the period of validity of the water emergency for another 180 days and on 05/04/2021, State Decree No. 7,554 was published, which extended the term for another 90 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 54.9% (36.6% on 06/30/2020).



2. FINANCIAL DATA

2.1 ECONOMIC PERFORMANCE

Operating revenue - In million of Reais	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Revenues from water	833.9	747.7	11.5	1,640.0	1,557.9	5.3
Revenues from sewage	488.8	447.5	9.2	957.8	930.8	2.9
Revenues from services	27.4	24.8	10.5	54.2	58.5	-7.4
Revenues from solid waste	3.0	2.9	3.4	6.0	6.1	-1.6
Services provided to Municipalities	5.2	5.0	4.0	10.3	9.9	4.0
Donations made by clients	11.1	5.4	105.6	18.3	10.7	71.0
Other revenues	1.2	1.6	-25.0	2.5	2.8	-10.7
Total Operating Revenue	1,370.6	1,234.9	11.0	2,689.1	2,576.7	4.4
COFINS	-79.9	-69.7	14.6	-155.5	-148.3	4.9
PASEP	-17.3	-15.1	14.6	-33.7	-32.2	4.7
Total of Deductions	-97.2	-84.8	14.6	-189.2	-180.5	4.8
Total of Operating Revenue, net	1,273.4	1,150.1	10.7	2,499.9	2,396.2	4.3

Net operating revenue increased by 10.7%, from R\$1,150.1 million in 2Q20 to R\$1,273.4 million in 2Q21, this reduction is due to: (i) 5.11% tariff adjustment as of February 5, 2021; (ii) tariff review of 5.77% as of May 17, 2021; (iii) growth in water and sewage billed volumes; and (iv) the increase in the number of calls.

Operating costs and expenses In million of Reais	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Personnel	-278.4	-295.3	-5.7	-535.4	-556.5	-3.8
Materials	-54.6	-51.5	6.0	-108.1	-107.7	0.4
Electricity	-119.5	-115.1	3.8	-241.0	-235.1	2.5
Third-party services	-164.9	-165.8	-0.5	-322.6	-319.8	0.9
Depreciation and amortization	-97.6	-89.4	9.2	-192.0	-176.3	8.9
Losses in Realization of Credits	-25.8	-15.2	69.7	-43.4	-26.8	61.9
Net Realizable Value of Inventory	0.4	-0.9	-144.4	2.1	-1.8	-216.7
Municipal Sanitation and Environmental	-17.1	-17.3	-1.2	-32.5	-35.0	-7.1
Regulatory fee	-6.5	-6.4	1.6	-12.9	-12.7	1.6
Indemnifications for damages to third parties	-2.8	-6.1	-54.1	-4.6	-8.3	-44.6
Expenses capitalized	30.6	21.9	39.7	52.2	39.8	31.2
Provision for contingencies	-1.4	14.8	-109.5	-49.1	-5.5	792.7
Pension plan and medical insurance	-14.7	-16.7	-12.0	-29.4	-33.4	-12.0
Profit sharing program	-23.4	-13.4	74.6	-40.8	-38.8	5.2
Eventual and extraordinary losses	0.0	-0.2	-100.0	0.0	-37.3	-100.0
Net assets write-off	-1.4	-2.0	-30.0	-1.7	1.4	-221.4
Other costs and expenses	-12.0	-8.8	36.4	-28.1	-25.7	9.3
Total	-789.1	-767.4	2.8	-1,587.3	-1,579.5	0.5

Operating costs and expenses accumulated in the 2Q21 decreased of 2.8% compared to 2Q20.

The main changes resulted from:

- **Personnel:**

Decrease of 5.7%, due to the 8.7% decrease in the number of employees (from 6,931 to 6,328 employees on June 30, 2020 and June 30, 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 6.22% (INPC) on the labor amounts and benefits referring to the Collective Labor Agreement - ACT 2020/2021 (base date March 2021) and the 6.35% readjustment of SANESAÚDE in June 2021;

- **Materials**

Increase of 6.0%, mainly in office supplies, use and consumption, electromechanical maintenance material, lab material, perishable tools, fuels and lubricants and safety and protection material;

- **Electricity**

Increase of 3.8%, mainly due to the 3% reduction in the subsidy applied to consumer units that benefited from the discount for sanitation, going from 12% to 9%, the increase of 52% on the amount charged on the flags system, due to the change in the tariff flag practiced by COPEL from “green” in June 2020 to “Red – level 2” in June 2021, in addition to the average tariff reflex of 9.89% applied starting on 06/24/2021;

- **Third Party Services**

Decrease of 0.5% mainly due to the decrease in system operation and maintenance services, conservation and maintenance services for administrative assets, communication and data transmission services, freight and reels, collection services and sewage removal services.

- **Depreciation and amortization**

Increase of 9.2%, mainly due to the entry into operation of intangible and / or fixed assets, in the period from July 2020 to June 2021, in the amount of R\$946.9 million (net of write-offs);

- **Losses on Credit Realization**

Increase of 69.7%, mainly influenced by the growth of the provisions of losses of the accounts receivable from private customers in the amount of R\$23.4 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**

Reduction of 109.5%, mainly due to the write-off of labor claims related to salary differences and charges, in the amount of R\$19.6 million.

2.2 ECONOMIC INDICATORS

Financial income (loss) - R\$ in million	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Financial revenues						
Financial investments	10.8	7.8	38.5	15.5	12.7	22.0
Monetary variation gains	8.1	1.5	440.0	13.2	5.5	140.0
Exchange rate variation	1.4	0.0	-	1.4	0.0	-
Gain on Derivative Financial Instruments	0.0	0.5	-100.0	0.5	1.0	-50.0
Other financial revenues	4.8	5.8	-17.2	10.1	11.5	-12.2
Total financial revenues	25.1	15.6	60.9	40.7	30.7	32.6
Financial expenses						
Interest and fees on loans, financing, debentures and leases	-62.9	-52.2	20.5	-117.1	-103.2	13.5
Monetary variation losses	-20.0	6.0	-433.3	-35.9	1.3	-2,861.5
Exchange rate variation	0.0	-0.5	-100.0	-0.5	-1.0	-50.0
Loss on Derivative Financial Instruments	-1.4	0.0	-	-1.4	0.0	-
Other financial expenses	-0.8	-0.6	33.3	-1.1	-12.3	-91.1
Total financial expenses	-85.1	-47.3	79.9	-156.0	-115.2	35.4
Financial income (loss), net	-60.0	-31.7	89.3	-115.3	-84.5	36.4

The financial result varied positively by 89.3%, from -R\$31.7 million in 2Q20 to -R\$60.0 million in 2Q21, due to the 79.9% growth in financial expenses, mainly in interest expenses and interest rates. financing, loans, debentures and leases, from R\$52.2 million to R\$62.9 million in 2Q20 and 2Q21, respectively and in monetary variations of loans and financing, increasing from an revenue of R\$6.0 million in 2Q20 to an expense of R\$20.0 million in 2Q21 due to the increase in the calculation base of financial charges due to the raising of debentures (10th and 11th issuances) and the growth of IPCA compared to the same period in 2020.

Economic Result - R\$ million	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Operating income	484.3	382.7	26.5	912.6	816.7	11.7
Financial income (loss)	-60.0	-31.7	89.3	-115.3	-84.5	36.4
Taxes on income	-92.5	-66.6	38.9	-219.0	-191.8	14.2
Net income for the period	331.8	284.4	16.7	578.3	540.4	7.0

The Company obtained a net profit of R\$331.8 million in 2Q21, 16.7% above the net result of R\$284.4 million recorded in 2Q20. The result was mainly impacted by the 10.7% growth in net operating revenue.

The following is the reclassification of the result of 2Q21, excluding non-recurring items:

Non-recurrent items - In million of Reais *	2Q21	2Q20	6M21	6M20
Net income	331.8	284.4	578.3	540.4
Incentive Retirement Program - PAI	-	14.0	-	16.4
NPV expenses on contractual financial assets due to changes in the useful life of assets	-	-	-	11.1
Economic-Financial Rebalancing of the Consortium DMLFM	-	-	-	15.2
Ductos Provision	5.9	-	5.9	-
Tax effects	-2.0	-4.8	-2.0	-14.5
Net income adjusted to non-recurring items	335.7	293.6	582.2	568.6
Net margin of non-recurrent items	26.5	25.5	23.4	23.7
Adjusted EBITDA of non-recurrent items	587.8	486.1	1110.5	1035.7
Margem EBITDA Ajustada de itens não recorrentes	46.2	42.3	44.4	43.2

* Information not reviewed by independent auditors.

Distribution of the Economic Wealth Generated - In million of Reais	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Staff remuneration	262.2	267.0	-1.8	497.3	514.4	-3.3
Government Compensation (Taxes)	232.9	194.2	19.9	494.6	458.3	7.9
Third-party compensation (Rents)	1.0	0.9	11.1	2.7	2.0	35.0
Return on debt capital (interest and monetary variations)	85.1	47.2	80.3	156.0	115.1	35.5
Interest on Equity and Dividends	151.1	150.7	0.0	151.1	150.7	0.0
Net income for the period not distributed	180.7	133.7	35.2	427.2	389.7	9.6
Total Economic Wealth	913.0	793.7	15.0	1,728.9	1,630.2	6.1

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	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Net operating revenue	1,273.4	1,150.1	10.7 %	2,499.9	2,396.2	4.3 %
Operating profit	484.3	382.7	26.5 %	912.6	816.7	11.7 %
Net income	331.8	284.4	16.7 %	578.3	540.4	7.0 %
% Operating margin	31.0	28.4	2.6 p.p.	29.6	28.4	1.2 p.p.
% Net margin	26.1	24.7	1.4 p.p.	23.1	22.6	0.5 p.p.
% Return on average shareholders' equity	4.6	4.4	0.2 p.p.	8.1	8.5	-0.4 p.p.
Net debt/ EBITDA (Accumulated 12 month) *	1.5	1.3	0.2 p.p.	1.5	1.3	0.2 p.p.

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

At the close of 2Q21, the Company's total assets reached R\$13,868.5 million (R\$13,190.9 million on 12/31/2020), while total debt at the end of 2Q21 was R\$6,558.2 million (R\$6,247.7 million on 12/31/2020).

Of the total debt, R\$4,036.1 million (R\$3,647.6 million on 12/31/2020) refer to loans, financing, debentures and leases, an increase of 10.7% compared to the end of the year of 2020.

	Reference	JUN/21	DEC/20	Var.
Equity	R\$ Million	7,310.3	6,943.2	5.3 %
Share value	R\$	4.84	4.59	5.4 %
Indebtedness level *	%	47.3	47.4	-0.1 p.p.
Current ratio *	R\$	1.62	1.21	33.9 %
Quick ratio *	R\$	1.58	1.17	35.0 %

* Information not reviewed by independent auditors.

EBITDA and Generation of Operating Cash

EBITDA in 2Q21, which represents the Company's operating result, was R\$581.9 million, against R\$472.1 million in 2Q20. The EBITDA margin went from 41.1% to 45.7%. This increase in performance was due to the 10.7% growth on the net operating revenue and the 1.2% reduction in costs and expenses that impact EBITDA.

Operating cash generation in 2Q21 was R\$ 581.9 million, an increase of 23.3% compared to 2Q20. The Conversion of EBITDA into Operating Cash was 70.2%.

EBITDA - R\$ Million *	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Net income for the period	331.8	284.4	16.7	578.3	540.4	7.0
(+) Taxes on Income	92.5	66.6	38.9	219.0	191.8	14.2
(+) Financial income (loss)	60.0	31.7	89.3	115.3	84.5	36.4
(+) Depreciation and amortization	97.6	89.4	9.2	192.0	176.3	8.9
EBITDA	581.9	472.1	23.3	1,104.6	993.0	11.2
% EBITDA Margin	45.7	41.1	4.6 p.p.	44.2	41.4	2.8 p.p.
% EBITDA conversion into cash	70.2	101.8	-31.6 p.p.	68.1	91.3	-23.2 p.p.

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

2.3 INVESTMENTS

The investments made in 2Q21 totaled R\$293.4 million (R\$235.2 million in 2Q20), as shown below:

Investments – R\$ Million	2Q21 (1)	2Q20 (2)	Var. % (1/2)	6M21 (3)	6M20 (4)	Var. % (3/4)
Water	161.2	99.5	62.0	275.6	201.2	37.0
Sewage	136.6	120.7	13.2	246.1	211.0	16.6
Other investments	- 4.4	15.0	-129.3	30.6	34.4	-11.0
Total	293.4	235.2	24.7	552.3	446.6	23.6

¹ Negative variation in the Inventory for Works account due to the application of materials mainly in the execution of the transposition work from the Capivari River to the Iraí Dam.

2.4 INDEBTEDNESS

Gross debt increased from R\$3,647.6 million in December 2020 to R\$4,036.1 in June 2021, representing an increase of R\$388.5 million. Net debt went from R\$2,773.3 million in December 2020 to R\$3,047.8 million in June 2021.

The leverage ratio, measured by the “Net Debt / EBITDA (accumulated 12 months)” ratio went from 1.3x in 2Q20 to 1.5x in 2Q21.

The level of indebtedness was 47.3% at the end of 2Q21 (49.4% in 2Q20).

Next is the breakdown of loans, financing, debentures, and leases, with their respective interest rates, maturities, and debt balances as of June 30, 2021:

Indebtness - R\$ million	Annual Interest Rate	Index	Contract termination	Debt balance	%
Caixa Econômica Federal	6.62% to 12.00%	TR	07/19/2042	1,207.3	29.9
Debentures 10th Issue - 1st series	4.66%	IPCA	03/15/2027	374.9	9.3
BNDES - PAC2	TJPL + 1.67% and 2.05%	-	07/15/2029	293.5	7.3
Lease - Litoral	11.14%	IPC-FIPE	12/07/2036	274.1	6.8
Debentures 11th Issue – 2nd series	4.25%	IPCA	03/15/2029	210.4	5.2
Debentures 9th Issue – 1st series	106.05% of DI	-	06/11/2024	199.5	5.0
Debentures 11th Issue – 3rd series	4.49%	IPCA	03/17/2031	163.4	4.0
Debentures 8th Issue – 2nd series	108.00% of DI	-	06/21/2023	155.1	3.8
Debentures 9th Issue – 2nd series	107.25% of DI	-	06/11/2026	151.1	3.8
Debentures 4th Issue – 1st series	TJLP + 1.67%	-	07/15/2027	145.5	3.6
Bank Credit Notes - CCB	DI + 2.75%	-	06/13/2022	132.7	3.3
Debentures 11th Issue – 1st series	DI + 1.65%	-	03/13/2026	128.6	3.2
Lease - Right of Use	5.97%	-	02/28/2026	95.1	2.4
Debentures 2nd Issue – 2nd series	9.19%	IPCA	09/15/2024	88.0	2.2
Debentures 4th Issue – 2nd series	7.44%	IPCA	07/15/2027	87.5	2.2
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	53.1	1.3
Debentures 7th Issue – 1st series*	5.20%	IPCA	11/15/2038	45.8	1.1
Debentures 2nd Issue – 1st series	TJLP + 1,92%	-	09/15/2024	39.8	1.0
Debentures 7th Issue – 4th series	6.57%	IPCA	11/15/2038	33.0	0.8
BNDES - AVANÇAR	3.56% to 3.96%	IPCA	06/15/2040	26.4	0.7
Debentures 7th Issue – 3rd series	6.97%	IPCA	11/15/2038	21.5	0.5
BNDES	TJLP + 1.82%	-	01/15/2023	12.2	0.3
KfW Bank	1.35%	EURO	12/30/2032	9.9	0.2
Banco Itaú PSI	3.0% to 6.0%	-	01/15/2025	9.8	0.2
Banco do Brasil - PSI	3.0% to 6.0%	-	04/15/2024	7.4	0.2
Total				4,036.1	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	442.0	11.0
24 months	406.8	10.1
36 months	437.3	10.8
60 months	1,045.3	25.9
Over 60 months	1,704.7	42.2
Total	4,036.1	100.0

3. REGULATIONS

Tariff Readjustment 2020

On 12/29/2020, at Ordinary Meeting nº 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, 2021, according to Resolution nº 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 (m³) will occur in the calculation of the readjustment, at the end of period t the CVA balance would be zero.

In the accumulated until June 2021, the Company's CVA obtained a positive balance of R\$8.0 million, 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 June 30, 2021:

EBITDA - R\$ million *	6M21
EBITDA	1,104.6
(+) Items no manageable	8.0
Electrical energy	13.3
Treatment material	6.7
Fee and charges	(12.0)
(=) Adjusted EBITDA with non-manageable items	1,112.6
% EBITDA Margin with non-manageable items	44.5

* 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 came into effect 30 days after its approval, with application starting on May 17, 2021 (base date)

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".

Regarding 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. REGIONALIZATION OF SERVICES

As provided in Federal Law No. 14,026, of July 15, 2020, the Government of the State of Paraná sanctioned Complementary Law No. 237/2021, of July 9, 2021, which established the micro-regions of public water supply and sewage services West, Center-East and Center-Littoral sanitation and their respective governance structures.

5. 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 2Q2021.

Companhia de Saneamento do Paraná - SANEPAR

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(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.

The Company, through municipal concessions, provides water treatment and distribution services and sewage collection and treatment. Contract renewals are valid for an average of 30 years. The current status of the 346 operated municipal concessions is presented below:

Concession / program contracts	Number of Contracts ¹	Intangible assets Contract assets Financial assets ^{1 2}	% of Total Revenues ¹
Overdue	11	365,270	4.1
Maturity in 2021	3	11,739	0.1
Maturity between 2022 e 2030	51	1,395,708	12.1
Maturity after 2030	281	8,449,306	83.7
Total	346	10,222,023	100.0

¹ Information not reviewed by independent auditors.

² Book value.

Upon expiration of the concessions, the municipality must reimburse the Company for the residual values of assets related to the concession. Additionally, the Company is challenging the validity of the amendment that extended the concession with the municipality of Maringá in court. As determined by the Court of Justice of the State of Paraná, the breach of contract with the municipality can only occur after indemnification of the investments made to the Company.

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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.

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 August 12, 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 and water crisis in the State of Paraná. 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.

New Legal Framework for Sanitation

On July 15, 2020, Federal Law No. 14.026/2020 was published, which increased competition in the sector and imposed targets for serving 99% of the population served with drinking water and 90% with sewage collection and treatment by December 31, 2033, encouraging operators to act more efficiently. In addition, the National Water and Basic Sanitation Agency (ANA) was given the authority to issue reference standards to regulate sanitation to minimize regulatory uncertainties.

On May 31, 2021, Decree No. 10710 regulated art. 10-B of Federal Law No. 11.445/2007, establishing the methodology for proving the economic-financial capacity of public service providers for drinking water supply or sanitary sewage.

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On July 9, 2021, Complementary State Law No. 237 was enacted, establishing the micro-regions of public water supply and sanitary sewage services in the West, Center-East, and Center-Litoral and their respective governance structures.

Based on this context, the Company is adapting to the new legal requirements.

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 June 30, 2021, are consistent with the practices described in Note 3 of the Company's financial statements for the year ended December 31, 2020. Therefore, this interim financial information should be read along with the annual financial statements for the year ended on December 31, 2020, which were disclosed on February 11, 2021.

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

In the quarter ended June 30, 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.

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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.

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

Amendment to IAS 1 and Disclosure of Accounting Practices 2 – Disclosure of Accounting Policies: Clarifies aspects to be considered in the disclosure of accounting policies. This standard change is effective for fiscal years beginning on/or after 1/01/2023. The Company does not expect significant impacts on its Interim Financial Information.

Amendment to IAS 8 – Definition of accounting estimates: Clarifies aspects that should be considered when defining accounting estimates. This standard change is effective for fiscal years beginning on/or after 1/01/2023. The Company does not expect significant impacts on its Interim Financial Information.

Amendment to IFRS 16 – Leases: Defines the treatment of changes in lease agreements that are directly related to the Covid-19 pandemic. This rule change is effective for fiscal years beginning on/or after 4/1/2021. The Company does not expect significant 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 the event of termination of contracts or termination before their expiration, the granting authority shall indemnify the Company for the amounts of unamortized investments related to the concession, upon evaluation. 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 of June 30, 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 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\$12,271 and R\$24,542 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	3,903	(3,903)	7,806	(7,806)
Assets		3,903	(3,903)	7,806	(7,806)
Bank Credit Notes - CCB	DI	(607)	607	(1,214)	1,214
BNDES	TJLP	(77)	77	(154)	154
BNDES-PAC2	TJLP	(1,204)	1,204	(2,408)	2,408
BNDES-AVANÇAR	IPCA	(181)	181	(362)	362
Debentures - 2nd Issuance - 1st and 3rd series	TJLP	(546)	546	(1,092)	1,092
Debentures - 2nd Issuance - 2nd serie	IPCA	(896)	896	(1,792)	1,792
Debentures - 4th Issuance - 1st serie	TJLP	(834)	834	(1,668)	1,668
Debentures - 4th Issuance - 2nd serie	IPCA	(993)	993	(1,986)	1,986
Debentures - 7th Issuance - 1st to 4th series	IPCA	(1,708)	1,708	(3,416)	3,416
Debentures - 8th Issuance - 2nd serie	DI	(840)	840	(1,680)	1,680
Debentures - 9th Issuance - 1st and 2nd series	DI	(1,188)	1,188	(2,376)	2,376
Debentures - 10th Issuance - single serie	IPCA	(4,113)	4,113	(8,226)	8,226
Debentures - 11th Issuance - 1st serie	DI	(322)	322	(644)	644
Debentures - 11th Issuance - 2nd and 3rd series	IPCA	(2,079)	2,079	(4,158)	4,158
Lease - Right of Use	DI	(586)	586	(1,172)	1,172
Liabilities		(16,174)	16,174	(32,348)	32,348
Effects on income before taxation		(12,271)	12,271	(24,542)	24,542

The indexes considered for the 12 months period were TR of 0.00% and the TJLP of 4.61% 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 2.28% obtained from B3 - Brasil, Bolsa e Balcão and the IPC at the rate of 8.95% 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 an increase of 0.7557% 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 June 30, 2021.

Considering the notional amount of €1,813 thousand (R\$10,746 thousand), the value of the euro quotation as R\$5.9276 for June 30, 2021 (Ptax - Central Bank) and considering the assumption of the proportional value of USD1.1850 for each Euro, considering the Dollar to R\$5.0022, 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 Euro variation (increase of 0.7557%)	(81)	(2,686)	2,686	(5,373)	5,373

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 June 30, 2021 the Company has swap contracts (Euro + interest X CDI) as shown below:

Financial Instruments - Swap Contracts							
Operation	Agent	Start date of the operation	Maturity of the operation	Notional Value EUR	Fair Value of the Asset Position	Fair Value of the Liability Position	Gain (Loss) with Derivative Instruments Swap
1	Itaú BBA	08/09/2019	12/26/2022	6	35	26	9
2	Itaú BBA	09/04/2019	12/26/2022	64	382	294	88
3	Itaú BBA	10/04/2019	12/26/2022	12	70	53	17
4	Itaú BBA	11/13/2019	12/26/2022	368	2,181	1,691	490
5	Itaú BBA	06/05/2020	12/26/2022	632	3,746	3,646	100
6	Itaú BBA	12/15/2020	12/26/2022	404	2,392	2,474	(82)
7	Bradesco Bank	05/26/2021	12/26/2022	327	1,928	2,129	(201)
TOTAL				1,813	10,734	10,313	421

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 debentures. For the period ended on June 30, 2021, there 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	06/30/2021	12/31/2020
Loans, financing, debentures and lease	4,036,141	3,647,588
Cash and cash equivalents	(988,297)	(874,323)
Net debt	3,047,844	2,773,265
Equity	7,310,303	6,943,163
Ratio Net Debt/Equity	0.42	0.40

4.3. Financial Instruments

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

Description	06/30/2021	12/31/2020
Assets		
Fair value measured through income		
Financial investments	963,455	869,196
Financial instrument - Swap	10,734	9,476
Restricted deposits	71,713	61,614
Amortized cost		
Cash and banks	24,842	5,127
Trade accounts receivables	908,098	799,603
Contractual financial assets	556,074	490,082
Total	2,534,916	2,235,098
Liabilities		
Fair value measured through income		
Financial instrument - Swap	10,313	8,184
Amortized cost		
Loans, financing, debentures and lease	4,036,141	3,647,588
Contractors and Suppliers	204,260	213,820
Total	4,250,714	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:

Description	06/30/2021	12/31/2020
Unrestricted bank deposits	555	2,972
Restricted bank deposits	24,287	2,155
	<u>24,842</u>	<u>5,127</u>
Financial investments	963,455	869,196
Total cash and cash equivalents	988,297	874,323

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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 95.34% of the CDI (100.70% in 2020).

6. TRADE ACCOUNTS RECEIVABLES, NET

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

Description	06/30/2021	12/31/2020
Falling due accounts receivable	292,679	271,640
Accounts receivable from installment payments	95,847	64,447
Adjustment to Present Value	(11,683)	(8,860)
Accounts to be billed (Unbilled consumption)	214,619	210,282
	<u>591,462</u>	<u>537,509</u>
Overdue accounts receivable		
From 1 to 30 days	152,627	136,883
From 31 to 60 days	65,094	53,029
From 61 to 90 days	41,790	31,306
From 91 to 180 days	73,853	55,961
Over 180 days	313,569	271,869
Allowance for losses on doubtful accounts	(330,297)	(286,954)
	<u>316,636</u>	<u>262,094</u>
Total accounts receivable, net	908,098	799,603
Current	872,358	779,404
Non-current	35,740	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\$13,765 (R\$12,328 in 2020 and R\$1,437 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:

Description	Trade accounts receivable	Allowance for doubtful	Adjustment to present value	06/30/2021	12/31/2020
Municipal administration	100,446	(56,138)	(10,435)	33,873	36,811
Private	1,135,035	(274,159)	(1,248)	859,628	743,682
Federal Entity	1,703	-	-	1,703	990
Government State	12,894	-	-	12,894	18,120
Balance at end of period	1,250,078	(330,297)	(11,683)	908,098	799,603

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

Description	06/30/2021	12/31/2020
Balances at beginning of period	(286,954)	(196,487)
Amounts recorded as expenses*	(43,343)	(90,972)
Write-offs, net of recoveries	-	505
Balances at end of period	(330,297)	(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	06/30/2021	12/31/2020
Private customers	274,159	232,015
Municipal Administrations	56,138	54,939
Total	330,297	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	06/30/2021	12/31/2020
Balances at beginning of period	(8,860)	(4,088)
Adjustment to Present Value	(2,823)	(4,772)
Balances at end of period	(11,683)	(8,860)

7. RECOVERABLE TAXES AND CONTRIBUTIONS

It has the following composition:

Description	06/30/2021	12/31/2020
Recoverable income tax	20,834	4,747
Recoverable social contribution	7,736	2,063
Balances at end of period	28,570	6,810
Current	28,570	6,810

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8. RESTRICTED DEPOSITS

Restricted deposits breakdown as follows:

Description	06/30/2021	12/31/2020
Health National Foundation - FUNASA	4,570	4,661
Reserves kept in CAIXA (1)	57,524	56,953
Other agreements (2)	9,619	-
Total	71,713	61,614
Current	14,189	4,661
Non-current	57,524	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	06/30/2021	12/31/2020
Advances to employees	17,319	11,280
Reimbursable payments	4,683	12,510
Guarantee deposits	1,847	1,858
Municipal Fund for the Environment (1)	46,067	47,005
Prepaid expenses	244	243
Bonds and other receivables	725	753
Total	70,885	73,649
Current	25,921	27,746
Non-current	44,964	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	06/30/2021
Investment Not Amortized	1,353,837	147,144	-	-	1,500,981
Adjustment to Present Value	(863,755)	(91,799)	10,674	(27)	(944,907)
Total	490,082	(a) 55,345	10,674	(27)	556,074

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).

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 considered Program Contracts with terms of 19 to 30 years.

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11. CONTRACT ASSET

It has the following movement:

Description	12/31/2020	Additions	Capitalisation of interest	Write-off and Loss	Transfer to Intangible asset	06/30/2021
Projects and Works in Progress	1,526,448	491,045	10,777	-	(405,403)	1,622,867
Inventories for Construction Work	108,354	1,200	-	-	-	109,554
Total	1,634,802	492,245	10,777	-	(405,403)	1,732,421

Up to the second quarter of 2021, R\$492,245 (R\$392,088 in the same period in 2020) was recorded as contract asset, due to the expansion of the Water Supply System, mainly in the municipalities of Cascavel, Curitiba, Ortigueira, Laranjeiras do Sul and Cândido de Abreu, Sewage Collection and Treatment mainly were also transferred to Intangible Assets, 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 Curitiba, Londrina, Ponta Grossa, Umuarama e Foz do Iguaçu.

Until this quarter ended on June 30, 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\$10,777 (R\$11,11 in the same period of 2020). The average rate used to determine the amount of capitalized borrowing costs concerning total costs was 7.4%.

12. INVESTMENTS

The Company has the following investments:

Description	06/30/2021	12/31/2020
Investment in joint venture - CS Bioenergia S.A.	1,046	-
Other investments	2,001	2,352
Total	3,047	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\$1,096 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.	06/30/2021	12/31/2020
Current assets	2,393	2,095
Noncurrent assets	58,445	59,907
• Fixed assets	54,790	43,360
• Lease	-	14,483
• Other	3,655	2,064
Total Assets	60,838	62,002
Current liabilities	10,105	10,221
• Loans, financing and lease	7,340	7,328
• Other	2,765	2,893
Noncurrent liabilities	9,513	10,066
• Loans, financing and lease	7,978	10,066
• Other	1,535	-
Equity	41,220	41,715
Total Liabilities and Equity	60,838	62,002

Statement of income (loss) – CS Bioenergia S.A.	06/30/2021	06/30/2020
Gross revenue	6,954	3,707
(-) Cost of services	(8,010)	(6,561)
Gross profit	(1,056)	(2,854)
(-) Operational expenses	(1,331)	(221)
Income before Financial Income and Taxes	(2,387)	(3,075)
(-) Finance income (loss)	(724)	(2,049)
Income before income tax	(3,111)	(5,124)
Income tax	-	-
Loss for the period	(3,111)	(5,124)

Changes in the investment in the period are as follows:

Description	06/30/2021	12/31/2020
Balance at beginning of period	-	-
Financial contribution	1,046	1,199
Equity in earnings (losses) of controlled company (percentage of interest 40%)	(1,245)	(1,859)
Impairment Test - (Constitution) / Reversal	1,245	660
Balance at end of period/year	1,046	-

Investment's 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 June 30, 2021, equivalent to R\$2,001.

13. FIXED AND INTANGIBLE ASSETS

a) Fixed assets

These have the following composition:

By account			06/30/2021	12/31/2020
Description	Cost	Accumulated depreciation	Net amount	
Administration	359,673	(141,638)	218,035	222,921
Other fixed assets	2,612	(1,482)	1,130	1,430
Right of use - Lease	172,562	(98,281)	74,281	61,656
Total	534,847	(241,401)	293,446	286,007

By account				06/30/2021	12/31/2020
Description	Annual depreciation rate	Cost	Accumulated depreciation	Net amount	
Plots of land	-	2,922	-	2,922	2,932
Civil construction	*1.84%	115,171	(20,932)	94,239	92,112
Leasehold	*2%	2,566	(806)	1,760	1,662
Facilities	*5.83%	9,789	(3,372)	6,417	7,804
Equipment	*6.23%	88,978	(33,110)	55,868	56,552
Furniture and fixtures	*7.14%	51,816	(22,012)	29,804	30,688
IT equipment	*19.82%	38,922	(26,776)	12,146	13,478
Vehicles	*13.05%	27,272	(16,514)	10,758	11,859
Machinery, tractors and similar	*19.35%	23,108	(19,024)	4,084	5,064
Tools	*6.67%	1,482	(574)	908	949
Patrimonial assets to incorporate	-	259	-	259	1,251
Right of use - Lease	*25.19%	172,562	(98,281)	74,281	61,656
Total		534,847	(241,401)	293,446	286,007

* Weighted average rate

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b) Intangible assets

These have the following composition:

By account			06/30/2021	12/31/2020
Description	Cost	Accumulated amortization	Net Amount	
Water mains	5,332,144	(1,785,767)	3,546,377	3,451,339
Sewage mains	5,670,974	(1,413,536)	4,257,438	4,132,346
Solid waste	6,018	(4,193)	1,825	1,891
System Use and Operation Rights	125,117	(74,645)	50,472	51,412
Other intangible assets	194,940	(85,918)	109,022	97,675
Right of use - Lease	200,851	(16,515)	184,336	186,650
Total	11,530,044	(3,380,574)	8,149,470	7,921,313

By account				06/30/2021	12/31/2020
Description	Annual amortization rate	Cost	Accumulated amortization	Net Value	
Plots of land	-	203,296	-	203,296	198,544
Wells	*3.10%	162,393	(41,114)	121,279	115,650
Dams	*2.67%	143,008	(62,203)	80,805	81,467
Civil construction	*2.59%	2,551,201	(630,456)	1,920,745	1,876,928
Leasehold	*2.67%	34,702	(4,935)	29,767	28,388
Piping	*2.64%	5,808,432	(1,562,250)	4,246,182	4,077,316
Building connections	*3.33%	858,699	(275,771)	582,928	570,538
Facilities	*5.83%	199,687	(82,938)	116,749	137,947
Hydrometers	*10%	242,753	(99,543)	143,210	140,853
Macro-meters	*10%	6,639	(4,760)	1,879	1,972
Equipments	*6.23%	734,278	(329,209)	405,069	394,731
Furniture and fixtures	*7.14%	6,659	(3,937)	2,722	2,796
IT equipment	*19.82%	90,609	(84,153)	6,456	6,222
Computer programs	*20%	79,864	(49,854)	30,010	25,725
Vehicles	*13.05%	19,670	(13,095)	6,575	7,172
Machinery, tractors and similar	*19.35%	25,947	(21,409)	4,538	5,581
Tools	*6.67%	295	(214)	81	87
Rights of Use of Transmission Lines	*6.25%	171	(137)	34	36
Environmental protection and preservation	*20%	33,421	(23,436)	9,985	8,289
Concession of the Mun. of Curitiba (1)	*1.50%	125,000	(74,531)	50,469	51,406
Concession of the Mun. of Cianorte (2)	*5%	117	(114)	3	5
Patrimonial assets to incorporate	-	2,352	-	2,352	3,010
Rights of Use - Lease	*24.27%	200,851	(16,515)	184,336	186,650
Total		11,530,044	(3,380,574)	8,149,470	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 June 30, 2021, the carrying amount for each category of assets under lease commitments recorded in Fixed and Intangible Assets is as follows:

By account				06/30/2021	12/31/2020
Description	Annual Amortization Rate	Cost	Accumulated amortization	Net amount	
Buildings	2.59%	37,434	(2,512)	34,922	35,235
Piping	2.64%	147,315	(10,606)	136,709	138,182
Building connections	3.33%	8,227	(1,019)	7,208	7,345
Facilities	5.83%	309	(83)	226	237
Equipment	6.23%	6,013	(1,466)	4,547	4,732
Lease - Litoral		199,298	(15,686)	183,612	185,731
Car Rental	13.05%	88,966	(58,349)	30,617	11,713
Civil construction	2.59%	49,426	(15,310)	34,116	34,917
Equipment	6.23%	418	(373)	45	113
IT Equipment	19.82%	35,305	(25,078)	10,227	15,832
Lease - Right of use		174,115	(99,110)	75,005	62,575
Total		373,413	(114,796)	258,617	248,306
Fixed assets		172,562	(98,281)	74,281	61,656
Intangible assets		200,851	(16,515)	184,336	186,650

The Company recorded in the result the amount of R\$2,708 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	06/30/2021
Lease - Litoral	185,731	-	(2,119)	183,612
Vehicles	11,713	29,352	(10,448)	30,617
Civil construction	34,917	4,064	(4,865)	34,116
Equipment	113	11	(79)	45
IT Equipment	15,832	52	(5,657)	10,227
Total	248,306	33,479	(23,168)	258,617

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

Description	12/31/2020	Additions	Depreciation and Amortization	Write-offs and losses	Transfers to Work	Transfers	06/30/2021
Fixed assets							
Plots and land	2,932	-	-	-	(10)	-	2,922
Civil construction	92,112	-	(1,115)	-	3,251	(9)	94,239
Leasehold	1,662	-	(24)	-	122	-	1,760
Facilities	7,804	85	(274)	-	(1,198)	-	6,417
Equipment	56,552	1,818	(2,477)	(25)	-	-	55,868
Furniture and fixtures	30,688	762	(1,599)	(47)	-	-	29,804
IT Equipment	13,478	341	(1,546)	(127)	-	-	12,146
Vehicles	11,859	-	(1,101)	-	-	-	10,758
Machinery, tractors and similar	5,064	-	(980)	-	-	-	4,084
Tools	949	-	(41)	-	-	-	908
Patrimonial assets to incorporate	1,251	(992)	-	-	-	-	259
Right of Use - Lease	61,656	33,479	(20,854)	-	-	-	74,281
Total Fixed Assets	286,007	35,493	(30,011)	(199)	2,165	(9)	293,446
Intangible Asset							
Plots of land	198,544	849	-	-	3,903	-	203,296
Wells	115,650	-	(1,002)	(210)	6,904	(63)	121,279
Dams	81,467	73	(1,516)	-	936	(155)	80,805
Civil construction	1,876,928	2,039	(30,613)	(293)	95,034	(22,350)	1,920,745
Leasehold	28,388	390	(433)	-	1,806	(384)	29,767
Piping	4,077,316	16,160	(71,124)	(628)	255,987	(31,529)	4,246,182
Building connections	570,538	28	(13,340)	(283)	26,778	(793)	582,928
Facilities	137,947	394	(5,828)	-	(15,764)	-	116,749
Hydrometers	140,853	-	(11,318)	(1,564)	15,239	-	143,210
Macro-meters	1,972	-	(172)	-	79	-	1,879
Equipment	394,731	18,242	(14,933)	(2,017)	9,046	-	405,069
Furniture and fixtures	2,796	61	(154)	(10)	29	-	2,722
IT Equipment	6,222	-	(750)	(1)	985	-	6,456
Computer programs	25,725	9,135	(4,795)	(55)	-	-	30,010
Vehicles	7,172	-	(597)	-	-	-	6,575
Machinery, tractors and similar	5,581	-	(1,043)	-	-	-	4,538
Tools	87	-	(6)	-	-	-	81
Rights of Use of Transmission Lines	36	-	(2)	-	-	-	34
Environmental protection and preservation	8,289	590	(1,108)	-	2,276	(62)	9,985
Concession of the Mun. of Curitiba	51,406	-	(937)	-	-	-	50,469
Concession of the Mun. of Cianorte	5	-	(2)	-	-	-	3
Patrimonial assets to incorporate	3,010	(658)	-	-	-	-	2,352
Right of Use - Lease	186,650	-	(2,314)	-	-	-	184,336
Subtotal intangible assets	7,921,313	47,303	(161,987)	(5,061)	403,238	(55,336)	8,149,470
Grand Total	8,207,320	82,796	(191,998)	(5,260)	(a) 405,403	(b) (55,345)	8,442,916

(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 ("impairment") until the 2nd quarter of 2021.

14. LOANS, FINANCING, DEBENTURES AND FINANCE LEASE

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

Description	Annual Interest Rate	Index	06/30/2021			12/31/2020		
			Current	Non-current	Total	Current	Non-current	Total
Currency:								
Debentures 8th Issuance - 1st series	106.50% of the DI	-	-	-	-	95,020	-	95,020
Bank Credit Notes - CCB	DI + 2.75%	-	132,738	-	132,738	132,665	66,205	198,870
Debentures 8th Issuance – 2nd series	108.00% of the DI	-	124	154,935	155,059	22	154,902	154,924
BNDES	TJLP + 1.82%	-	7,693	4,469	12,162	7,705	8,300	16,005
Banco do Brasil - PSI	3.00% to 6.00%	-	3,382	3,966	7,348	3,385	5,652	9,037
Debentures 2nd Issuance – 1st series	TJLP + 1.92%	-	12,324	27,492	39,816	12,347	33,602	45,949
Debentures 2nd Issuance – 2nd series	9.19%	IPCA	26,400	61,647	88,047	21,710	58,959	80,669
Debentures 2nd Issuance – 3rd series	TJLP + 1.92%	-	16,432	36,656	53,088	16,462	44,803	61,265
Debentures 9th Issuance - 1st series	106.05% of the DI	-	388	199,091	199,479	174	199,076	199,250
Banco Itaú - PSI	3.00% to 6.00%	-	3,561	6,273	9,834	3,566	8,044	11,610
Debentures 9th Issuance – 2nd series	107.25% of the DI	-	304	150,785	151,089	140	150,776	150,916
Debentures 11th Issuance – 1st series	DI + 1.65%	-	1,028	127,613	128,641	-	-	-
Debentures 4th Issuance - 1st series	TJLP + 1.67%	-	24,235	121,304	145,539	24,287	133,237	157,524
Debentures 4th Issuance – 2nd series	7.44%	IPCA	14,617	72,906	87,523	14,001	76,583	90,584
Debentures 10th Issuance – Single issued	4.66%	IPCA	3,751	371,167	374,918	3,529	354,050	357,579
Debentures 11th Issuance – 2nd series	4.25%	IPCA	1,752	208,637	210,389	-	-	-
BNDES - PAC2	TJLP + 1.67% to 2.05%	-	48,871	244,638	293,509	49,561	262,979	312,540
Lease - Litoral	11.14%	IPC-FIPE	10,635	263,420	274,055	10,282	267,633	277,915
Lease – Right of use	5.15%	-	55,710	39,423	95,133	44,099	36,037	80,136
Debentures 11th Issuance – 3rd series	4.49%	IPCA	1,567	161,827	163,394	-	-	-
Debentures 7th Issuance - 1st series*	5.20%	IPCA	2,158	43,595	45,753	1,108	44,922	46,030
Debentures 7th Issuance – 2nd series*	4.79%	IPCA	3,295	67,237	70,532	1,675	69,285	70,960
Debentures 7th Issuance – 3rd series	6.97%	IPCA	908	20,598	21,506	270	20,295	20,565
Debentures 7th Issuance – 4th series	6.57%	IPCA	1,377	31,593	32,970	401	31,129	31,530
BNDES - AVANÇAR	3.56% to 3.96%	IPCA	158	26,255	26,413	4	24,972	24,976
Caixa Econômica Federal	6.62% to 12.00%	TR	68,632	1,138,633	1,207,265	79,092	1,066,008	1,145,100
Total in Brazilian Reais			442,040	3,584,160	4,026,200	521,505	3,117,449	3,638,954
Foreign currency								
KfW Bank	1.35%	EURO	-	9,941	9,941	-	8,634	8,634
Total Foreign currency			-	9,941	9,941	-	8,634	8,634
Balances at end of the period			442,040	3,594,101	4,036,141	521,505	3,126,083	3,647,588
Loans and financing			265,035	1,434,175	1,699,210	275,978	1,450,794	1,726,772
Debentures			110,660	1,857,083	1,967,743	191,146	1,371,619	1,562,765
Lease			66,345	302,843	369,188	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 DKT1 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 11/06/2017, 12/07/2017 and 1/22/2018 respectively, to mitigate foreign exchange risk, assuming as a counterparty a CDI variation, as described in Note 4.1. Until June 30, 2021, KfW bank released €1,813 thousand, and swaps were carried out in the period to hedge interest rate and exchange variation, without speculative character, converting the financial charges to 129.37% of CDI (weighted average), which represents the percentage of 2.95% for a rate of 2.28% 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 June 30, 2021 it was 5.15%. 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	06/30/2021
Lease - Litoral	277,915	-	14,504	(18,364)	274,055
Lease - Right of use	80,136	33,479	2,346	(20,828)	95,133
Total	358,051	33,479	16,850	(39,192)	369,188
Current	54,381				66,345
Non-current	303,670				302,843

As of June 30, 2021, the present value of the minimum future financial obligations related to the Lease is shown below:

Description	Minimum Future Payments	Financial charges	06/30/2021	12/31/2020
			Present Value of Future Payments	Present Value of Future Payments
Lease - Litoral				
Less than a year	36,730	(26,094)	10,636	10,282
More than a year and less than five years	146,917	(104,662)	42,255	40,227
Above five years	363,267	(142,103)	221,164	227,406
Subtotal	546,914	(272,859)	274,055	277,915
Lease - Right of Use				
Less than a year	58,428	(2,718)	55,710	44,099
More than a year and less than five years	41,642	(2,219)	39,423	36,037
Subtotal	100,070	(4,937)	95,133	80,136
Total	646,984	(277,796)	369,188	358,051

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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:

Description	06/30/2021
Vehicles	33,296
Mobile goods	17,791
Real estate	45,856
Total	96,943

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	11,195	19,401	3,909	-	-	-	34,505
Mobile goods	7,242	7,804	3,657	28	29	15	18,775
Real estate	4,396	9,338	10,085	10,909	11,828	6,285	52,841
Total	22,833	36,543	17,651	10,937	11,857	6,300	106,121

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	06/30/2021	12/31/2020
TR (Reference Rate)	1,207,265	1,145,100
TJLP (Long-Term Interest Rate)	544,114	593,283
IPCA (National Amplified Consumer Price Index)	1,121,445	722,893
DI	767,006	798,980
IPC-FIPE	274,055	277,915
EURO	9,941	8,634
No Monetary Adjustment	112,315	100,783
Total	4,036,141	3,647,588

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

Description	Period of Issuance	Final Maturity	Amount Contracted	Number of Debentures	Payments	
					Amortization	Interest
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
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
Debentures 2nd Issuance - 1st and 3rd series	2011	2024	261,304	7,000	Monthly	Quarterly during grace period and monthly at
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
Debentures 9th Issuance – 2nd series	2019	2026	150,850	15,085	2026	Six-monthly
Debentures 11th Issuance – 1st series	2021	2026	130,000	130,000	2025/2026	Six-monthly
Lease - Right of Use	2016 to 2021	2021 to 2026	105,218	-	Monthly	Monthly
Debentures 4th Issuance – 1st series	2014	2027	223,716	7,000	Monthly	Quarterly during grace period and monthly at
Debentures 4th Issuance – 2nd series	2014	2027	95,590	3,000	Monthly	Quarterly during grace period and monthly at
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
Debentures 11th Issuance – 2nd series	2021	2029	208,300	208,300	2029	Six-monthly
Debentures 11th Issuance – 3rd series	2021	2031	161,700	161,700	2031	Six-monthly
KfW Bank (Euro)	2017	2032	50,000	-	Six-monthly	Six-monthly
Lease - Litoral	2013	2036	460,592	-	Monthly	Monthly
Debentures 7th Issuance – 1st series	2018	2038	47,279	19,733	Monthly	Quarterly during grace period and monthly at
Debentures 7th Issuance – 2nd series	2018	2038	120,437	50,267	Monthly	Quarterly during grace period and monthly at
Debentures 7th Issuance – 3rd series	2018	2038	20,263	8,457	Monthly	Quarterly during grace period and monthly at
Debentures 7th Issuance – 4th series	2018	2038	51,616	21,543	Monthly	Quarterly during grace period and monthly at
BNDES - AVANÇAR	2020	2040	254,788	-	Monthly	Quarterly during grace period and monthly at
Caixa Econômica Federal - 298 Contracts	2003 to 2018	2042	3,174,768	-	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	40,900	49,060	49,060	41,931	-	-	-	-
Debentures 4th Issue	19,747	38,208	38,208	38,208	38,208	38,208	22,275	-
Debentures 7th Issue	2,773	9,930	9,930	9,930	9,930	9,930	9,930	9,930
Debentures 8th Issue	124	-	154,935	-	-	-	-	-
Debentures 9th Issue	693	-	-	199,091	-	150,784	-	-
Debentures 10th Issue	3,751	-	-	-	-	-	371,167	-
Debentures 11th Issue	4,347	-	-	-	63,807	63,807	-	-
Subtotal Debentures	72,335	97,198	252,133	289,160	111,945	262,729	403,372	9,930
BNDES	3,862	7,661	639	-	-	-	-	-
BNDES - PAC2	25,652	45,833	44,622	44,622	44,622	39,460	25,805	21,255
BNDES - AVANÇAR	158	-	720	1,547	1,547	1,547	1,547	1,547
Banco do Brasil - PSI	1,696	3,369	2,093	190	-	-	-	-
Banco Itaú - PSI	1,791	3,542	3,056	1,420	25	-	-	-
Bank Credit Notes - CCB	66,533	66,205	-	-	-	-	-	-
Caixa Econômica Federal	34,829	66,870	69,207	73,511	78,083	82,160	86,767	91,003
KfW Bank	-	505	943	943	943	943	943	943
Subtotal loans and financing	134,521	193,985	121,280	122,233	125,220	124,110	115,062	114,748
Lease - Litoral	7,110	8,705	9,591	10,579	11,682	12,914	14,291	15,831
Lease - Right of Use	38,694	31,639	14,722	6,249	3,322	507	-	-
Subtotal Lease	45,804	40,344	24,313	16,828	15,004	13,421	14,291	15,831
Total	252,660	331,527	397,726	428,221	252,169	400,260	532,725	140,509

Description	2029	2030	2031	2032	2033	2034	2035 to 2042	Total
Debentures 2nd Issue	-	-	-	-	-	-	-	180,951
Debentures 4th Issue	-	-	-	-	-	-	-	233,062
Debentures 7th Issue	9,930	9,930	9,930	9,930	9,930	9,930	38,898	170,761
Debentures 8th Issue	-	-	-	-	-	-	-	155,059
Debentures 9th Issue	-	-	-	-	-	-	-	350,568
Debentures 10th Issue	-	-	-	-	-	-	-	374,918
Debentures 11th Issue	208,637	-	161,826	-	-	-	-	502,424
Subtotal Debentures	218,567	9,930	171,756	9,930	9,930	9,930	38,898	1,967,743
BNDES	-	-	-	-	-	-	-	12,162
BNDES - PAC2	1,638	-	-	-	-	-	-	293,509
BNDES - AVANÇAR	1,547	1,547	1,547	1,547	1,547	1,547	8,518	26,413
Banco do Brasil - PSI	-	-	-	-	-	-	-	7,348
Banco Itaú - PSI	-	-	-	-	-	-	-	9,834
Bank Credit Notes - CCB	-	-	-	-	-	-	-	132,738
Caixa Econômica Federal	89,536	83,904	75,743	57,206	54,610	46,963	216,873	1,207,265
KfW Bank	943	943	943	949	-	-	-	9,941
Subtotal loans and financing	93,664	86,394	78,233	59,702	56,157	48,510	225,391	1,699,210
Lease - Litoral	17,556	19,488	21,654	24,084	26,812	29,876	43,882	274,055
Lease - Right of Use	-	-	-	-	-	-	-	95,133
Subtotal Lease	17,556	19,488	21,654	24,084	26,812	29,876	43,882	369,188
Total	329,787	115,812	271,643	93,716	92,899	88,316	308,171	4,036,141

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

Description	06/30/2021		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	-	626,455	-	860,789
Interest and fines	108,641	-	197,045	-
Monetary Variations on financing	-	35,894	-	23,685
Transfers	184,612	(184,612)	480,325	(480,325)
Amortization	(421,410)	-	(565,873)	-
Costs of funds raised with third parties	(1,637)	(8,863)	(1,290)	(9,981)
Exchange rate variation	-	(856)	-	1,317
Interest and monetary variation of lease	16,850	-	34,307	7,380
Lease	33,479	-	19,778	-
Balances at end of period	442,040	3,594,101	521,505	3,126,083

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

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

Index	Releases	Amortization
Debentures 2nd issuance	-	(17,438)
Debentures 4th issuance	-	(26,749)
Debentures 7th issuance	-	(10,529)
Debentures 8th issuance	-	(98,244)
Debentures 9th issuance	-	(4,352)
Debentures 10th issuance	-	(8,271)
Debentures 11th issuance	500,000	-
BNDES	-	(4,277)
BNDES - PAC2	5,500	(33,798)
BNDES - AVANÇAR	-	(287)
Banco do Brasil - PSI	-	(1,844)
Banco Itaú - PSI	-	(2,034)
Bank Credit Notes - CCB	-	(70,902)
Caixa Econômica Federal	118,828	(103,431)
KfW Bank	2,127	(62)
Subtotal	626,455	(382,218)
Lease (1)	33,479	(39,192)
Total	659,934	(421,410)

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

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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:

• 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%).

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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.

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 June 30, 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	06/30/2021	12/31/2020
COFINS (tax on sales) payable	26,632	25,202
PASEP (tax on sales) payable	5,769	5,464
IPTU (Property tax) - installment payment (1)	420	670
Taxes and Contributions Withheld at Source	27,593	41,460
Total taxes and contributions	60,414	72,796
Current	60,414	72,691
Non-current	-	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 06/30/2021, 82 installments had been paid for the amount of R\$2,758.

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16. INCOME AND SOCIAL CONTRIBUTION TAXES

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

Description	06/30/2021		06/30/2020	
	Income Tax	Social Contribution Tax	Income Tax	Social Contribution Tax
Income before Income and Social Contribution Taxes	797,284	797,284	732,175	732,175
Income and social contribution taxes - current rate	(199,321)	(71,756)	(183,044)	(65,896)
Benefit from the deductibility of interest on equity	37,771	13,598	37,672	13,562
Workers' Meal Program – PAT (1)	-	-	6,083	-
Corporate Citizen Incentive (2)	338	-	280	-
Equity in earnings (losses) of the controlled companies	(311)	(112)	(512)	(184)
Other	633	183	230	45
Total expenses	(160,890)	(58,087)	(139,291)	(52,473)
Total Income and Social Contribution taxes	(218,977)		(191,764)	
Effective rate	27.5%		26.2%	

(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	06/30/2021	06/30/2020
Income Tax	(158,311)	(151,693)
Social Contribution Tax	(56,931)	(56,709)
Realization of Deferred Income Tax	(2,579)	12,402
Realization of Deferred Social Contribution	(1,156)	4,236
Total	(218,977)	(191,764)

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

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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				06/30/2021	12/31/2020
		Calculation basis	Income tax	Social Contribution Tax	Total	Total
ASSETS						
NPV on Contractual Financial Assets	30 years	944,907	236,227	85,042	321,269	293,677
Lease - Litoral (Asset)	20 years	274,054	68,514	24,665	93,179	94,491
Pension and Health Plans	15 years	1,200,785	300,196	108,071	408,267	398,260
Impairment on assets	10 years	11,356	2,839	1,022	3,861	3,955
Provisões Cíveis, Trabalhistas, Tributárias e Ambientais	5 years	593,772	148,443	53,439	201,882	185,190
Lease - Right of Use (Asset)	5 years	95,133	23,783	8,562	32,345	27,246
Impairment on the investment - CS Bionergia	5 years	15,442	3,860	1,390	5,250	5,673
NPV of trade accounts receivable	5 years	11,683	2,921	1,051	3,972	3,012
Net realisable value of inventories	5 years	658	164	60	224	929
Investments valued at fair value	5 years	581	145	52	197	90
Allowance for doubtful accounts	3 years	54,005	13,502	4,860	18,362	17,619
Provision for expected on accounts receivable - CPC 48	3 years	13,764	3,441	1,239	4,680	4,192
PAI – Encouraged Retirement Program	1 year	932	233	84	317	26,274
Provision for PPR	1 year	40,771	10,193	3,669	13,862	23,882
Total			814,461	293,206	1,107,667	1,084,490
LIABILITIES						
NPV on Contractual Financial Assets	30 years	884,197	221,049	79,578	300,627	275,185
IRPJ Deferred on Construction and Improvements	24 years	113,237	28,309	-	28,309	28,943
Lease - Litoral (Liabilities)	20 years	183,612	45,903	16,525	62,428	63,149
Doações de Órgãos Públicos	20 years	11,538	2,885	1,038	3,923	3,923
Donations from Public Agencies	13 years	93,427	23,357	8,409	31,766	33,120
Lease - Right of use (Liabilities)	5 years	75,004	18,751	6,750	25,501	21,270
Attribution of New Cost to Fixed Assets	3 years	6,920	1,730	623	2,353	2,405
Total			341,984	112,923	454,907	427,995
Total Net			472,477	180,283	652,760	656,495

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

The estimated future realization of deferred tax assets and deferred tax liabilities as of June 30, 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	19,458	7,005	26,463	9,007	3,016	12,023
2022	48,644	17,512	66,156	18,015	6,032	24,047
2023	55,393	19,942	75,335	18,015	6,032	24,047
2024	38,451	13,842	52,293	17,323	5,783	23,106
2025	186,894	67,282	254,176	17,323	5,783	23,106
2026 to 2028	94,770	34,117	128,887	39,467	12,850	52,317
2029 to 2031	95,622	34,424	130,046	39,467	12,849	52,316
2032 to 2034	94,203	33,913	128,116	35,405	11,387	46,792
2035 to 2037	64,183	23,106	87,289	33,374	10,656	44,030
2038 to 2040	34,163	12,299	46,462	33,374	10,656	44,030
2041 to 2043	23,623	8,504	32,127	25,952	7,984	33,936
2044 to 2046	23,623	8,504	32,127	22,105	7,958	30,063
2047 to 2049	23,623	8,504	32,127	22,105	7,958	30,063
2050	11,811	4,252	16,063	11,052	3,979	15,031
Total	814,461	293,206	1,107,667	341,984	112,923	454,907

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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 until the second quarter of 2021 was of R\$2,100 (R\$2,100 for the same period in 2020), The balance as of June 30, 2021, was of R\$2,800 (R\$4,900 as of 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	06/30/2021
Labor claims (i)	318,722	32,764	(7,507)	(22,949)	321,030
Civil claims (ii)	201,171	18,692	(483)	(3,225)	216,155
Environmental claims (iii)	16,866	30,885	(4,995)	(94)	42,662
Tax claims (iv)	7,918	58	-	-	7,976
Ductos operation (v)	-	5,949	-	-	5,949
Total	544,677	88,348	(12,985)	(26,268)	593,772

Main events during the semester:

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.

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.

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 of the Position, Career and Compensation Plan, as well as the updating of the provisioned amounts of 146 labor claims due to court decisions. On the other hand, there was a reduction in provisions of R\$19,571, due to the filing and definitive write-off of lawsuits.

Considering the results of phase I of the "Task Force Committee", concerning "Operation Ductos", the Company identified some amounts for which it made a provision of R\$5,949, and as per the resolution of the Board of Directors, of July 22, 2021, will consolidate the values with the preliminary findings of the independent investigation team.

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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	
	06/30/2021	12/31/2020
Labor claims (i)	71,655	44,051
Civil claims (ii)	624,644	494,577
Environmental claims (iii)	344,257	388,910
Tax claims (iv)	22,962	23,414
Total	1,063,518	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.

(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.

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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 was disclosed at the time 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 April 2021, TRF 4 upheld both SANEPAR's appeals. The decisions became final and unappealable and the amount was removed from liabilities.

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 and subsequent analysis of the judgment of the 11th Federal Court of Curitiba.

(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.

The breakdown is as follows:

Nature	Court deposits	
	06/30/2021	12/31/2020
Labor claims	244,149	227,969
Civil claims	88,156	73,575
Environmental claims	5,318	5,096
Tax claims	16,338	13,835
Total	353,961	320,475

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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 quarter ended June 30, 2021, was marked by the evolution in COVID vaccination and the consequent global economic reopening with the normalization of mobility and the recovery of the services sector, with the Brazilian economic activity continuing to recover, justifying the increase in the projection for GDP growth. In this scenario, the Fusanprev plan showed profitability of 3.98% in the 2nd quarter (5.23% in the first semester), above the market benchmark index, CDI - Interbank Deposit Certificate, which was 0.79% (1.28% in the first semester) and above the Plan's actuarial minimum, which was 3.26% in the same period, however, it was below the Plan's actuarial minimum in the first semester of 2021, which was 6.65%, mainly due to the significant increase of inflation, the INPC – Consumer Price Index, which is the plan's index. For this scenario, the Investment Policy for Financial Year 2021 and a new ALM (Asset Liability Management) study was approved in December 2020, maintaining a diversified investment portfolio with a moderate profile, applied in various asset classes, with a profile medium and long term, providing sufficient liquidity to honor the payment of benefits. Considering: (i) FUSAN's governance structure for decision-making, following the advice of regulatory bodies linked to Supplementary Pension, (ii) the practice of carefully monitoring the investments made, including checking the investment opportunities arising from the crisis, (iii) the expectation of a positive economic cycle among the major world economies, especially China and the United States, (iv) continuity in the Brazilian economic recovery in the second half of 2021 with the advance of vaccination, with higher GDP growth projection at 5% in 2021 and close to 2% in 2022, (v) an estimated inflation measured by the IPCA for 2021 will be above 6% around 3.7% in 2022, and (vi) still the indication by the Central Bank of the Brazil that the interest rate normalization cycle - SELIC should be more intense and extensive, with a Selic estimated between 7% and 7.5% and that the cycle ends near the end of 2021 or early 2022, does not we 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 2nd Quarter of 2021 in the amount of R\$ 4.3 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 between March and May 2021, reflecting on cost increases), 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 so far, the impact of the COVID-19 cases on the Plan's expenses has still been limited and Sanesaúde's contributions were readjusted in June 2021 by 6.35%, and that, maintained the current conditions, should reflect in the balance between income and expenses for the next 12 months. The technical reserves indicate that the plan is in balance, with balances greater than twice the amount required by the ANS – National Agency for Supplementary Health. 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 demand for elective procedures, a fact that may consume part of the positive result generated in the 2020 Financial Year, but without compromise the economic balance of the plan. Considering that the Sanepar Foundation daily monitors the scenario based on the admissions census, intending to take the necessary measures for the management of the Plan, as well as evaluate the impacts of the pandemic and closely monitoring the measures and recommendations of Organs regulatory bodies linked to Supplementary Health, we do not 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). Until the second quarter of 2021 the Sponsor passed on the amount of R\$15,151 (R\$15,896 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 63.0% for the sponsor and 37.0% 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 second quarter, the Company transferred the amount of R\$38,047 (R\$36,093 for the same period in 2020).

Additionally, for the purposes of compliance with the determinations contained in CPC 33 (R1), approved by CVM Deliberation 695/12, 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 on June 30, 2021 and December 31, 2020:

Description	Pension Plan	Medical Insurance	06/30/2021	12/31/2020
Current	35,532	44,520	80,052	78,090
Non-current	497,457	623,276	1,120,733	1,093,262
Total	532,989	667,796	1,200,785	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 second quarter of 2021 the amount of R\$29,433 (R\$33,414 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 of June 30, 2021, the State of Paraná holds credits for interest on Self Owned Capital for the amount of R\$28,367 (R\$28,301 for the same period in 2020). The Company also supplied water and sewage services to the state of Paraná for a revenue of R\$52,549 and R\$58,465 until the second 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 second quarter of 2021, R\$41,843 (R\$48,064 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\$6,034 (R\$6,099 for the same period in 2020). In addition, the Company has accounts receivable from these City Halls in the amount of R\$33,872 until the second quarter of 2021 (R\$36,811 on December 31, 2020), as shown in Note 6a.

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The Company transacts with CS Bioenergia S.A., and until the 2nd quarter of 2021, it obtained revenues from the treatment of sewage effluents in the amount of R\$56 (R\$94 in the same period in 2020) and property rental in the amount of R\$163 (R\$157 in the same period in 2020), in addition to reimbursable electricity expenses in the amount of R\$251 (R\$228 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\$5,655 (R\$3,772 in the same period in 2020) and (ii) lease of a mini-generator plant for electricity from biogas in the amount of R\$837 (R\$285 in the same period in 2020). Additionally, on June 30, 2021, the Company has accounts receivable from CS Bioenergia S.A. in the following composition:

i) in the amount of R\$279 (of which R\$115 for electricity and R\$164 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 until the 2nd quarter of 2021 obtained revenues for the supply of water and sewage services in the amount of R\$4 (R\$9 for the same period in 2020), expenses of rent of property in the amount of R\$278 (R\$291 for the same period in 2020) and of employer contributions to the employee benefit plans in the amount of R\$53,198 (R\$51,989 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

The annual global compensation of managers for the year 2021 was approved by the 57th/2021 Ordinary General Meeting (AGO) of April 22, 2021, in the global amount of R\$15,046. For the year 2020, approval was given by the 56th/2020 Ordinary General Meeting (AGO) held on April 23, 2020, in the amount of R\$15,036.

The following are the payments made to managers:

Description	06/30/2021	06/30/2020
Remuneration	4,877	4,703
Charges and Benefits	1,719	1,329
Social charges	1,585	1,243
Health plan (Sanesaúde)	33	31
Sanepar Foundation (Fusanprev)	58	55
Complementary programs	43	-
Total	6,596	6,032

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21. OTHER ACCOUNTS PAYABLE

The composition is as follows:

Description	06/30/2021	12/31/2020
Contracts and Agreements with third parties	18,955	13,073
Agreements with municipal administrations	17,922	18,177
Collaterals and amounts reimbursable	13,451	9,146
Installment payment IBAMA (1)	45,812	61,124
Municipal Sanitation and Environmental Management Fund	5,791	5,396
Other accounts payable	1,972	-
Total	103,903	106,916
Current	87,893	77,299
Non-current	16,010	29,617

(1) Balance of R\$28,457 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\$17,355.

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 June 30, 2021, already considering the provision for additional dividends proposed by Management, is R\$4.84 (R\$4.59 on December 31, 2020).

The Capital stock underwritten and fully paid in as of June 30, 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:

Shareholders	Number of shares					
	Common	%	Preferred	%	Total	%
Estado do Paraná	302,657,701	60.1	3	-	302,657,704	20.0
Municipal Administrations	-	-	5,572,220	0.6	5,572,220	0.4
Foreign Investors	51,033,849	10.1	275,999,311	27.4	327,033,160	21.6
Other Investors	150,043,709	29.8	725,898,726	72.1	875,942,435	58.0
Total	503,735,259	100.0	1,007,470,260	100.0	1,511,205,519	100.0

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b) Revaluation surplus

It was carried out until the 2nd quarter of 2021, transferring to Retained Earnings, the amount of R\$2,631 (R\$2,669 in the same period of 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	06/30/2021	06/30/2020
Balances at beginning of period	64,292	69,559
Realization of revaluation surplus	(3,986)	(4,044)
Realization of Taxes on the Revaluation surplus	1,355	1,375
Balances at end of period	61,661	66,890

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\$101 (R\$180 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	06/30/2021	06/30/2020
Balance at beginning of period	4,668	5,196
Realization of Adjustments to Assigned Cost	(153)	(273)
Realization of Taxes on Adjustments to Assigned Cost	52	93
Balance at end of period	4,567	5,016

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.

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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 net of Withholding Income Tax, represented R\$267,768, being that until 06/30/2021, the amount of R\$267,765 was paid.

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

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In 2020, the Company's shares were split.

In the 2nd quarter of 2021, the Company's Management proposed and the Board of Directors approved, following the 6th/2021 Ordinary Meeting of the Board of Directors of June 24, 2021, the credit of Interest on Equity, observing the legal limit of the TJLP variation in the period, based on the results verified in the 1st half of 2021. The gross amount of Interest on Equity, calculated for the 1st half of 2021, was R\$151,084, with the amount of R\$18,405 being retained as withholding income tax. This credit generated tax savings of R\$51,368.

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

Basic and diluted earnings por share	06/30/2021	06/30/2020
Numerator		
Net profit for the period attributed to Company shareholders		
Common Shares	180,721	168,878
Preferred shares	397,586	371,533
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	0.35876	0.33525
Per preferential share	0.39464	0.36878

23. OPERATING REVENUES

Operating Revenues composition, by nature, is the following:

Description	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Revenue				
Revenues from Water	833,901	747,631	1,639,952	1,557,874
Revenues from Sewage	488,787	447,536	957,770	930,786
Revenues from services	27,345	24,873	54,169	58,545
Revenues from Solid Waste	3,066	2,936	6,033	6,099
Services Provided to Municipalities	5,164	5,034	10,319	9,942
Donations made by clients	11,153	5,437	18,316	10,739
Other Revenue	1,180	1,456	2,498	2,706
Total operating revenues	1,370,596	1,234,903	2,689,057	2,576,691
Deductions from Operating Revenues				
COFINS	(79,904)	(69,744)	(155,500)	(148,353)
PASEP	(17,303)	(15,120)	(33,692)	(32,163)
Total Deductions	(97,207)	(84,864)	(189,192)	(180,516)
Total operating revenues, net	1,273,389	1,150,039	2,499,865	2,396,175

The Company incurred revenue and costs from construction contracts linked to the program contracts of R\$47,303 (R\$24,620 for the same period in 2020), during the second quarter of 2021, i.e., with a null margin. These revenues are shown net of construction costs.

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24. COST OF PRODUCTS AND SERVICES

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

Description	04/01/2021 to 06/30/2021			04/01/2020 to 06/30/2020		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(75,608)	(35,869)	(111,477)	(76,189)	(31,469)	(107,658)
Materials	(25,568)	(17,886)	(43,454)	(22,761)	(18,927)	(41,688)
Electricity	(106,102)	(13,327)	(119,429)	(102,874)	(12,322)	(115,196)
Third-party services	(61,379)	(41,874)	(103,253)	(59,228)	(47,183)	(106,411)
Depreciation and amortization	(41,314)	(39,845)	(81,159)	(36,983)	(36,086)	(73,069)
Indemnities of third-party damages	(704)	(342)	(1,046)	(2,563)	(2,853)	(5,416)
Other costs	(26,181)	(13,379)	(39,560)	(20,641)	(9,600)	(30,241)
Total	(336,856)	(162,522)	(499,378)	(321,239)	(158,440)	(479,679)

Description	01/01/2021 to 06/30/2021			01/01/2020 to 06/30/2020		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(141,428)	(68,351)	(209,779)	(141,979)	(59,321)	(201,300)
Materials	(51,701)	(34,109)	(85,810)	(46,741)	(38,086)	(84,827)
Electricity	(212,569)	(28,385)	(240,954)	(209,631)	(25,518)	(235,149)
Third-party services	(119,311)	(84,138)	(203,449)	(112,388)	(89,673)	(202,061)
Depreciation and amortization	(81,123)	(78,376)	(159,499)	(72,979)	(71,135)	(144,114)
Indemnities of third-party damages	(1,519)	(973)	(2,492)	(3,764)	(3,167)	(6,931)
Other costs	(54,576)	(23,596)	(78,172)	(46,697)	(20,145)	(66,842)
Total	(662,227)	(317,928)	(980,155)	(634,179)	(307,045)	(941,224)

25. SELLING, ADMINISTRATIVE AND OTHER EXPENSES

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

Description	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Selling				
Personnel	(30,472)	(35,939)	(59,348)	(67,808)
Materials	(686)	(850)	(1,291)	(1,937)
Third-party services	(27,959)	(27,948)	(55,960)	(56,781)
Depreciation and amortization	(2,546)	(3,018)	(5,002)	(6,001)
Losses in Realization of Credits	(25,759)	(15,029)	(43,343)	(26,656)
Municipal Sanitation and Environmental Management Fund	(17,073)	(17,251)	(32,520)	(34,964)
Indemnities of third-party damages	(245)	(271)	(422)	(651)
Sanepar Rural program	(777)	(842)	(1,253)	(1,532)
Other expenses	(269)	(212)	(899)	(745)
Total selling expenses	(105,786)	(101,360)	(200,038)	(197,075)
Administrative				
Personnel	(136,428)	(151,790)	(266,274)	(287,430)
Materials	(10,365)	(8,896)	(20,945)	(20,910)
Third-party services	(33,723)	(31,494)	(63,172)	(61,001)
Depreciation and amortization	(13,917)	(13,349)	(27,497)	(26,216)
Adjustment to the Net Realizable Value of the Inventory	390	(898)	2,074	(1,777)
Regulatory fee	(6,449)	(6,342)	(12,897)	(12,684)
Travel expenses	(988)	(498)	(1,780)	(1,768)
Environmental and social programs	(588)	(824)	(2,734)	(4,966)
Indemnities of third-party damages	(1,542)	(375)	(1,682)	(729)
Other expenses	(2,852)	(2,952)	(7,743)	(7,880)
Transfers to Selling expenses and cost (1)	33,707	27,352	66,091	60,150
Expenses Capitalized (2)	30,606	21,851	52,201	39,787
Total administrative expenses	(142,149)	(168,215)	(284,358)	(325,424)
Other operating revenues (expenses)				
Expenses				
Eventual or extraordinary losses (3)	38	(16)	(8)	(37,155)
Environmental fines	(103)	(3)	(111)	(30)
Write-off of assets	(1,402)	(2,067)	(1,733)	1,365
Adjustment to Fair Value – Investments	(17)	83	(315)	(221)
Total other operating revenues (expenses), net	(1,484)	(2,003)	(2,167)	(36,041)

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- (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.

26. PROFIT SHARING PROGRAM

The Company provisioned the amount of R\$40,771 (R\$38,762 in the same period in 2020), as Profit Sharing until the second quarter of 2021, which is recorded in the Salaries and Social Charges account, in current liabilities.

27. FINANCIAL INCOME (LOSS)

Description	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Financial revenues				
Financial investments	10.715	7.833	15.447	12.724
Monetary variation gains	8.188	1.536	13.233	5.520
Exchange rate variation - Gain	1.322	-	1.356	-
Gain with derivative financial instruments	-	423	491	944
Other financial revenues	4.835	5.735	10.133	11.458
Total financial revenues	25.060	15.527	40.660	30.646
Financial expenses				
Financing and Debenture Interest and Charges and Lease	(62.886)	(52.187)	(117.117)	(103.161)
Monetary variation losses (1)	(19.954)	5.975	(35.856)	1.250
Exchange rate variation - losses	-	(436)	(500)	(975)
Losses with derivative financial instruments	(1.399)	-	(1.441)	-
Other financial expenses (2)	(796)	(619)	(1.065)	(12.287)
Total financial expenses	(85.035)	(47.267)	(155.979)	(115.173)
Financial income (loss), net	(59.975)	(31.740)	(115.319)	(84.527)

- (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 and of variation of the IPCA;
- (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 06/30/2021			01/01/2020 to 06/30/2020		
	Water	Sewage	Total	Water	Sewage	Total
Direct operating revenue	1,679,002	978,922	2,657,924	1,601,633	951,671	2,553,304
Other operating revenues	17,711	13,422	31,133	13,325	10,062	23,387
Total gross operating Revenue	1,696,713	992,344	2,689,057	1,614,958	961,733	2,576,691
Revenue Deductions (PASEP and COFINS)	(107,624)	(81,568)	(189,192)	(102,857)	(77,659)	(180,516)
Net operating revenue	1,589,089	910,776	2,499,865	1,512,101	884,074	2,396,175
Cost	(662,227)	(317,928)	(980,155)	(634,179)	(307,045)	(941,224)
Gross profit	926,862	592,848	1,519,710	877,922	577,029	1,454,951
Selling expenses	(113,800)	(86,238)	(200,038)	(112,287)	(84,788)	(197,075)
Administrative expenses	(161,769)	(122,589)	(284,358)	(185,416)	(140,008)	(325,424)
Other operating revenues (expenses)	(1,233)	(934)	(2,167)	(20,535)	(15,506)	(36,041)
Equity in earnings (losses) of controlled companies	-	(1,245)	(1,245)	-	(2,049)	(2,049)
Financial income (loss), net	(52,631)	(62,688)	(115,319)	(36,427)	(48,100)	(84,527)
Profit sharing program	(23,194)	(17,577)	(40,771)	(22,085)	(16,677)	(38,762)
Provisions	(27,975)	(21,120)	(49,095)	(3,107)	(2,377)	(5,484)
Pension plan and medical insurance	(16,743)	(12,690)	(29,433)	(19,038)	(14,376)	(33,414)
Income before taxes and contributions	529,517	267,767	797,284	479,027	253,148	732,175
Income and social contribution taxes	(145,433)	(73,544)	(218,977)	(125,463)	(66,301)	(191,764)
Net income for the period	384,084	194,223	578,307	353,564	186,847	540,411
Operating margin - Unaudited/ Not reviewed	33.3%	29.4%	31.9%	31.7%	28.6%	30.6%
Net margin - Unaudited/ Not reviewed	24.2%	21.3%	23.1%	23.4%	21.1%	22.6%
Investments in fixed /Intangible assets in the period (1)	291,772	260,567	552,339	217,881	228,688	446,569
Shareholding Interest – CS Bioenergia	-	1,046	1,046	-	250	250
Indebtedness – Loans, Financing, Debentures and Lease	1,773,782	2,262,359	4,036,141	1,528,562	2,133,830	3,662,392
Contract of assets, Fixed assets and intangible assets, net	4,612,957	5,562,380	10,175,337	4,267,329	5,267,095	9,534,424
Depreciation and amortization for the period	(99,613)	(92,385)	(191,998)	(91,336)	(84,995)	(176,331)
Accounts receivable (current and non-current) (2)	823,361	426,716	1,250,077	642,798	350,589	993,387
Total assets	6,287,249	7,581,270	13,868,519	5,734,845	7,078,427	12,813,272
Total current and noncurrent liabilities	2,982,443	3,575,773	6,558,216	2,943,025	3,380,541	6,323,566
Number of Users – Unaudited/Not reviewed (3)	3,312,137	2,345,221	-	3,225,142	2,259,553	-
Volume Thousand m ³ Invoiced – Unaudited/Not reviewed (4)	260,371	197,311	-	265,611	200,562	-

(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 June 30, 2021, the Company offered guarantees through Guarantee Insurance in 225 legal claims in the amount of R\$203,284 with Pottencial Seguradora S/A, with maturity on 06/07/2022.

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 warranty limit R\$20,000, with the term of the contract for 365 days ending on 09/09/2021.

30. OPERATIONS “ÁGUAS CLARAS” AND “DUCTOS” AND ITS EFFECTS ON THE COMPANY

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.

Since December 2020, the External Investigation Commission (CEI), as well as the law firm Tauil & Checker Advogados, associated with Mayer Brown and the consultant Ernst & Young – EY (jointly, “Investigation Team”) have been conducting an independent forensic investigation, under the coordination of the CEI, to investigate the allegations related to Operation “Águas Claras”.

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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 original functions for which they had tendered.

At its 9th/2020 Ordinary Meeting referred above, 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 same as the operation above). 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.

On July 22, 2021, at the 7th/2021 Ordinary Meeting, the Board of Directors was made aware by the CEI of certain preliminary findings considered relevant that were identified by the Investigation Team, but which lack additional procedures for confirming the facts and measuring their effects, as applicable, and at the same ordinary meeting resolved to: (I) appoint the Internal Audit, together with the Deputy Board of Governance, Risk and Compliance, in order to carry out internal work aimed at: (a) consolidating said preliminary findings the Investigation Team with the results of the work carried out so far, and future referral to the competent authorities; (b) analyze whether the reinforcement of internal controls carried out by the Company are sufficient in light of the findings; (c) analyze whether the changes in the Company's internal control programs, implemented as a result of the work of the Task Force and Internal Audit, are effective in mitigating the risks related to similar contracts; and (d) with the support of the Financial and Investor Relations Board (“DFRI”), measure the possible adjustments to the financial statements, as applicable, considering that additional procedures need to be carried out in order to support any type of measurement.

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On July 23, 2021, the court of the 1st Criminal Court of the District of Ponta Grossa/PR received a complaint from the Public Ministry of Paraná dated June 22, 2021, against certain Sanepar employees and companies involved in "Operation Ductos". Some employees mentioned in the complaint continue to be employees of the Company, even because it is necessary to observe the rite provided for in the labor legislation, given that Sanepar's Management is working to implement the appropriate measures in relation to the matter.

Due to the complaint of the Public Ministry dated June 22, 2021, as above, which mentions unlawful acts related to the Maintenance Management System for the period 2015 to 2018 and Materials for the period 2010 to 2019, in the amount of R \$5,949, the Company recorded a provision of said amount under the headings "Provision for Contingencies - Income" and "Provisions - Non-Current Liabilities", which may be updated according to the additional procedures resolved at the 7th/2021 Ordinary Meeting as above.

Progress of Activities:

The work of independent forensic investigation to verify the allegations related to the "Águas Claras" and "Ductos" operations, as stated above, are in progress and continue to be monitored by CEI, by the Board of Directors, as well as by the Company's external auditor. Until the date of publication of this interim financial information, the works are according to the schedule.

Sanepar's Management is taking the necessary measures towards the court and local authorities and will continue to use its best efforts to support the work of the independent internal investigation conducted by the Investigation Team and CEI regarding 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)

The beginning of 2021 was marked by the worsening of the Covid-19 pandemic in Brazil. In Paraná, in mid-March, we faced the worst moment since the onset of the disease. To reduce the uncontrolled spread of Covid-19 contagion, and avoid the collapse of the health system, preventive measures, related to social isolation and restriction of non-essential economic activities, were tightened. On the other hand, the start of vaccination in mid-January of this year brought the possibility of a reduction in the number of cases and deaths from the disease. As immunization advances, the expectation of economic recovery in the country increases.

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Within this context, Sanepar, which provides Environmental Sanitation services, considered an “essential service”, has implemented actions to enable the continuity and quality of its operations and, at the same time, preserve the integrity and health of its employees. In addition, the Company has been working to mitigate the economic impacts of the pandemic on its customers, reaffirming its commitment to contribute to the improvement of the quality of life of the population served in the municipalities where 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:

- 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 the increase in defaults and a temporary extension of the maturity of water and sewage bills for low-income consumers. In order to mitigate the economic effects caused by the pandemic, and complementing the Material Facts of March 23, June 24, September 21, December 15, 2020, and March 15, 2021, the Company published a new Material Fact, on June 14, 2021, informing about the extension of 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 June 18, 2021. In the second quarter of this year, the average monthly billing of the Social Tariff was R\$3.9 million, and an average of 203 thousand water savings was met and 142 thousand of sewage. In addition, state law No. 20187/2020 remains in force, which restricts the interruption of the service provision to certain categories of consumers during emergency situations, as in the case of the Covid-19 pandemic. This prohibition contributed to the increase in the delinquency rate, due to the increase in accounts 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\$13.8 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.

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- **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\$626.4 million, being R\$500 million referring to the settlement of the 11th issue of incentive debentures, R\$5.5 million from BNDES resources and R\$118.8 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.
- **Management evaluated the impacts on employee benefits and the Company's obligations.** In this year, despite the uncertainty in the financial market and the impacts on the health scenario, notably in relation to the new variants of Covid-19, considering the best information available, it 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 2nd quarter of 2021, in addition to those shown in Note 13.**

Regarding its professionals, the Company has implemented actions to prevent contagion in the work environment. A Contingency Plan was established at Sanepar, through the Covid-19 Special Commission, which gathers information for risk management and describes previously planned measures to fight the coronavirus pandemic. Among the main actions taken are:

- Home isolation according to medical prescription for employees with suspect of infection or who have had contact with a symptomatic or infected person;
- Remote work regime for employees over 60 (sixty) years, employees 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 facilities, and at the same time, avoid agglomerations in the transport system and public roads;
- Travel restrictions and replacement of face-to-face meetings for video conferencing.

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Likewise, Sanepar has implemented actions to preserve the health of its customers and mitigate the economic effects caused by the pandemic.

- Service at the contact centers follows the restriction criteria and definitions determined by the local authorities of the municipalities where Sanepar operates;
- The Company extended the Private Customer Credit Recovery Program (RECLIP). The program provides for the installment payment of debts of private customers and allows debts to be included in the negotiation until March 2021. The program brings a series of benefits, such as the waiver of the down payment, the removal of the 2% fine, and the reduction in the installment interest rate, which dropped from 0.46% to 0.1% per month. There is no minimum installment requirement. Regardless of the debt amount, the customer category (residential, commercial, or industrial), its consumption range, and the final amount of the installment after negotiation, the debt can be paid within 60 months.

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

32. SUBSEQUENT EVENTS

On August 5, 2021, State Decree No. 8,299 was published, recognizing the water emergency in the State of Paraná, for a period of 90 days.

As of August 11, 2021, the Company will resume the previous rotation model for water supply in Curitiba and the Metropolitan Region. The supply period will be reduced to 36 hours, with a suspension of up to 36 hours.

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 June 30, 2021, which comprise the balance sheet on June 30, 2021 and the related statements of income and comprehensive income for the three and six-months period then ended, and the statements of changes in equity and cash flows for the six-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 CPC 21 (R1) - 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)

As mentioned in Note 30 to the interim financial statements, the internal investigations, which are being monitored by the CEI, were concluded in relation to the operations “Rádio Patrulha” and “Integração”, for which no financial or accounting impacts were determined, and with respect to the operations “Águas Claras” and “Ductos” are in progress, at this moment, preliminary findings considered relevant have been identified and are being evaluated by the forensic investigation independent, and it is not possible to predict future developments for the Company arising from them, nor is there knowledge of 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 six-month period ended June 30, 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, August 12, 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 No. 480/2009, declares that it has reviewed, discussed and agreed with Sanepar's interim financial statements for the period ended June 30, 2021.

Curitiba, August 2nd, 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

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 No. 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 June 30, 2021.

Curitiba, August 12th, 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

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JULIO CESAR GONCHOROSKY
Chief of Environment and Social Action Officer