

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

COMPANHIA DE SANEAMENTO DO PARANÁ -  
SANEPAR

Auditor's review report

Quarterly Information

For the quarter ended September 30, 2021

# **COMPANHIA DE SANEAMENTO DO PARANÁ - SANEPAR**

**Quarterly Information**  
**For the quarter ended at September 30, 2021**

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**Individual financial statements/ statements of financial position - assets**

**(In thousands of Brazilian reais)**

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter 09/30/2021</b>	<b>Prior year 12/31/2020</b>
1	Total Assets	14,325,353	13,190,858
1.01	Current assets	2,105,882	1,756,277
1.01.01	Cash and cash equivalents	1,070,842	874,323
1.01.01.01	Cash and banks	38,105	5,127
1.01.01.02	Financial investments	1,032,737	869,196
1.01.03	Accounts receivable	919,472	779,404
1.01.03.01	Trade accounts receivable	919,472	779,404
1.01.04	Inventories	52,461	53,857
1.01.06	Recoverable taxes	102	6,810
1.01.06.01	Current recoverable taxes	102	6,810
1.01.08	Other current assets	63,005	41,883
1.01.08.03	Others	63,005	41,883
1.01.08.03.01	Restricted deposits	14,191	4,661
1.01.08.03.02	Derivative financial instruments	11,456	9,476
1.01.08.03.03	Other accounts receivable	37,358	27,746
1.02	Noncurrent assets	12,219,471	11,434,581
1.02.01	Long-term assets	3,671,387	3,224,909
1.02.01.04	Accounts receivable	41,847	20,199
1.02.01.04.01	Trade accounts receivable	41,847	20,199
1.02.01.07	Deferred taxes	681,863	656,495
1.02.01.07.01	Deferred Income and Social Contribution Taxes	681,863	656,495
1.02.01.10	Other noncurrent assets	2,947,677	2,548,215
1.02.01.10.03	Restricted deposits	58,209	56,953
1.02.01.10.06	Court deposits	381,134	320,475
1.02.01.10.07	Contractual financial assets	576,198	490,082
1.02.01.10.08	Contract of asset	1,887,640	1,634,802
1.02.01.10.09	Other receivables	44,496	45,903
1.02.02	Investments	3,031	2,352
1.02.02.01	Shareholdings	3,031	2,352
1.02.02.01.03	Joint Ventures	3,031	2,352
1.02.03	Fixed assets	290,385	286,007
1.02.03.01	Fixed assets in operation	216,543	224,351
1.02.03.02	Rigth-of-use assets	73,842	61,656
1.02.04	Intangible assets	8,254,668	7,921,313
1.02.04.01	Intangible assets	8,254,668	7,921,313
1.02.04.01.01	Concession contracts	8,071,474	7,734,663
1.02.04.01.02	Rigth-of-use assets	183,194	186,650

**Individual financial statements/ statements of financial position - liabilities**

(In thousands of Brazilian reais)

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter 09/30/2021</b>	<b>Prior year 12/31/2020</b>
2	Total Liabilities	14,325,353	13,190,858
2.01	Current liabilities	1,358,276	1,448,859
2.01.01	Payroll and social charges	86,483	181,369
2.01.01.02	Labor liabilities	86,483	181,369
2.01.02	Trade accounts payable	259,493	209,428
2.01.02.01	Trade accounts payable - domestic	259,493	209,428
2.01.03	Tax liabilities	95,215	72,691
2.01.03.01	Federal Taxes	92,255	70,190
2.01.03.01.01	Income tax and social contribution	51,033	0
2.01.03.01.02	Other Federal Taxes	41,222	70,190
2.01.03.03	Municipal Taxes	2,960	2,501
2.01.04	Loans and financing	416,376	521,505
2.01.04.01	Loans and financing	233,968	275,978
2.01.04.01.01	Domestic currency	233,929	275,978
2.01.04.01.01	Foreign currency	39	0
2.01.04.02	Debentures	108,207	191,146
2.01.04.03	Financing from finance lease	74,201	54,381
2.01.05	Other liabilities	244,104	298,226
2.01.05.02	Others	244,104	298,226
2.01.05.02.01	Dividends and interest on equity capital payable	136,329	206,236
2.01.05.02.05	Collaterals and contractual retentions	2,266	2,307
2.01.05.02.07	Unearned revenue	1,750	4,200
2.01.05.02.08	Derivative financial instruments	10,476	8,184
2.01.05.02.09	Other accounts payable	93,283	77,299
2.01.06	Provisions	256,605	165,640
2.01.06.02	Other provisions	256,605	165,640
2.01.06.02.04	Provisions for pension plan and health insurance	81,034	78,090
2.01.06.02.05	Labor provisions	175,571	87,550
2.02	Noncurrent liabilities	5,389,433	4,798,836
2.02.01	Loans and financing	3,642,656	3,126,083
2.02.01.01	Loans and financing	1,472,833	1,450,794
2.02.01.01.01	Domestic currency	1,462,203	1,442,160
2.02.01.01.02	Foreign currency	10,630	8,634
2.02.01.02	Debentures	1,844,849	1,371,619
2.02.01.03	Financing from finance lease	324,974	303,670
2.02.02	Other liabilities	10,710	34,814
2.02.02.02	Others	10,710	34,814
2.02.02.02.05	Contractors and Suppliers	2,829	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	7,881	29,617
2.02.04	Provisions	1,736,067	1,637,939
2.02.04.02	Other provisions	1,736,067	1,637,939
2.02.04.02.04	Provisions for pension plan and health insurance	1,134,469	1,093,262
2.02.04.02.05	Provisions	601,598	544,677
2.03	Equity	7,577,644	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	60,391	64,292
2.03.03.01	Own assets	60,391	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)	698,619	0
2.03.06	Asset and liability valuation adjustments	4,514	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		Accumulated in prior year	
		07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020		
3.01	Revenue from sales of goods and/or services	1,321,360	3,821,225	1,166,691	3,562,866		
3.02	Cost of goods sold and/or services rendered	-517,480	-1,497,635	-503,668	-1,444,892		
3.03	Gross result	803,880	2,323,590	663,023	2,117,974		
3.04	Operating expenses/revenues	-312,554	-919,661	-362,366	-1,000,615		
3.04.01	Selling expenses	-113,044	-313,082	-124,691	-321,766		
3.04.02	General and administrative expenses	-150,892	-435,250	-217,998	-543,422		
3.04.05	Other operating expenses	-47,525	-168,991	-19,725	-133,426		
3.04.05.01	Provision for contingencies	-7,826	-56,921	-889	-6,373		
3.04.05.02	Pension plan and health insurance	-14,718	-44,151	-16,707	-50,121		
3.04.05.03	Profit sharing program	-18,847	-59,618	-3,783	-42,545		
3.04.05.04	Other operating expenses (revenues)	-6,134	-8,301	1,654	-34,387		
3.04.06	Equity in earnings (losses) of controlled companies	-1,093	-2,338	48	-2,001		
3.05	Income (loss) before financial income (loss) and taxes	491,326	1,403,929	300,657	1,117,359		
3.06	Financial income (loss)	-93,260	-208,579	-57,422	-141,949		
3.06.01	Financial revenues	25,559	66,219	13,644	44,290		
3.06.02	Financial expenses	-118,819	-274,798	-71,066	-186,239		
3.07	Income (loss) before taxes	398,066	1,195,350	243,235	975,410		
3.08	Income and Social Contribution Taxes	-130,725	-349,702	-78,655	-270,419		
3.08.01	Current	-159,828	-375,070	-126,412	-334,814		
3.08.02	Deferred	29,103	25,368	47,757	64,395		
3.09	Net income (loss) from continuing operations	267,341	845,648	164,580	704,991		
3.11	Income/Loss for the period	267,341	845,648	164,580	704,991		
3.99	Earnings per share – (Reais/Share)						
3.99.01	Basic earnings per share						
3.99.01.01	Preferred shares	0.18243	0.57707	0.11231	0.48109		
3.99.01.02	Common shares	0.16585	0.52461	0.1021	0.43735		
3.99.02	Diluted earnings per share						
3.99.02.01	Preferred shares	0.18243	0.57707	0.11231	0.48109		
3.99.02.02	Common shares	0.16585	0.52461	0.1021	0.43735		

**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		
		07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
4.01	Net income for the period	267,341	845,648	164,580	704,991
4.02	Other comprehensive income	-1,323	-4,055	-1,312	-4,161
4.02.01	Realization of revaluation surplus	-1,925	-5,911	-1,924	-5,968
4.02.02	Taxes on Realization of Revaluation Surplus	655	2,010	654	2,029
4.02.03	Realization of Deemed Cost	-80	-233	-63	-336
4.02.04	Taxes on Realization of Deemed Cost	27	79	21	114
4.03	Comprehensive income for the period	266,018	841,593	163,268	700,830

**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 09/30/2021	01/01/2020 to 09/30/2020
6.01	Net cash from operating activities	1,314,953	1,324,869
6.01.01	Cash from operations	1,570,720	1,215,228
6.01.01.01	Net income for the period	845,648	704,991
6.01.01.02	Depreciation and amortization	292,822	267,870
6.01.01.03	Costs of fixed and intangible assets write-offs	11,143	7,473
6.01.01.04	Impairment	-2,752	-1,933
6.01.01.06	Discount to present value of financial assets	-16,341	-1,953
6.01.01.07	Allowance for doubtful accounts	74,721	56,282
6.01.01.08	Deferred Income and Social Contribution Taxes, net	-25,368	-64,395
6.01.01.09	Provision for contingencies	56,921	6,373
6.01.01.10	Pension plan and medical insurance	44,151	50,121
6.01.01.11	Interest on financing	171,422	146,504
6.01.01.12	Monetary variations on financing	60,338	6,749
6.01.01.13	Interest and monetary restatements Leasing	52,008	33,273
6.01.01.14	Exchange rate, net	-184	1,471
6.01.01.15	Exchange on derivative financial instrments	392	-1,432
6.01.01.16	Equity in earnings (losses) of controlled companies	2,338	2,001
6.01.01.17	Appropriation of costs of funds raised from third parties	3,144	1,460
6.01.01.18	Adjustment to Fair Value – Investments	317	373
6.01.02	Changes in assets and liabilities	-255,767	109,641
6.01.02.01	Trade accounts receivable	-236,437	-554
6.01.02.02	Recoverable taxes and contributions	6,708	-6,092
6.01.02.03	Inventories	1,396	-2,530
6.01.02.04	Court deposits	-60,659	-5,819
6.01.02.05	Other receivables and accounts receivable	-8,205	-9,307
6.01.02.06	Contractors and Suppliers	48,502	-21,955
6.01.02.07	Concession contracts	0	-31,414
6.01.02.08	Taxes and contributions	323,298	338,212
6.01.02.09	Salaries and social charges	-6,865	174,238
6.01.02.10	Collaterals and contractual retentions	-41	-48
6.01.02.11	Unearned revenues	-3,150	-3,150
6.01.02.12	Income and social contribution taxes paid	-314,483	-309,092
6.01.02.13	Other accounts payable	-5,831	-12,848
6.02	Net cash from investing activities	-919,328	-706,499
6.02.01	Investments in fixed and intangible assets	-918,332	-705,406
6.02.02	Investments	-996	-1,093
6.03	Net cash from financing activities	-199,106	70,952
6.03.01	Financing	703,004	762,073
6.03.02	Amortization of financing	-386,261	-170,167
6.03.03	Payments of interest on financing	-168,628	-143,084
6.03.04	Payments of Mercantile Leases	-56,449	-58,760
6.03.05	Costs of funds raised with third parties	-12,515	-12,443
6.03.06	Restricted deposits	-10,786	-3,184
6.03.07	Payments of Interest on Equity	-267,471	-303,483
6.05	Increase (decrease) in cash and equivalents	196,519	689,322
6.05.01	Beginning balance of cash and cash equivalents	874,323	274,059
6.05.02	Ending balance of cash and cash equivalents	1,070,842	963,381

Individual financial statements/ Statement of changes in equity - 01/01/2021 to 09/30/2021

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	0	-60,083	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	849,703	-4,055	845,648
5.05.01	Net income for the period	0	0	0	845,648	0	845,648
5.05.02	Other comprehensive income	0	0	0	4,055	-4,055	0
5.05.02.06	Realization of revaluation surplus	0	0	0	5,911	-5,911	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-2,010	2,010	0
5.05.02.08	Realization of adjustment to deemed cost	0	0	0	233	-233	0
5.05.02.09	Taxes on realization of adjustment to deemed cost	0	0	0	-79	79	0
5.07	Ending balances	3,996,137	0	2,793,497	698,619	89,391	7,577,644



Individual financial statements/ Statement of changes in equity - 01/01/2020 to 09/30/2020

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	-1,218,980	-150,687	0	-224,619
5.04.01	Increase capital stock	1,145,048	0	-1,145,048	0	0	0
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	709,152	-4,161	704,991
5.05.01	Net income for the period	0	0	0	704,991	0	704,991
5.05.02	Other comprehensive income	0	0	0	4,161	-4,161	0
5.05.02.06	Realization of revaluation surplus	0	0	0	5,968	-5,968	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-2,029	2,029	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	336	-336	0
5.05.02.09	Taxes on realization of adjustment to attributed c	0	0	0	-114	114	0
5.07	Ending balances	3,996,137	0	2,087,787	558,465	11,897	6,654,286

<b>Individual financial statements/ Statements of value added</b>		<b>Accumulated in</b>	<b>Accumulated in</b>
<b>Code of account</b>	<b>Account description</b>	<b>current year</b>	<b>prior year</b>
		<b>01/01/2021 to 09/30/2021</b>	<b>01/01/2020 to 09/30/2020</b>
7.01	Revenues	4,026,687	3,739,948
7.01.01	Sales of merchandise, products and services	4,109,709	3,830,617
7.01.02	Other revenues	-8,301	-34,387
7.01.04	Reversal of/allowance for doubtful accounts	-74,721	-56,282
7.02	Inputs acquired from third parties	-1,163,338	-1,079,335
7.02.01	Costs of products, merchandise and services sold	-450,286	-446,136
7.02.02	Materials, energy, third-party services and others	-639,214	-579,328
7.02.04	Others	-73,838	-53,871
7.03	Gross value added	2,863,349	2,660,613
7.04	Withholdings	-292,822	-267,870
7.04.01	Depreciation, amortization and depletion	-292,822	-267,870
7.05	Net generated value added	2,570,527	2,392,743
7.06	Value added received by transfer	63,881	42,289
7.06.01	Equity in earnings (losses) of controlled companies	-2,338	-2,001
7.06.02	Financial revenues	66,219	44,290
7.07	Total value added to be distributed	2,634,408	2,435,032
7.08	Value added distribution	2,634,408	2,435,032
7.08.01	Personnel	742,853	870,873
7.08.01.01	Direct compensation	483,980	490,064
7.08.01.02	Benefits	225,990	346,210
7.08.01.03	Severance Pay Fund (FGTS)	32,883	34,599
7.08.02	Taxes, fees and contributions	767,308	669,827
7.08.02.01	Federal	763,936	666,958
7.08.02.02	State	324	424
7.08.02.03	Municipal	3,048	2,445
7.08.03	Return on debt capital	278,599	189,341
7.08.03.01	Interest	274,798	186,239
7.08.03.02	Rents	3,801	3,102
7.08.04	Return on equity capital	845,648	704,991
7.08.04.01	Interest on Equity	151,084	150,687
7.08.04.03	Retained earnings/ Accumulated losses for the period	694,564	554,304

**1. OPERATING DATA**
**1.1 MARKET**

We present below the contracts in % of Total Revenue of the Company, as of September 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	21.5%	26.8 years	Program	Water and Sewage	100%	97.4%	830.1	808.6
Londrina	7.4%	24.8 years	Program	Water and Sewage	100%	96.1%	257.3	244.3
Maringá	5.4%	18.9 years	Concession	Water and Sewage	100%	100.0%	169.6	188.9
Ponta Grossa	3.7%	4.5 years	Concession	Water and Sewage	100%	91.3%	153.1	138.4
Cascavel	3.6%	3.2 years	Concession	Water and Sewage	100%	100.0%	131.3	138.1
Foz do Iguaçu	3.4%	22.4 years	Program	Water and Sewage	100%	79.5%	118.5	95.5
São José dos Pinhais	2.8%	22.3 years	Program	Water and Sewage	100%	77.4%	119.1	93.3
Colombo	1.8%	26.6 years	Program	Water and Sewage	100%	67.0%	86.9	59.3
Guarapuava	1.7%	21.1 years	Program	Water and Sewage	100%	85.2%	68.4	56.9
Toledo	1.5%	3.9 years	Concession	Water and Sewage	100%	82.6%	61.3	49.1
Other Municipalities	47.2%						2,154.3	1,315.8
<b>Total</b>					<b>100.0%</b>	<b>77.4%</b>	<b>4,149.9</b>	<b>3,188.2</b>

Concession / Program Contracts <sup>1</sup>	Number of Contracts*	Intangible assets Contract assets Financial assets (in millions of Brazilian Reais) <sup>1 2</sup>	% of Total Revenue <sup>1</sup>
Overdue	12	372.4	4.1
Expiration on 2021	2	9.3	0.1
Expiration between 2022 and 2030	51	1,407.0	12.
Expiration after 2030	281	8,690.4	83.7
<b>Total</b>	<b>346</b>	<b>10,479.1</b>	<b>100.0</b>

<sup>1</sup> Information not reviewed by independent auditors.

<sup>2</sup> Book value

The rate of service with treated water is 100% and the rate of service with the sewage collection network - IARCE Urbano is 77.4%, 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 September 30, 2021.

The number of water connections in September 2021 is 2.5% higher than the number of connections existing in September 2020, which represents an increase of 82,526 water connections, as follows:

Number of Water Connections*	SEP/21 (1)	%	SEP/20 (2)	%	Var.% (1/2)
Residential	3,027,780	90.9	2,953,141	90.9	2.5
Commercial	238,275	7.2	231,227	7.1	3.0
Industrial	13,510	0.4	13,154	0.4	2.7
Public Utility	23,951	0.7	23,717	0.7	1.0
Public Administration	26,882	0.8	26,633	0.9	0.9
<b>Total</b>	<b>3,330,398</b>	<b>100.0</b>	<b>3,247,872</b>	<b>100.0</b>	<b>2.5</b>

\* Information not reviewed by independent auditors.

The number of sewage connections in September 2021 is 3.6% higher than the number of connections existing in September 2020, representing an increase of 82,996 new sewage connections, as shown below:

Number of Sewage Connections*	SEP/21 (1)	%	SEP/20 (2)	%	Var.% (1/2)
Residential	2,136,650	90.5	2,061,429	90.5	3.6
Commercial	188,352	8.0	181,787	8.0	3.6
Industrial	6,065	0.3	5,519	0.2	9.9
Public Utility	15,622	0.7	15,272	0.7	2.3
Public Administration	14,765	0.5	14,451	0.6	2.2
<b>Total</b>	<b>2,361,454</b>	<b>100.0</b>	<b>2,278,458</b>	<b>100.0</b>	<b>3.6</b>

\* Information not reviewed by independent auditors.

## 1.2 PRODUCTIVITY

In 3Q21, the measured volume of treated water was 121.7 million m<sup>3</sup> against 121.2 million m<sup>3</sup> in 3Q20, representing an increase of 0.4%, as shown below:

Measured Volume - million m <sup>3</sup> *	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
Residential	104.0	106.0	-1.9	320.0	326.2	-1.9
Commercial	9.2	8.3	10.8	26.9	26.9	0.0
Industrial	3.6	2.5	44.0	10.3	8.0	28.8
Public Utility	1.2	1.1	9.1	3.3	3.4	-2.9
Public Administration	3.7	3.3	12.1	10.5	11.5	-8.7
<b>Total</b>	<b>121,7</b>	<b>121.2</b>	<b>0.4</b>	<b>371.0</b>	<b>376.0</b>	<b>-1.3</b>

\* Information not reviewed by independent auditors.

In 3Q21, the volume of treated water billed was 127.9 million m<sup>3</sup>, against to 127.6 million m<sup>3</sup> in 3Q20, representing an increase of 0.2%, as shown below:

Invoiced Water Volume - million m <sup>3</sup> *	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
Residential	109.4	110.9	-1.4	334.5	339.4	-1.4
Commercial	10.1	9.3	8.6	29.6	29.6	0.0
Industrial	3.6	3.2	12.5	10.6	9.6	10.4
Public Utility	1.0	0.8	25.0	2.8	2.8	0.0
Public Administration	3.8	3.4	11.8	10.8	11.8	-8.5
<b>Total</b>	<b>127.9</b>	<b>127.6</b>	<b>0.2</b>	<b>388.3</b>	<b>393.2</b>	<b>-1.2</b>

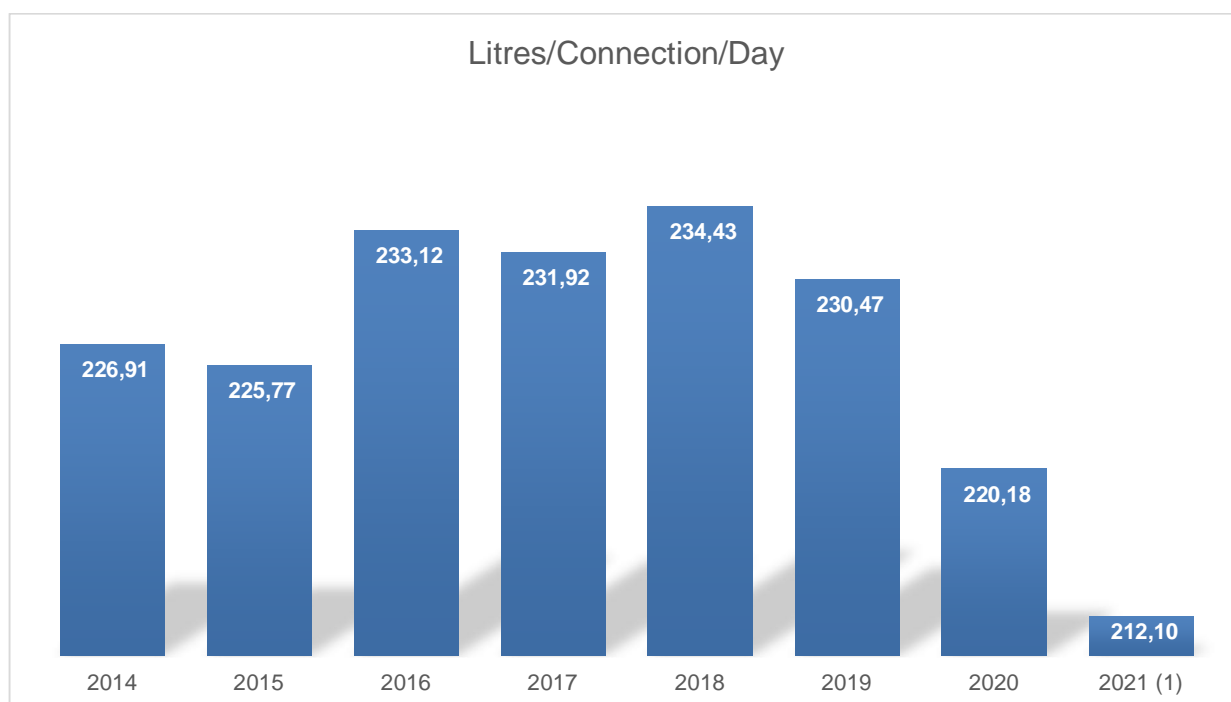
\* Information not reviewed by independent auditors.

The volume of sewage billed in 3Q21 increased by 1.6% compared to 3Q20, as shown below:

Invoiced Sewage Volume - million m <sup>3</sup> *	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
Residential	84.0	84.0	0.0	255.2	256.8	-0.6
Commercial	9.2	8.1	13.6	26.7	26.4	1.1
Industrial	0.8	0.8	0.0	2.4	2.2	9.1
Public Utility	0.8	0.7	14.3	2.4	2.4	0.0
Public Administration	2.9	2.6	11.5	8.3	9.0	-7.8
<b>Total</b>	<b>97.7</b>	<b>96.2</b>	<b>1.6</b>	<b>295.0</b>	<b>296.8</b>	<b>-0.6</b>

\* Information not reviewed by independent auditors.

### DEMONSTRATIVE OF THE LOSS BY CONNECTION\*



\* Information not reviewed by independent auditors.

(1) Accumulated values from January to September 2021.

Water*	3Q21 (1)	3Q20 (2)	Var. (1/2)	3Q19 (3)	Var. % (2/3)
Units served by the distribution network	4,149,930	4,059,051	2.2 %	3,975,705	2.1 %
Number of treatment stations	168	168	0.0 %	170	-1.2 %
Number of wells	1,164	1,241	-6.2 %	1,226	1.2 %
Number of surface catchment	265	230	15.2 %	229	0.4 %
Km of laid network	58,858	56,382	4.4 %	55,131	2.3 %
Volume produced (m <sup>3</sup> )	558,397,832	575,717,822	-3.0 %	580,856,787	-0.9 %
Loss rate:					
In distribution system - %	33.56	34.69	-1.13 p.p.	34.63	0.06 p.p.
In billings - %	30.46	31.71	-1.25 p.p.	31.87	-0.16 p.p.
Evasion of revenues - % (default)	3.50	2.90	0.60 p.p.	1.58	1.32 p.p.

\* Information not reviewed by independent auditors.

Sewage*	3Q21 (1)	3Q20 (2)	Var. (1/2)	3Q19 (3)	Var. % (3)
Units served by the collection network	3,188,247	3,080,026	3.5 %	2,972,998	3.6 %
Number of treatment stations	258	253	2.0 %	247	2.4 %
Km of laid network	39,461	37,914	4.1 %	36,624	3.5 %
Volume collected in m <sup>3</sup>	279,301,187	282,632,025	-1.2 %	283,112,819	-0.2 %

\* Information not reviewed by independent auditors.

## WATER CRISIS AND AVAILABLE VOLUMES

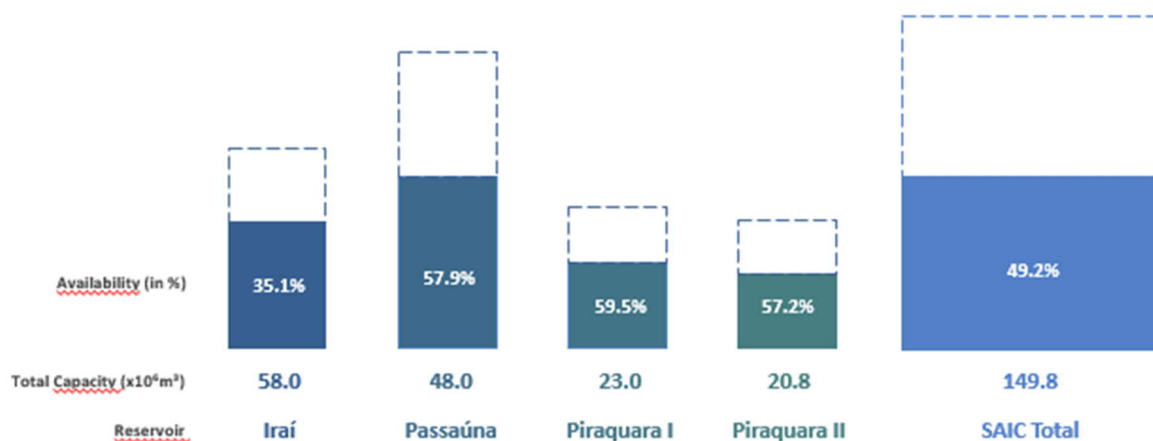
On 05/07/2020, State Decree nº 4,626 was published, recognizing the water emergency situation in the State of Paraná, for a period of 180 days. Subsequently, on 10/29/2020, State Decree No. 6,068 was published, which extended the period of validity of the water emergency for another 180 days. On 05/04/2021, State Decree No. 7,554 was published, which extended the term for another 90 days, and on August 5, 2021, State Decree No. 8,299 was published, recognizing the water emergency situation in the State of Paraná, for a period of 90 days. Subsequently, on 11/05/2021, State Decree No. 9,315 was published, extending the period of water emergency in the metropolitan region of Curitiba and the West and Southwest regions of the State of Paraná for 90 days.

Due to the low volume of reservations and the scarcity of rain, the Company is rotating the water supply as a mitigation action. With the drop in the reserve level below 50%, as of August 11, 2021, the previous rotation model for water supply in Curitiba and Metropolitan Region was resumed. The supply period is 36 hours, with a suspension of up to 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 49.2% (29.8% on 09/30/2020).



\* Information not reviewed by independent auditors.

## 2. FINANCIAL DATA

### 2.1 ECONOMIC PERFORMANCE

Operating revenue - In million of Reais	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
Revenues from water	866.9	758.5	14.3	2,506.9	2,316.4	8.2
Revenues from sewage	508.5	449.4	13.2	1,466.3	1,380.2	6.2
Revenues from services	28.7	30.3	-5.3	82.9	88.8	-6.6
Revenues from solid waste	2.8	2.8	0.0	8.8	8.9	-1.1
Services provided to Municipalities	5.4	5.2	3.8	15.7	15.1	4.0
Donations made by clients	6.9	5.0	38.0	25.2	15.7	60.5
Other revenues	1.4	2.7	-48.1	3.9	5.5	-29.1
<b>Total Operating Revenue</b>	<b>1,420.6</b>	<b>1,253.9</b>	<b>13.3</b>	<b>4,109.7</b>	<b>3,830.6</b>	<b>7.3</b>
COFINS	-81.7	-71.8	13.8	-237.2	-220.1	7.8
PASEP	-17.6	-15.5	13.5	-51.3	-47.7	7.5
<b>Total of Deductions</b>	<b>-99.3</b>	<b>-87.3</b>	<b>13.7</b>	<b>-288.5</b>	<b>-267.8</b>	<b>7.7</b>
<b>Total of Operating Revenue, net</b>	<b>1,321.3</b>	<b>1,166.6</b>	<b>13.3</b>	<b>3,821.2</b>	<b>3,562.8</b>	<b>7.3</b>

Net operating revenue increased by 13.3%, from R\$1,166.6 million in 3Q20 to R\$1,321.3 million in 3Q21, 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 connection.

Operating costs and expenses In million of Reais	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
Personnel	-268.1	-396.9	-32.5	-803.5	-953.4	-15.7
Materials	-54.6	-50.3	8.5	-162.7	-158.0	3.0
Electricity	-142.6	-104.2	36.9	-383.6	-339.3	13.1
Third-party services	-169.5	-164.0	3.4	-492.1	-483.8	1.7
Depreciation and amortization	-100.8	-91.6	10.0	-292.8	-267.9	9.3
Losses in Realization of Credits	-31.3	-29.5	6.1	-74.7	-56.3	32.7
Net Realizable Value of Inventory	0.0	-0.3	-100.0	2.1	-2.1	-200.0
Municipal Sanitation and Environmental	-17.2	-14.3	20.3	-49.7	-49.3	0.8
Regulatory fee	-6.5	-6.3	3.2	-19.4	-19.0	2.1
Indemnifications for damages to third parties	-2.2	-2.1	4.8	-6.8	-10.4	-34.6
Capitalized expenses	21.9	20.9	4.8	74.1	60.7	22.1
Provision for contingencies	-7.8	-0.9	766.7	-56.9	-6.4	789.1
Pension plan and medical insurance	-14.8	-16.7	-11.4	-44.2	-50.1	-11.8
Profit sharing program	-18.8	-3.7	408.1	-59.6	-42.5	40.2
Eventual and extraordinary losses	-4.0	0.1	4,100.0	-4.0	-37.2	-89.2
Net assets write-off	-2.1	1.8	-216.7	-3.8	3.2	-218.8
Other costs and expenses	-11.6	-8.0	45.0	-39.7	-33.7	17.8
<b>Total</b>	<b>-830.0</b>	<b>-866.0</b>	<b>-4.2</b>	<b>-2,417.3</b>	<b>-2,445.5</b>	<b>-1.2</b>

Accumulated operating costs and expenses in the 3Q21 decreased 4.2% compared to the 3Q20.

The main changes resulted from:

#### **Personnel:**

Reduction of 32.5%, due to the 5.5% decrease in the number of employees (from 6,681 to 6,314 employees on September 30, 2020 and September 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 8.5%, in system operation material, material for the conservation and maintenance of administrative goods, electromechanical maintenance material, laboratory material, vehicle maintenance material, fuels and lubricants, and network maintenance material.

#### **Electricity**

Increase of 36.9% due to the 3% reduction in the subsidy applied to consumer units that benefited from the sanitation discount, from 12% to 9%, due to the 52% increase in the amount charged in the banner ruler, due to the change in the banner tariff practiced by COPEL from "Green Flag" in September 2020 to "Water Scarcity Flag" in September 2021, in addition to the average tariff reflex of 9.89% applied as of 06/24/2021.



### Third Party Services

Increase of 3.4%, mainly in professional technical services, registration and billing services, broadcasting services, advertising and publicity, surveillance services, electromechanical maintenance services, and operational technical services.

### Depreciation and amortization

Increase of 10.0%, mainly due to the entry into operation of intangible assets and/or fixed assets, in the period from October 2020 to September 2021, for R\$1,092.0 million (net of write-offs).

### Losses on Credit Realization

Increase of 6.1%, mainly influenced by the increase in provisions for losses on accounts receivable from private customers of R\$25.4 million and also by the accounting of the amount of R\$4.8 million referring to estimated expected losses on credits, according to studies on the drop in revenue caused by the current economic scenario, caused by the Pandemic due to COVID-19.

### Provisions for Contingencies

An increase of 766.7%, due to the provisioning for new lawsuits and mainly due to the write-off of labor lawsuits related to salary differences and charges, in the amount of R\$10.6 million in the 3rd quarter of 2020, impacting the comparative basis between the quarters.

### Occasional Losses

Increase of 4,100%, mainly due to the accounting record of the consolidation of preliminary findings referring to the investigation of Operation Ducts in the amount of R\$ 4.2 million.

## 2.2 ECONOMIC INDICATORS

Financial income (loss) - R\$ in million	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
<b>Financial revenues</b>						
Financial investments	13.7	5.1	168.6	29.2	17.8	64.0
Monetary variation gains	6.3	2.0	215.0	19.5	7.5	160.0
Exchange rate variation	0.0	0.0	-	1.4	0.0	-
Gain on Derivative Financial Instruments	0.6	0.4	50.0	1.1	1.4	-21.4
Other financial revenues	4.9	6.1	-19.7	15.0	17.6	-14.8
<b>Total financial revenues</b>	<b>25.5</b>	<b>13.6</b>	<b>87.5</b>	<b>66.2</b>	<b>44.3</b>	<b>49.4</b>
<b>Financial expenses</b>						
Interest and fees on loans, financing, debentures and leases	-93.5	-62.3	50.1	-210.6	-165.5	27.3
Monetary variation losses	-24.1	-7.7	213.0	-60.0	-6.4	837.5
Exchange rate variation	-0.7	-0.5	40.0	-1.2	-1.5	-20.0
Loss on Derivative Financial Instruments	-0.1	0.0	-	-1.5	0.0	-
Other financial expenses	-0.4	-0.5	-20.0	-1.5	-12.8	-88.3
<b>Total financial expenses</b>	<b>-118.8</b>	<b>-71.0</b>	<b>67.3</b>	<b>-274.8</b>	<b>-186.2</b>	<b>47.6</b>
<b>Financial income (loss), net</b>	<b>-93.3</b>	<b>-57.4</b>	<b>62.5</b>	<b>-208.6</b>	<b>-141.9</b>	<b>47.0</b>

The financial result increased 62.5%, from -R\$57.4 million in 3Q20 to -R\$93.3 million in 3Q21, due to the 67.3% increase in financial expenses, mainly in interest and fee expenses in the financing, loans, debentures, and leases, from R\$62.3 million in 3Q20 to R\$93.5 million in 3Q21 and monetary variations on loans and financing, from R\$7.7 million in 3Q20 to R\$24.1 million in 3Q21, arising from the increase in the calculation base of financial charges due to the raising of debentures (10th and 11th issuances), the monetary restatement of the Litoral Lease debt and the IPCA growth compared to the same period in 2020.

<b>Economic Result - R\$ million</b>	<b>3Q21 (1)</b>	<b>3Q20 (2)</b>	<b>Var. % (1/2)</b>	<b>9M21 (3)</b>	<b>9M20 (4)</b>	<b>Var. % (3/4)</b>
<b>Operating income</b>	<b>491.3</b>	<b>300.6</b>	<b>63.4</b>	<b>1,403.9</b>	<b>1,117.3</b>	<b>25.7</b>
Financial income (loss)	-93.3	-57.4	62.5	-208.6	-141.9	47.0
Taxes on income	-130.7	-78.6	66.3	-349.7	-207.4	29.3
<b>Net income for the period</b>	<b>267.3</b>	<b>164.6</b>	<b>62.4</b>	<b>845.6</b>	<b>705.0</b>	<b>19.9</b>

The Company obtained a net profit of R\$267.3 million in 3Q21, 62.4% above the net result of R\$164.6 million recorded in 3Q20. The result was affected by the 13.3% growth in net operating revenue and the 4.2% reduction in operating costs and expenses.

We present below the reclassification of the 3Q21 result, excluding non-recurring items:

<b>Non-recurrent items - In million of Reais *</b>	<b>3Q21</b>	<b>3Q20</b>	<b>9M21</b>	<b>9M20</b>
<b>Net income</b>	<b>267.3</b>	<b>164.6</b>	<b>845.6</b>	<b>705.0</b>
Incentive Retirement Program - PAI	-	111.4	-	127.8
NPV expenses on contractual financial assets due to changes in the useful life of assets	-	-	-	11.1
Economic-Financial Rebalancing of the Consortium DMFLFM	-	-	-	15.2
Ductos Provision	-5.9	-	-	-
Extraordinary Losses - Ductos Operation	4.2	-	4.2	-
Tax effects	2.0	-37.9	-	-52.4
<b>Net income adjusted to non-recurring items</b>	<b>267.6</b>	<b>238.1</b>	<b>849.8</b>	<b>806.7</b>
Net margin of non-recurrent items	20.3	20.4	22.2	22.6
Non-recurrent items adjusted EBITDA	590.4	503.6	1,700.9	1,539.3
% Adjusted non-recurring items EBITDA Margin	44.7	43.2	44.5	43.2

\* Information not reviewed by independent auditors.

<b>Distribution of the Economic Wealth Generated - In million of Reais</b>	<b>3Q21 (1)</b>	<b>3Q20 (2)</b>	<b>Var. % (1/2)</b>	<b>9M21 (3)</b>	<b>9M20 (4)</b>	<b>Var. % (3/4)</b>
Staff remuneration	245.6	356.5	-31.1	742.9	870.9	-14.7
Government Compensation (Taxes)	272.7	211.5	28.9	767.3	669.8	14.6
Third-party compensation (Rents)	1.1	1.1	0.0	3.8	3.1	22.6
Return on debt capital (interest and monetary variations)	118.8	71.1	67.1	274.8	186.2	47.6
Interest on Equity and Dividends	0.0	0.0	0.0	151.1	150.7	0.3
Net income for the period not distributed	267.3	164.6	62.4	694.5	554.3	25.3
<b>Total Economic Wealth</b>	<b>905.5</b>	<b>804.8</b>	<b>12.5</b>	<b>2,634.4</b>	<b>2,435.0</b>	<b>8.2</b>

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 mainly 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.

<b>Economic Indicators - In million of Reais</b>	<b>3Q21 (1)</b>	<b>3Q20 (2)</b>	<b>Var. % (1/2)</b>	<b>9M21 (3)</b>	<b>9M20 (4)</b>	<b>Var. % (3/4)</b>
Net operating revenue	1,321.3	1,166.6	13.3 %	3,821.2	3,562.8	7.3 %
Operating profit	491.3	300.6	63.4 %	1,403.9	1,117.3	25.7 %
Net income	267.3	164.6	62.4 %	845.6	705.0	19.9 %
% Operating margin	28.0	19.4	8.6 p.p.	29.1	25.5	3.6 p.p.
% Net margin	20.2	14.1	6.1 p.p.	22.1	19.8	2.3 p.p.
% Return on average shareholders' equity	3.6	2.5	1.1 p.p.	11.6	11.0	0.6 p.p.
Net debt/ EBITDA (Accumulated 12 month) *	1.3	1.3	0.0 p.p.	1.3	1.3	0.0 p.p.

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

At the close of 3Q21, the Company's total assets reached R\$14,325.4 million (R\$13,190.9 million on 12/31/2020), while total debt at the end of 3Q21 was R\$6,747.7 million (R\$6,247.7 million on 12/31/2020).

Of the total debt, R\$4,059.0 million (R\$3,647.6 million on 12/31/2020) refer to loans, financing, debentures and leases, an increase of 11.3% compared to the end of the year of 2020.

	<b>Reference</b>	<b>SEP/21</b>	<b>DEC/20</b>	<b>Var.</b>
Equity	R\$ Million	7,577.6	6,943.2	9.1 %
Share value	R\$	5.01	4.59	9.2 %
Indebtedness level *	%	47.1	47.4	-0.3 p.p.
Current ratio *	R\$	1.55	1.21	28.1 %
Quick ratio *	R\$	1.51	1.17	29.1 %

\* Information not reviewed by independent auditors.

### **EBITDA and Generation of Operating Cash**

EBITDA in 3Q21, which represents the Company's operating result, was R\$592.1 million, against R\$392.2 million in 3Q20. The EBITDA margin went from 33.6% to 44.8%. This increase in performance was due to the 13.3% growth on the net operating revenue and the 5.8% reduction in costs and expenses that impact EBITDA.

Operating cash generation in 3Q21 was R\$ 562.3 million, an increase of 34.5% compared to 3Q20. The Conversion of EBITDA into Operating Cash was 95.0%.

EBITDA - R\$ Million *	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
Net income for the period	267.3	164.6	62.4	845.6	705.0	19.9
(+) Taxes on Income	130.7	78.6	66.3	349.7	270.4	29.3
(+) Financial income (loss)	93.3	57.4	62.5	208.6	141.9	47.0
(+) Depreciation and amortization	100.8	91.6	10.0	292.8	267.9	9.3
<b>EBITDA</b>	<b>592.1</b>	<b>392.2</b>	<b>51.0</b>	<b>1,696.7</b>	<b>1,385.2</b>	<b>22.5</b>
% EBITDA Margin	44.8	33.6	11.2 p.p.	44.4	38.9	5.5 p.p.
% EBITDA conversion into cash	95.0	106.6	-11.6 p.p.	77.5	95.6	-18.1 p.p.

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

## 2.3 INVESTMENTS

The investments made in 3Q21 amounted to R\$366.0 million (R\$258.8 million in 3Q20), as shown below:

Investments – R\$ Million	3Q21 (1)	3Q20 (2)	Var. % (1/2)	9M21 (3)	9M20 (4)	Var. % (3/4)
Water	179.6	131.9	36.2	455.2	333.1	36.7
Sewage	152.0	106.3	43.0	398.1	317.3	25.5
Other investments	34.4	20.6	67.0	65.0	55.0	18.2
<b>Total</b>	<b>366.0</b>	<b>258.8</b>	<b>41.4</b>	<b>918.3</b>	<b>705.4</b>	<b>30.2</b>

<sup>1</sup> 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\$4,059.0 million in September 2021, representing an increase of R\$411.4 million. Net debt went from R\$2,773.3 million in December 2020 to R\$2,988.3 million in September 2021.

The leverage ratio, measured by the “Net Debt / EBITDA (accumulated 12 months)” was 1.3x in 3Q21 (1,3x in 3Q20).

The level of indebtedness was 47.1% at the end of 3Q21 (49.3% in 3Q20).

We present below the breakdown of loans, financing, debentures, and leases, with their respective interest rates, maturities, and debt balances as of September 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	1,262.6	31.1
Debentures 10th Issue - single series	4.66%	IPCA	03/15/2027	380.1	9.4
Lease - Litoral	11.14%	IPC-FIPE	12/07/2036	299.0	7.4
BNDES - PAC2	TJPL + 1.67% and 2.05%	-	07/15/2029	281.1	6.9
Debentures 11th Issue – 2nd series	4.25%	IPCA	03/15/2029	213.7	5.3
Debentures 9th Issue – 1st series	106.05% of DI	-	06/11/2024	202.1	5.0
Debentures 11th Issue – 3rd series	4.49%	IPCA	03/17/2031	165.8	4.1
Debentures 8th Issue – 2nd series	108.00% of DI	-	06/21/2023	157.1	3.9
Debentures 9th Issue – 2nd series	107.25% of DI	-	06/11/2026	153.1	3.8
Debentures 4th Issue – 1st series	TJLP + 1.67%	-	07/15/2027	139.6	3.4
Debentures 11th Issue – 1st series	DI + 1.65%	-	03/13/2026	127.5	3.1
Lease - Right of Use	5.04%	-	08/31/2026	100.2	2.5
Bank Credit Notes - CCB	DI + 2.75%	-	06/13/2022	99.7	2.4
Debentures 4th Issue – 2nd series	7.44%	IPCA	07/15/2027	86.0	2.1
Debentures 7th Issue – 2nd series*	4.79%	IPCA	11/15/2038	75.2	1.8
Debentures 2nd Issue – 2nd series	9.19%	IPCA	09/15/2024	63.4	1.6
Debentures 2nd Issue – 3rd series	TJLP + 1.92%	-	09/15/2024	49.0	1.2
Debentures 7th Issue – 1st series*	5.2%	IPCA	11/15/2038	46.1	1.1
Debentures 2nd Issue – 1st series	TJLP + 1.92%	-	09/15/2024	36.8	0.9
Debentures 7th Issue – 4th series	6.57%	IPCA	11/15/2038	35.6	0.9
BNDES - AVANÇAR	3.56% to 3.96%	IPCA	06/15/2040	27.1	0.7
Debentures 7th Issue – 3rd series	6.97%	IPCA	11/15/2038	22.0	0.5
KfW Bank	1.35%	EURO	12/30/2032	10.7	0.3
BNDES	TJLP + 1.82%	-	01/15/2023	10.2	0.2
Banco Itaú PSI	3.0% to 6.0%	-	01/15/2025	8.9	0.2
Banco do Brasil - PSI	3.0% to 6.0%	-	04/15/2024	6.4	0.2
<b>Total</b>				<b>4,059.0</b>	<b>100.0</b>

\* 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	416.4	10.3
24 months	408.8	10.1
36 months	442.7	10.9
60 months	1,039.0	25.6
Over 60 months	1,752.1	43.1
<b>Total</b>	<b>4,059.0</b>	<b>100.0</b>

### 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 (m<sup>3</sup>) will occur in the calculation of the readjustment, at the end of period t the CVA balance would be zero.

In the accumulated until September 2021, the Company's CVA obtained a positive balance of R\$34.1 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 September 30, 2021:

<b>EBITDA - R\$ million *</b>	<b>9M21</b>
<b>EBITDA</b>	<b>1,696.7</b>
<b>(+) Non-manageable items</b>	<b>34.1</b>
Electrical energy	48.3
Treatment material	4.2
Fee and charges	(18.4)
<b>(=) EBITDA adjusted by non-manageable items</b>	<b>1,730.8</b>
% EBITDA Margin with non-manageable items	45.3%

\* CVM Instruction 527/12 - 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\$1.709 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 m<sup>3</sup>, 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 for 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 microregions of public water supply and sewage services West, Center-East and Center-Littoral sanitation, and their respective governance structures. On October 1, 2021, State Decrees No. 8.924/2021, No. 8.925/2021, and No. 8.926/2021 were published, which approved the provisional bylaws of microregions.

#### **5. IMPACTS OF THE CORONAVIRUS (COVID-19)**

The Company disclosed the impacts of the new coronavirus pandemic (COVID-19) in Explanatory Note 30 to the Interim Financial Statements for the 3Q2021.



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

### 1. OPERATIONS

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

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

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 <sup>1</sup>	Intangible assets Contract assets Financial assets <sup>1 2</sup>	% of Total Revenues <sup>1</sup>
Overdue	12	372,426	4.1
Maturity in 2021	2	9,272	0.1
Maturity between 2022 e 2030	51	1,407,031	12.1
Maturity after 2030	281	8,690,380	83.7
<b>Total</b>	<b>346</b>	<b>10,479,109</b>	<b>100.0</b>

<sup>1</sup> Information not reviewed by independent auditors.

<sup>2</sup> 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

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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 11.

## 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 November 11, 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. 10.710 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

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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.

On October 1, 2021, State Decrees nº 8.924/2021, nº 8.925/2021, and nº 8.926/2021 were published, which implemented the provisory internal regulations of each of the micro-regions.

The companies in the sanitation sector have until December 31, 2021, to comply with the obligations provided for in Federal Decree No. 10.710/2021 and must file with the respective regulatory agency the proof of economic and financial capacity to meet the goals provided for in art. 11-B of Law No. 11.445/2007, with the deadline of 03/31/2022, for inclusion of these legal goals in the contracts.

In this context, the Company is constantly following the State and Federal legislation and has been working to implement the necessary actions within the established legal deadlines..

### 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 September 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 September 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

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

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

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

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

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

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

Amendment to 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.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction: Clarifies aspects to be considered in the recognition of deferred tax registered as assets and liabilities related to taxable temporary differences and deductible temporary differences. 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

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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 AGEPAR – Paraná's 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 September 30, 2021, and stated in Notes 6, 8 e 19. 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 analysis 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 of 2020, 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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**Sensitivity analysis of interest rate:** the following is the calculation sensitivity to a possible change in the rate of return on financial investments and interest on the of loans and financing, debentures and lease subject to variable interest rates, which can have significant impact to the Company. If the return rates of investments and interest on the loans held in real varied around 25% and 50% more or less, with all other variables held constant, the effect on profit before taxes would have been R\$26,524 and R\$53,048 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	7,390	(7,390)	14,780	(14,780)
<b>Assets</b>		<b>7,390</b>	<b>(7,390)</b>	<b>14,780</b>	<b>(14,780)</b>
Bank Credit Notes - CCB	DI	(1,228)	1,228	(2,456)	2,456
BNDES	TJLP	(111)	111	(222)	222
BNDES-PAC2	TJLP	(1,868)	1,868	(3,736)	3,736
BNDES-AVANÇAR	IPCA	(292)	292	(584)	584
Debentures - 2nd Issuance - 1st and 3rd series	TJLP	(815)	815	(1,630)	1,630
Debentures - 2nd Issuance - 2nd serie	IPCA	(1,369)	1,369	(2,738)	2,738
Debentures - 4th Issuance - 1st serie	TJLP	(1,265)	1,265	(2,530)	2,530
Debentures - 4th Issuance - 2nd serie	IPCA	(1,509)	1,509	(3,018)	3,018
Debentures - 7th Issuance - 1st to 4th series	IPCA	(2,778)	2,778	(5,556)	5,556
Debentures - 8th Issuance - 2nd serie	DI	(1,357)	1,357	(2,714)	2,714
Debentures - 9th Issuance - 1st and 2nd series	DI	(2,335)	2,335	(4,670)	4,670
Debentures - 10th Issuance - single series	IPCA	(6,396)	6,396	(12,792)	12,792
Debentures - 11th Issuance - 1st serie	DI	(760)	760	(1,520)	1,520
Debentures - 11th Issuance - 2nd and 3rd series	IPCA	(4,368)	4,368	(8,736)	8,736
Lease - Litoral	IPC-FIPE	(6,618)	6,618	(13,236)	13,236
Lease - Right of Use	DI	(845)	845	(1,690)	1,690
<b>Liabilities</b>		<b>(33,914)</b>	<b>33,914</b>	<b>(67,828)</b>	<b>67,828</b>
<b>Effects on income before taxation</b>		<b>(26,524)</b>	<b>26,524</b>	<b>(53,048)</b>	<b>53,048</b>

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 10.25% obtained from IBGE - Instituto Brazilian Geography and Statistics, the DI at the rate of 3.01% obtained from B3 - Brasil, Bolsa e Balcão and the IPC at the rate of 10.52% 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 decrease of 4.4692% in the dollar rate. This scenario uses the average exchange rate projected for the end of 2021, in relation to the PTAX rate informed on the date of September 30, 2021.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

Considering the notional amount of €1,813 thousand (R\$11,418 thousand), the value of the euro quotation as R\$6.2983 for September 30, 2021 (Ptax - Central Bank) and considering the assumption of the proportional value of USD 1.1579 for each Euro, considering the Dollar to R\$5.4394, below is the 25% and 50% exchange variation for appreciation and depreciation in relation to exposure:

Effect on income	Probable	+25%	-25%	+50%	-50%
Risk of Euro variation (decrease of 4.4692%)	510	(2,854)	2,854	(5,709)	5,709

**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 13, 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 13.

On September 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	37	26	11
2	Itaú BBA	09/04/2019	12/26/2022	64	407	299	108
3	Itaú BBA	10/04/2019	12/26/2022	12	75	54	21
4	Itaú BBA	11/13/2019	12/26/2022	368	2,326	1,717	609
5	Itaú BBA	06/05/2020	12/26/2022	632	3,994	3,694	300
6	Itaú BBA	12/15/2020	12/26/2022	404	2,551	2,523	28
7	Bradesco Bank	05/26/2021	12/26/2022	327	2,066	2,163	(97)
<b>TOTAL</b>				<b>1,813</b>	<b>11,456</b>	<b>10,476</b>	<b>980</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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### 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 new loans, issue promissory notes and debentures. For the period ended on September 30, 2021, there was no change in the objectives, policies, or capital structure processes.

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	09/30/2021	12/31/2020
Loans, financing, debentures and lease	4,059,032	3,647,588
Cash and cash equivalents	(1,070,842)	(874)
Net debt	2,988,190	2,773,265
Equity	7,577,644	6,943,163
Ratio Net Debt/Equity	0.39	0.40

\* Information not reviewed by independent auditors

### 4.3. Financial Instruments

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

Description	09/30/2021	12/31/2020
<b>Assets</b>		
<b>Fair value measured through income</b>		
Financial investments	1,032,737	869,196
Financial instrument - Swap	11,456	9,476
Restricted deposits	72,400	61,614
<b>Amortized cost</b>		
Cash and banks	38,105	5,127
Trade accounts receivables	961,319	799,603
Contractual financial assets	576,198	490,082
<b>Total</b>	<b>2,692,215</b>	<b>2,235,098</b>
<b>Liabilities</b>		
<b>Fair value measured through income</b>		
Financial instrument - Swap	10,476	8,184
<b>Amortized cost</b>		
Loans, financing, debentures and lease	4,059,032	3,647,588
Contractors and Suppliers	262,322	213,820
<b>Total</b>	<b>4,331,830</b>	<b>3,869,592</b>

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



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

### 5. CASH AND CASH EQUIVALENTS

These have the following composition:

Description	09/30/2021	12/31/2020
Unrestricted bank deposits	825	2,972
Restricted bank deposits	37,280	2,155
	<u>38,105</u>	<u>5,127</u>
Financial investments	1,032,737	869,196
<b>Total cash and cash equivalents</b>	<b><u>1,070,842</u></b>	<b><u>874,323</u></b>

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 95.91% 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	09/30/2021	12/31/2020
Falling due accounts receivable	310,207	271,640
Accounts receivable from installment payments	107,817	64,447
Adjustment to Present Value	(13,659)	(8,860)
Accounts to be billed (Unbilled consumption)	225,993	210,282
	<u>630,358</u>	<u>537,509</u>
Overdue accounts receivable		
From 1 to 30 days	160,481	136,883
From 31 to 60 days	68,239	53,029
From 61 to 90 days	40,972	31,306
From 91 to 180 days	83,057	55,961
Over 180 days	339,887	271,869
Allowance for losses on doubtful accounts	(361,675)	(286,954)
	<u>330,961</u>	<u>262,094</u>
<b>Total accounts receivable, net</b>	<b><u>961,319</u></b>	<b><u>799,603</u></b>
<b>Current</b>	<b>919,472</b>	<b>779,404</b>
<b>Non-current</b>	<b>41,847</b>	<b>20,199</b>

We highlight that, due to the impacts of the Coronavirus (COVID-19), as described in Note 30, 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\$18,608 (R\$12,328 in 2020 and R\$6,280 in 2021), considering the best loss estimate for the moment.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

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	09/30/2021	12/31/2020
Municipal administration	104,113	(57,300)	(11,517)	35,296	36,811
Private	1,216,222	(304,375)	(2,142)	909,705	743,682
Federal Entity	1,254	-	-	1,254	990
Government State	15,064	-	-	15,064	18,120
<b>Balance at end of period</b>	<b>1,336,653</b>	<b>(361,675)</b>	<b>(13,659)</b>	<b>961,319</b>	<b>799,603</b>

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

Description	09/30/2021	12/31/2020
Balances at beginning of period	(286,954)	(196,487)
Amounts recorded as expenses*	(74,721)	(90,972)
Write-offs, net of recoveries	-	505
<b>Balances at end of period</b>	<b>(361,675)</b>	<b>(286,954)</b>

\* 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	09/30/2021	12/31/2020
Private customers	304,375	232,015
Municipal Administrations	57,300	54,939
<b>Total</b>	<b>361,675</b>	<b>286,954</b>

### 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	09/30/2021	12/31/2020
Balances at beginning of period	(8,860)	(4,088)
Adjustment to Present Value	(4,799)	(4,772)
<b>Balances at end of period</b>	<b>(13,659)</b>	<b>(8,860)</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

### 7. RESTRICTED DEPOSITS

Restricted deposits breakdown as follows:

Description	09/30/2021	12/31/2020
Health National Foundation - FUNASA	4,385	4,661
Reserves kept in CAIXA (1)	58,209	56,953
Other agreements (2)	9,806	-
<b>Total</b>	<b>72,400</b>	<b>61,614</b>
<b>Current</b>	<b>14,191</b>	<b>4,661</b>
<b>Non-current</b>	<b>58,209</b>	<b>56,953</b>

(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".

### 8. OTHER ACCOUNTS RECEIVABLE

These break down as follows:

Description	09/30/2021	12/31/2020
Advances to employees	30,268	11,280
Reimbursable payments	3,171	12,510
Guarantee deposits	1,816	1,858
Municipal Fund for the Environment (1)	45,598	47,005
Prepaid expenses	242	243
Títulos e Outros Créditos	759	753
<b>Total</b>	<b>81,854</b>	<b>73,649</b>
<b>Current</b>	<b>37,358</b>	<b>27,746</b>
<b>Non-current</b>	<b>44,496</b>	<b>45,903</b>

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

### 9. CONTRACTUAL FINANCIAL ASSETS

Changes in financial assets are as follows:

Description	12/31/2020	Additions	NPV Revenue	NPV Expense	09/30/2021
Investment Not Amortized	1,353,837	185,242	-	-	1,539,079
Adjustment to Present Value	(863,755)	(115,467)	16,391	(50)	(962,881)
<b>Total</b>	<b>490,082</b>	<b>(a) 69,775</b>	<b>16,391</b>	<b>(50)</b>	<b>576,198</b>

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 12c).

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 29 years.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

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### 10. CONTRACT ASSET

It has the following movement:

Description	12/31/2020	Additions	Capitalisation of interest	Write-off and Loss	Transfer to Intangible asset	09/30/2021
Projects and Works in Progress	1,526,448	807,832	16,288	(31)	(588,294)	1,762,243
Inventories for Construction Work	108,354	17,043	-	-	-	125,397
<b>Total</b>	<b>1,634,802</b>	<b>824,875</b>	<b>16,288</b>	<b>(31)</b>	<b>(588,294)</b>	<b>1,887,640</b>

Up to the 3rd quarter of 2021, the amount of R\$824,875 (R\$617,167 in the same period in 2020) was recorded as Contract Assets, due to: (i) expansion of the Water Supply System, mainly in the municipalities of Curitiba, Umuarama, Ponta Grossa, Foz do Iguaçu and Fazenda Rio Grande; (ii) Sewage Collection and Treatment, mainly in the municipalities of Londrina, Curitiba, São José dos Pinhais, Almirante Tamandaré and Foz do Iguaçu. Amounts referring to completed works to expand the Water Supply and Sewage Collection and Treatment System were transferred to intangible assets, mainly in the municipalities of Cascavel, Curitiba, Ivaiporã, Londrina, Ibaiti, and São José dos Pinhais.

Until this quarter ended on September 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\$16,288 (R\$15,981 in the same period in 2020). The average rate used to determine the amount of capitalized borrowing costs concerning total costs was 6.9%.

### 11. INVESTMENTS

The Company has the following investments:

Description	09/30/2021	12/31/2020
Investment in joint venture - CS Bioenergia S.A.	1,046	-
Other investments	1,985	2,352
<b>Total</b>	<b>3,031</b>	<b>2,352</b>

#### 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\$35,058 recorded in its Capital Stock and R\$1,046 as Advance for Future Capital Increase - AFAC.

# Companhia de Saneamento do Paraná - SANEPAR

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

Statement of financial position – CS Bioenergia S.A.	09/30/2021	12/31/2020
Current assets	1,916	2,095
Noncurrent assets	56,070	59,907
• Fixed assets	52,969	43,360
• Lease	-	14,483
• Other	3,101	2,064
<b>Total Assets</b>	<b>57,986</b>	<b>62,002</b>
Current liabilities	9,984	10,221
• Loans, financing and lease	6,849	7,328
• Other	3,135	2,893
Noncurrent liabilities	9,517	10,066
• Loans, financing and lease	6,020	10,066
• Other	3,497	-
Equity	38,485	41,715
<b>Total Liabilities and Equity</b>	<b>57,986</b>	<b>62,002</b>

Statement of income (loss) – CS Bioenergia S.A.	09/30/2021	09/30/2020
Gross revenue	10,051	11,631
(-) Cost of services	(12,664)	(11,182)
Gross profit	(2,613)	449
(-) Operational expenses	(2,104)	(1,715)
Income before Financial Income and Taxes	(4,717)	(1,266)
(-) Finance income (loss)	(1,129)	(3,707)
Income before income tax	(5,846)	(4,973)
Income tax	-	(31)
<b>Loss for the period</b>	<b>(5,846)</b>	<b>(5,004)</b>

Changes in the investment in the period are as follows:

Description	09/30/2021	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%)	(2,338)	(1,859)
Impairment Test - (Constitution) / Reversal	2,338	660
<b>Balance at end of period/year</b>	<b>1,046</b>	<b>-</b>

### 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 (R2) - Investments in Associates and Joint Ventures and CPC 01 (R1) - Impairment of Assets, 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.

# Companhia de Saneamento do Paraná - SANEPAR

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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 September 30, 2021, equivalent to R\$1,985.

## 12. FIXED AND INTANGIBLE ASSETS

### a) Fixed assets

These have the following composition:

By account			09/30/2021	12/31/2020
Description	Cost	Accumulated depreciation	Net amount	
Administration	361,984	(145,856)	216,128	222,921
Other fixed assets	1,066	(651)	415	1,430
Right of use - Lease	182,451	(108,609)	73,842	61,656
<b>Total</b>	<b>545,501</b>	<b>(255,116)</b>	<b>290,385</b>	<b>286,007</b>

By account				09/30/2021	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%	114,448	(20,817)	93,631	92,112
Leasehold	*2%	2,566	(819)	1,747	1,662
Facilities	*5.83%	9,842	(3,509)	6,333	7,804
Equipment	*6.23%	89,952	(34,425)	55,527	56,552
Furniture and fixtures	*7.14%	51,728	(22,597)	29,131	30,688
IT equipment	*19.82%	38,736	(27,360)	11,376	13,478
Vehicles	*13.05%	27,642	(16,865)	10,777	11,859
Machinery, tractors and similar	*19.35%	23,420	(19,521)	3,899	5,064
Tools	*6.67%	1,557	(594)	963	949
Patrimonial assets to incorporate	-	237	-	237	1,251
Right of use - Lease	*20.31%	182,451	(108,609)	73,842	61,656
<b>Total</b>		<b>545,501</b>	<b>(255,116)</b>	<b>290,385</b>	<b>286,007</b>

\* Weighted average rate

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### b) Intangible assets

These have the following composition:

By account			09/30/2021	12/31/2020
Description	Cost	Accumulated amortization	Net Amount	
Water mains	5,429,280	(1,820,856)	3,608,424	3,451,339
Sewage mains	5,743,885	(1,450,008)	4,293,877	4,132,346
Solid waste	6,155	(4,362)	1,793	1,891
System Use and Operation Rights	125,117	(75,114)	50,003	51,412
Other intangible assets	209,071	(91,694)	117,377	97,675
Right of use - Lease	200,851	(17,657)	183,194	186,650
<b>Total</b>	<b>11,714,359</b>	<b>(3,459,691)</b>	<b>8,254,668</b>	<b>7,921,313</b>

By account				09/30/2021	12/31/2020
Description	Annual amortization rate	Cost	Accumulated amortization	Net Amount	
Plots of land	-	206,502	-	206,502	198,544
Wells	*3.10%	164,565	(41,529)	123,036	115,650
Dams	*2.67%	143,097	(62,965)	80,132	81,467
Civil construction	*2.59%	2,576,535	(646,460)	1,930,075	1,876,928
Leasehold	*2.67%	35,281	(5,170)	30,111	28,388
Piping	*2.64%	5,890,883	(1,598,620)	4,292,263	4,077,316
Building connections	*3.33%	883,471	(282,169)	601,302	570,538
Facilities	*5.83%	204,080	(85,994)	118,086	137,947
Hydrometers	*10%	260,985	(102,578)	158,407	140,853
Macro-meters	*10%	6,692	(4,843)	1,849	1,972
Equipments	*6.23%	750,516	(335,659)	414,857	394,731
Furniture and fixtures	*7.14%	6,656	(4,012)	2,644	2,796
IT equipment	*19.82%	90,574	(84,508)	6,066	6,222
Computer programs	*20%	86,455	(52,572)	33,883	25,725
Vehicles	*13.05%	20,164	(13,598)	6,566	7,172
Machinery, tractors and similar	*19.35%	25,947	(21,931)	4,016	5,581
Tools	*6.67%	295	(217)	78	87
Rights of Use of Transmission Lines	*6.25%	171	(138)	33	36
Environmental protection and preservation	*20%	33,526	(23,957)	9,569	8,289
Concession of the Mun. of Curitiba (1)	*1.50%	125,000	(75,000)	50,000	51,406
Concession of the Mun. of Cianorte (2)	*5%	117	(114)	3	5
Patrimonial assets to incorporate	-	1,996	-	1,996	3,010
Rights of Use - Lease	*17.90%	200,851	(17,657)	183,194	186,650
<b>Total</b>		<b>11,714,359</b>	<b>(3,459,691)</b>	<b>8,254,668</b>	<b>7,921,313</b>

\* 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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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 13.

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

As of September 30, 2021, the carrying amount for each category of assets under lease commitments recorded in Fixed and Intangible Assets is as follows:

By account				09/30/2021	12/31/2020
Description	Annual Amortization Rate	Cost	Accumulated amortization	Net amount	
Buildings	2.59%	37,434	(2,669)	34,765	35,235
Piping	2.64%	147,315	(11,343)	135,972	138,182
Building connections	3.33%	8,227	(1,087)	7,140	7,345
Facilities	5.83%	309	(88)	221	237
Equipment	6.23%	6,013	(1,558)	4,455	4,732
<b>Lease - Litoral</b>		<b>199,298</b>	<b>(16,745)</b>	<b>182,553</b>	<b>185,731</b>
Car Rental	13.05%	92,914	(64,254)	28,660	11,713
Civil construction	2.59%	54,912	(17,425)	37,487	34,917
Equipment	6.23%	418	(398)	20	113
IT Equipment	19.82%	35,760	(27,444)	8,316	15,832
<b>Lease - Right of use</b>		<b>184,004</b>	<b>(109,521)</b>	<b>74,483</b>	<b>62,575</b>
<b>Total</b>		<b>383,302</b>	<b>(126,266)</b>	<b>257,036</b>	<b>248,306</b>
<b>Fixed assets</b>		<b>182,451</b>	<b>(108,609)</b>	<b>73,842</b>	<b>61,656</b>
<b>Intangible assets</b>		<b>200,851</b>	<b>(17,657)</b>	<b>183,194</b>	<b>186,650</b>

The Company recorded in the result the amount of R\$3,801 related to low value and short term (less than 12 months) lease agreements.



# Companhia de Saneamento do Paraná - SANEPAR

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Assets resulting from leasing contracts present the following changes:

Assets	12/31/2020	Additions	Amortization	09/30/2021
Lease - Litoral	185,731	-	(3,178)	182,553
Vehicles	11,713	34,977	(18,030)	28,660
Civil construction	34,917	10,070	(7,500)	37,487
Equipment	113	11	(104)	20
IT Equipment	15,832	507	(8,023)	8,316
<b>Total</b>	<b>248,306</b>	<b>45,565</b>	<b>(36,835)</b>	<b>257,036</b>

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

Description	12/31/2020	Additions	Depreciation and Amortization	Write-offs and losses	Transfers to Work	Transfers	09/30/2021
<b>Fixed assets</b>							
Plots and land	2,932	-	-	-	(10)	-	2,922
Civil construction	92,112	79	(1,699)	(671)	3,832	(22)	93,631
Leasehold	1,662	-	(37)	-	122	-	1,747
Facilities	7,804	148	(411)	-	(1,208)	-	6,333
Equipment	56,552	2,740	(3,739)	(26)	-	-	55,527
Furniture and fixtures	30,688	920	(2,399)	(78)	-	-	29,131
IT Equipment	13,478	347	(2,310)	(139)	-	-	11,376
Vehicles	11,859	564	(1,646)	-	-	-	10,777
Machinery, tractors and similar	5,064	311	(1,476)	-	-	-	3,899
Tools	949	75	(61)	-	-	-	963
Patrimonial assets to incorporate	1,251	(1,014)	-	-	-	-	237
Right of Use - Lease	61,656	45,565	(33,379)	-	-	-	73,842
<b>Total Fixed Assets</b>	<b>286,007</b>	<b>49,735</b>	<b>(47,157)</b>	<b>(914)</b>	<b>2,736</b>	<b>(22)</b>	<b>290,385</b>
<b>Intangible Asset</b>							
Plots of land	198,544	3,921	-	(17)	4,054	-	206,502
Wells	115,650	-	(1,513)	(2,126)	11,089	(64)	123,036
Dams	81,467	161	(2,277)	-	936	(155)	80,132
Civil construction	1,876,928	2,719	(46,609)	(465)	122,659	(25,157)	1,930,075
Leasehold	28,388	351	(662)	-	2,464	(430)	30,111
Piping	4,077,316	22,828	(107,465)	(783)	342,426	(42,059)	4,292,263
Building connections	570,538	92	(20,173)	(367)	53,039	(1,827)	601,302
Facilities	137,947	863	(9,014)	-	(11,710)	-	118,086
Hydrometers	140,853	-	(17,169)	(2,453)	37,176	-	158,407
Macro-meters	1,972	-	(254)	-	131	-	1,849
Equipment	394,731	26,296	(22,666)	(3,493)	19,989	-	414,857
Furniture and fixtures	2,796	71	(231)	(21)	29	-	2,644
IT Equipment	6,222	-	(1,127)	(4)	975	-	6,066
Computer programs	25,725	15,726	(7,513)	(55)	-	-	33,883
Vehicles	7,172	301	(907)	-	-	-	6,566
Machinery, tractors and similar	5,581	-	(1,565)	-	-	-	4,016
Tools	87	-	(9)	-	-	-	78
Rights of Use of Transmission Lines	36	-	(3)	-	-	-	33
Environmental protection and preservation	8,289	684	(1,644)	-	2,301	(61)	9,569
Concession of the Mun. of Curitiba	51,406	-	(1,406)	-	-	-	50,000
Concession of the Mun. of Cianorte	5	-	(2)	-	-	-	3
Patrimonial assets to incorporate	3,010	(1,014)	-	-	-	-	1,996
Right of Use - Lease	1,86,650	-	(3,456)	-	-	-	183,194
<b>Subtotal intangible assets</b>	<b>7,921,313</b>	<b>72,999</b>	<b>(245,665)</b>	<b>(9,784)</b>	<b>585,558</b>	<b>(69,753)</b>	<b>8,254,668</b>
<b>Grand Total</b>	<b>8,207,320</b>	<b>122,734</b>	<b>(292,822)</b>	<b>(10,698)</b>	<b>(a) 588,294</b>	<b>(b) (69,775)</b>	<b>8,545,053</b>

(a) Amount transferred from the Contract Assets account (Note 10);

(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 9).

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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 30, 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 3rd quarter of 2021.

## 13. LOANS, FINANCING, DEBENTURES AND FINANCE LEASE

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

Description	Annual Interest Rate	Index	09/30/2021			12/31/2020		
			Current	Non-current	Total	Current	Non-current	Total
<b>Currency:</b>								
Debentures 8th Issuance - 1st series	106.50% of the DI	-	-	-	-	95,020	-	95,020
Bank Credit Notes - CCB	DI + 2.75%	-	99,681	-	99,681	132,665	66,205	198,870
Debentures 8th Issuance – 2nd series	108.00% of the DI	-	2,174	154,951	157,125	22	154,902	154,924
BNDDES	TJLP + 1.82%	-	7,689	2,554	10,243	7,705	8,300	16,005
Banco do Brasil - PSI	3.00% to 6.00%	-	3,380	3,125	6,505	3,385	5,652	9,037
Debentures 2nd Issuance – 1st series	TJLP + 1.92%	-	12,319	24,438	36,757	12,347	33,602	45,949
Debentures 2nd Issuance – 2nd series	9.19%	IPCA	21,289	42,092	63,381	21,710	58,959	80,669
Debentures 2nd Issuance – 3rd series	TJLP + 1.92%	-	16,426	32,584	49,010	16,462	44,803	61,265
Debentures 9th Issuance - 1st series	106.05% of the DI	-	2,978	199,099	202,077	174	199,076	199,250
Banco Itaú - PSI	3.00% a 6.00%	-	3,559	5,388	8,947	3,566	8,044	11,610
Debentures 9th Issuance – 2nd series	107.25% of the DI	-	2,288	150,789	153,077	140	150,776	150,916
Debentures 11th Issuance – 1st series	DI + 1.65%	-	-	127,528	127,528	-	-	-
Debentures 4th Issuance - 1st series	TJLP + 1.67%	-	24,235	115,338	139,573	24,287	133,237	157,524
Debentures 4th Issuance – 2nd series	7.44%	IPCA	14,959	70,999	85,958	14,001	76,583	90,584
Debentures 10th Issuance – Single issued	4.66%	IPCA	-	380,071	380,071	3,529	354,050	357,579
Debentures 11th Issuance – 2nd series	4.25%	IPCA	-	213,697	213,697	-	-	-
BNDDES - PAC2	TJLP + 1.67% to 2.05%	-	47,879	233,180	281,059	49,561	262,979	312,540
Lease - Litoral	11.14%	IPC-FIPE	12,180	286,816	298,996	10,282	267,633	277,915
Lease – Right of use	5.04%	-	62,021	38,158	100,179	44,099	36,037	80,136
Debentures 11th Issuance – 3rd series	4.49%	IPCA	-	165,848	165,848	-	-	-
Debentures 7th Issuance - 1st series*	5.20%	IPCA	3,152	42,931	46,083	1,108	44,922	46,030
Debentures 7th Issuance – 2nd series*	4.79%	IPCA	5,111	70,137	75,248	1,675	69,285	70,960
Debentures 7th Issuance – 3rd series	6.97%	IPCA	1,259	20,777	22,036	270	20,295	20,565
Debentures 7th Issuance – 4th series	6.57%	IPCA	2,017	33,570	35,587	401	31,129	31,530
BNDDES - AVANÇAR	3.56% to 3.96%	IPCA	172	26,915	27,087	4	24,972	24,976
Caixa Econômica Federal	6.62% a 12.00%	TR	71,569	1,191,041	1,262,610	79,092	1,066,008	1,145,100
<b>Total in Brazilian Reais</b>			<b>416,337</b>	<b>3,632,026</b>	<b>4,048,363</b>	<b>521,505</b>	<b>3,117,449</b>	<b>3,638,954</b>
<b>Foreign currency</b>								
KfW Bank	1.35%	EURO	39	10,630	10,669	-	8,634	8,634
<b>Total Foreign currency</b>			<b>39</b>	<b>10,630</b>	<b>10,669</b>	<b>-</b>	<b>8,634</b>	<b>8,634</b>
<b>Balances at end of the period</b>			<b>416,376</b>	<b>3,642,656</b>	<b>4,059,032</b>	<b>521,505</b>	<b>3,126,083</b>	<b>3,647,588</b>
Loans and financing			233,968	1,472,833	1,706,801	275,978	1,450,794	1,726,772
Debentures			108,207	1,844,849	1,953,056	191,146	1,371,619	1,562,765
Lease			74,201	324,974	399,175	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 September 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 3.89% for a rate of 3.01% 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 September 30, 2021, it was 5.04%. 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	09/30/2021
Lease - Litoral	277,915	-	48,628	(27,547)	298,996
Lease - Right of use	80,136	45,565	3,380	(28,902)	100,179
<b>Total</b>	<b>358,051</b>	<b>45,565</b>	<b>52,008</b>	<b>(56,449)</b>	<b>399,175</b>
Current	54,381				74,201
Non-current	303,670				324,974

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

Description	Minimum Future Payments	Financial charges	09/30/2021	12/31/2020
			Present Value of Future Payments	Present Value of Future Payments
<b>Lease - Litoral</b>				
Less than a year	40,626	(28,447)	12,179	10,282
More than a year and less than five years	161,304	(113,751)	47,553	40,227
Above five years	388,757	(149,493)	239,264	227,406
<b>Subtotal</b>	<b>590,687</b>	<b>(291,691)</b>	<b>298,996</b>	<b>277,915</b>
<b>Lease - Right of Use</b>				
Less than a year	64,825	(2,804)	62,021	44,099
More than a year and less than five years	40,177	(2,019)	38,158	36,037
<b>Subtotal</b>	<b>105,002</b>	<b>(4,823)</b>	<b>100,179</b>	<b>80,136</b>
<b>Total</b>	<b>695,689</b>	<b>(296,514)</b>	<b>399,175</b>	<b>358,051</b>

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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	09/30/2021
Vehicles	32,499
Mobile goods	16,333
Real estate	41,937
<b>Total</b>	<b>90,769</b>

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

Description	2021	2022	2023	2024	2025	2026	Total
Vehicles	5,927	22,872	4,734	-	-	-	<b>33,533</b>
Mobile goods	3,927	9,032	4,103	38	40	31	<b>17,171</b>
Real estate	2,026	8,473	9,062	9,698	10,418	8,322	<b>47,999</b>
<b>Total</b>	<b>11,880</b>	<b>40,377</b>	<b>17,899</b>	<b>9,736</b>	<b>10,458</b>	<b>8,353</b>	<b>98,703</b>

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	09/30/2021	12/31/2020
TR (Reference Rate)	1,262,610	1,145,100
TJLP (Long-Term Interest Rate)	516,642	593,283
IPCA (National Amplified Consumer Price Index)	1,114,996	722,893
DI	739,488	798,980
IPC-FIPE	298,996	277,915
EURO	10,669	8,634
No Monetary Adjustment	115,631	100,783
<b>Total</b>	<b>4,059,032</b>	<b>3,647,588</b>

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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
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 - 295 Contracts	2003 to 2018	2042	3,163,357	-	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	7,605	49,557	49,557	42,429	-	-	-	-
Debentures 4th Issue	10,277	38,555	38,555	38,555	38,555	38,555	22,479	-
Debentures 7th Issue	3,772	10,351	10,337	10,337	10,337	10,337	10,341	10,364
Debentures 8th Issue	2,174	-	154,951	-	-	-	-	-
Debentures 9th Issue	5,266	-	-	199,099	-	150,789	-	-
Debentures 10th Issue	-	-	-	-	-	-	380,071	-
Debentures 11th Issue	-	-	-	-	63,764	63,764	-	-
<b>Subtotal Debentures</b>	<b>29,094</b>	<b>98,463</b>	<b>253,400</b>	<b>290,420</b>	<b>112,656</b>	<b>263,445</b>	<b>412,891</b>	<b>10,364</b>
BNDES	1,943	7,661	639	-	-	-	-	-
BNDES - PAC2	13,202	45,833	44,622	44,622	44,622	39,460	25,805	21,255
BNDES - AVANÇAR	172	-	753	1,585	1,585	1,585	1,585	1,585
Banco do Brasil - PSI	853	3,369	2,093	190	-	-	-	-
Banco Itaú - PSI	903	3,542	3,056	1,420	26	-	-	-
Bank Credit Notes - CCB	33,475	66,206	-	-	-	-	-	-
Caixa Econômica Federal	19,398	69,515	72,055	76,534	81,293	85,559	90,275	94,727
KfW Bank	39	537	1,009	1,009	1,009	1,009	1,009	1,009
<b>Subtotal loans and financing</b>	<b>69,985</b>	<b>196,663</b>	<b>124,227</b>	<b>125,360</b>	<b>128,535</b>	<b>127,613</b>	<b>118,674</b>	<b>118,576</b>
Lease - Litoral	5,910	9,557	10,530	11,615	12,826	14,179	15,690	17,381
Lease - Right of Use	33,798	36,413	16,388	7,385	4,713	1,482	-	-
<b>Subtotal Lease</b>	<b>39,708</b>	<b>45,970</b>	<b>26,918</b>	<b>19,000</b>	<b>17,539</b>	<b>15,661</b>	<b>15,690</b>	<b>17,381</b>
<b>Total</b>	<b>138,787</b>	<b>341,096</b>	<b>404,545</b>	<b>434,780</b>	<b>258,730</b>	<b>406,719</b>	<b>547,255</b>	<b>146,321</b>

Description	2029	2030	2031	2032	2033	2034	2035 to 2042	Total
Debentures 2nd Issue	-	-	-	-	-	-	-	149,148
Debentures 4th Issue	-	-	-	-	-	-	-	225,531
Debentures 7th Issue	10,364	10,364	10,364	10,364	10,364	10,364	40,594	178,954
Debentures 8th Issue	-	-	-	-	-	-	-	157,125
Debentures 9th Issue	-	-	-	-	-	-	-	355,154
Debentures 10th Issue	-	-	-	-	-	-	-	380,071
Debentures 11th Issue	213,697	-	165,848	-	-	-	-	507,073
<b>Subtotal Debentures</b>	<b>224,061</b>	<b>10,364</b>	<b>176,212</b>	<b>10,364</b>	<b>10,364</b>	<b>10,364</b>	<b>40,594</b>	<b>1.953,056</b>
BNDES	-	-	-	-	-	-	-	10,243
BNDES - PAC2	1,638	-	-	-	-	-	-	281,059
BNDES - AVANÇAR	1,585	1,585	1,585	1,585	1,585	1,585	8,727	27,087
Banco do Brasil - PSI	-	-	-	-	-	-	-	6,505
Banco Itaú - PSI	-	-	-	-	-	-	-	8,947
Bank Credit Notes - CCB	-	-	-	-	-	-	-	99,681
Caixa Econômica Federal	93,490	88,101	80,199	60,070	57,652	50,192	243,550	1.262,610
KfW Bank	1,009	1,009	1,009	1,012	-	-	-	10,669
<b>Subtotal loans and financing</b>	<b>97,722</b>	<b>90,695</b>	<b>82,793</b>	<b>62,667</b>	<b>59,237</b>	<b>51,777</b>	<b>252,277</b>	<b>1.706,801</b>
Lease - Litoral	19,275	21,396	23,774	26,442	29,437	32,801	48,183	298,996
Lease - Right of Use	-	-	-	-	-	-	-	100,179
<b>Subtotal Lease</b>	<b>19,275</b>	<b>21,396</b>	<b>23,774</b>	<b>26,442</b>	<b>29,437</b>	<b>32,801</b>	<b>48,183</b>	<b>399,175</b>
<b>Total</b>	<b>341,058</b>	<b>122,455</b>	<b>282,779</b>	<b>99,473</b>	<b>99,038</b>	<b>94,942</b>	<b>341,054</b>	<b>4.059,032</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

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

Description	09/30/2021		12/31/2020	
	Current	Non-current	Current	Non-current
<b>Balances at beginning of period</b>	<b>521,505</b>	<b>3,126,083</b>	<b>357,213</b>	<b>2,723,218</b>
Releases	-	703,004	-	860,789
Interest and fines	171,422	-	197,045	-
Monetary Variations on financing	-	60,338	-	23,685
Transfers	263,902	(263,902)	480,325	(480,325)
Amortization	(611,338)	-	(565,873)	-
Costs of funds raised with third parties	(217)	(9,154)	(1,290)	(9,981)
Exchange rate variation	-	(184)	-	1,317
Interest and monetary variation of lease	25,537	26,471	34,307	7,380
Lease	45,565	-	19,778	-
<b>Balances at end of period</b>	<b>416,376</b>	<b>3,642,656</b>	<b>521,505</b>	<b>3,126,083</b>

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

Until the 3rd quarter of 2021, the Company obtained and amortized funds from third parties, as stated below:

Index	Releases	Amortization
Debentures 2nd issuance	-	(54,703)
Debentures 4th issuance	-	(40,283)
Debentures 7th issuance	5,674	(14,831)
Debentures 8th issuance	-	(98,244)
Debentures 9th issuance	-	(4,352)
Debentures 10th issuance	-	(17,269)
Debentures 11th issuance	500,000	(11,480)
BNDES	-	(6,382)
BNDES - PAC2	5,500	(50,999)
BNDES - AVANÇAR	-	(545)
Banco do Brasil - PSI	-	(2,756)
Banco Itaú - PSI	-	(3,036)
Bank Credit Notes - CCB	-	(106,443)
Caixa Econômica Federal	189,703	(143,504)
KfW Bank	2,127	(62)
<b>Subtotal</b>	<b>703,004</b>	<b>(554,889)</b>
Lease (1)	45,565	(56,449)
<b>Total</b>	<b>748,569</b>	<b>(611,338)</b>

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



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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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, 9<sup>th</sup>, 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 2<sup>nd</sup>, 4<sup>th</sup> and 7<sup>th</sup> 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%).

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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For contracts in item (ii), of the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> 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 September 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.

## 14. TAXES AND CONTRIBUTIONS

The composition is as follows:

Description	09/30/2021	12/31/2020
Income tax payable	36,405	-
Social contribution payable	14,628	-
COFINS (tax on sales) payable	26,986	25,202
PASEP (tax on sales) payable	5,842	5,464
IPTU (Property tax) - installment payment (1)	277	670
Taxes and Contributions Withheld at Source	11,077	41,460
<b>Total taxes and contributions</b>	<b>95,215</b>	<b>72,796</b>
<b>Current</b>	<b>95,215</b>	<b>72,691</b>
<b>Non-current</b>	<b>-</b>	<b>105</b>

(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 09/30/2021, 85 installments had been paid for the amount of R\$2,915.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

### 15. INCOME AND SOCIAL CONTRIBUTION TAXES

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

Description	09/30/2021		09/30/2020	
	Income Tax	Social Contribution Tax	Income Tax	Social Contribution Tax
Income before Income and Social Contribution Taxes	1.195.350	1.195.350	975.410	975.410
Income and social contribution taxes - current rate	(298.837)	(107.581)	(243.853)	(87.787)
Benefit from the deductibility of interest on equity	37.771	13.598	37.672	13.562
Workers' Meal Program – PAT (1)	6.055	-	9.770	-
Corporate Citizen Incentive (2)	469	-	402	-
Equity in earnings (losses) of the controlled companies	(584)	(211)	(500)	(181)
Other	(234)	(148)	405	91
<b>Total expenses</b>	<b>(255,360)</b>	<b>(94,342)</b>	<b>(196,104)</b>	<b>(74,315)</b>
<b>Total Income and Social Contribution taxes</b>	<b>(349,702)</b>		<b>(270,419)</b>	
<b>Effective rate</b>	<b>29.3%</b>		<b>27.7%</b>	

(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	09/30/2021	09/30/2020
Income Tax	(274,277)	(243,706)
Social Contribution Tax	(100,793)	(91,108)
Realization of Deferred Income Tax	18,917	47,602
Realization of Deferred Social Contribution	6,451	16,793
<b>Total</b>	<b>(349,702)</b>	<b>(270,419)</b>

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

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

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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				09/30/2021	12/31/2020
		Calculation basis	Income tax	Social Contribution Tax	Total	Total
<b>ASSETS</b>						
NPV on Contractual Financial Assets	30 years	962,881	240,72	86,659	327,379	293,677
Lease - Litoral (Asset)	20 years	298,996	74,749	26,91	101,659	94,491
Pension and Health Plans	15 years	1215,503	303,876	109,395	413,271	398,26
Impairment on assets	10 years	11,218	2,804	1,01	3,814	3,955
Provisões Cíveis, Trabalhistas, Tributárias e Ambientais	5 years	601,598	150,399	54,144	204,543	185,19
Lease - Right of Use (Asset)	5 years	100,179	25,045	9,016	34,061	27,246
Impairment on the investment - CS Bionergia	5 years	14,348	3,587	1,291	4,878	5,673
NPV of trade accounts receivable	5 years	13,659	3,415	1,229	4,644	3,012
Net realisable value of inventories	5 years	651	163	59	222	929
Investments valued at fair value	5 years	582	146	52	198	90
Allowance for doubtful accounts	3 years	55,364	13,841	4,983	18,824	17,619
Provision for expected on accounts receivable - CPC 48	3 years	18,608	4,652	1,675	6,327	4,192
PAI – Encouraged Retirement Program	1 year	135	34	12	46	26,274
Provision for PPR	1 year	59,618	14,904	5,366	20,27	23,882
<b>Total</b>			<b>838,335</b>	<b>301,801</b>	<b>1,140,136</b>	<b>1,084,490</b>
<b>LIABILITIES</b>						
NPV on Contractual Financial Assets	30 years	898,75	224,687	80,888	305,575	275,185
IRPJ Deferred on Construction and Improvements	24 years	111,791	27,948	-	27,948	28,943
Lease - Litoral (Liabilities)	20 years	182,553	45,638	16,43	62,068	63,149
Doações de Órgãos Públicos	20 years	11,55	2,888	1,039	3,927	3,923
Donations from Public Agencies	13 years	91,501	22,875	8,235	31,11	33,12
Lease - Right of use (Liabilities)	5 years	74,467	18,617	6,702	25,319	21,27
Attribution of New Cost to Fixed Assets	3 years	6,84	1,71	616	2,326	2,405
<b>Total</b>			<b>344,363</b>	<b>113,910</b>	<b>458,273</b>	<b>427,995</b>
<b>Total Net</b>			<b>493,972</b>	<b>187,891</b>	<b>681,863</b>	<b>656,495</b>

### 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 September 30, 2021, is as follows:

Realization period	Deferred Tax - Assets			Deferred Tax - Liabilities		
	Income Tax	Social Contribution	Total	Income Tax	Social Contribution	Total
2021	10,026	3,609	13,635	4,609	1,546	6,155
2022	54,874	19,754	74,628	18,434	6,184	24,618
2023	58,462	21,046	79,508	18,434	6,184	24,618
2024	39,969	14,389	54,358	17,675	5,911	23,586
2025	190,369	68,533	258,902	17,675	5,911	23,586
2026 to 2028	97,068	34,945	132,013	39,883	13,001	52,884
2029 to 2031	97,919	35,251	133,17	39,883	13,001	52,884
2032 to 2034	96,496	34,739	131,235	35,816	11,537	47,353
2035 to 2037	71,173	25,622	96,795	33,782	10,805	44,587
2038 to 2040	35,721	12,86	48,581	33,782	10,805	44,587
2041 to 2043	24,072	8,666	32,738	26,345	8,128	34,473
2044 to 2046	24,072	8,666	32,738	22,469	8,089	30,558
2047 to 2049	24,072	8,666	32,738	22,469	8,089	30,558
2050	14,042	5,055	19,097	13,107	4,719	17,826
<b>Total</b>	<b>838,335</b>	<b>301,801</b>	<b>1,140,136</b>	<b>344,363</b>	<b>113,910</b>	<b>458,273</b>

# Companhia de Saneamento do Paraná - SANEPAR

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### 16. 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 3<sup>rd</sup> quarter of 2021 was of R\$3,150 (R\$3,150 for the same period in 2020), The balance as of September 30, 2021, was of R\$1,750 (R\$4,900 as of 12/31/2020), this amount is recorded in current liabilities.

### 17. 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	09/30/2021
Labor claims (i)	318,722	46,339	(10,533)	(23,272)	331,256
Civil claims (ii)	201,171	25,565	(165)	(4,759)	221,812
Environmental claims (iii)	16,866	29,622	(4,995)	(94)	41,399
Tax claims (iv)	7,918	58	(845)	-	7,131
Ductos operation (v)	-	5,949	(5,949)	-	-
<b>Total</b>	<b>544,677</b>	<b>107,533</b>	<b>(22,487)</b>	<b>(28,125)</b>	<b>601,598</b>

#### Main events during the semester:

Civil provision of R\$16,696, 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.

As a result of the termination of the work of phase I of the 'Task Force Commission' concerning Operation Ducts, the Company reversed the provision made in the 2nd quarter of 2021 of R\$5,949 and consolidated the amounts with the findings of the investigation team independent and made the accounting record as shown in Note 24.

# Companhia de Saneamento do Paraná - SANEPAR

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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 Accounting Pronouncement Committee's CPC 25 - Provisions, Contingent Liabilities and Contingent Assets.

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

Nature	Contingent liabilities	
	09/30/2021	12/31/2020
Labor claims (i)	73,688	44,051
Civil claims (ii)	631,968	494,577
Environmental claims (iii)	314,315	388,910
Tax claims (iv)	23,816	23,414
<b>Total</b>	<b>1,043,787</b>	<b>950,952</b>

#### (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.

# Companhia de Saneamento do Paraná - SANEPAR

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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	
	09/30/2021	12/31/2020
Labor claims	264,335	227,969
Civil claims	96,022	73,575
Environmental claims	5,331	5,096
Tax claims	15,446	13,835
<b>Total</b>	<b>381,134</b>	<b>320,475</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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### 18. 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 on September 30, 2021, was marked by the evolution in COVID's vaccination, reaching a contingent of more than 100 million fully vaccinated Brazilians (47.2% of the population), resulting in the lowest moving average of victims of the disease since April 2020, on the other hand, there were negative impacts for the financial market arising from persistently high inflation, the water, and energy crisis in the national scenario, combined with energy crises faced by China and Europe, influencing the increase in the price of oil, coal and natural gas, justifying a review for above-inflation expectations and below GDP growth. In this scenario, the Fusanprev plan had negative profitability of 0.14% in the 3rd quarter, below the market reference index, CDI - Interbank Deposit Certificate, which was 1.23% and below the Plan's actuarial minimum of 4.46% in the same period. 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) that the global economic scenario is challenging but uncertain and of low predictability, mainly due to the increase in inflation around the world and the energy crises in Europe and China and the Chinese real estate market, (iv) that the Brazilian economy is facing an environment high current inflation and the IPCA expectation for 2021 is higher than 8% and around 4.1% in 2022, (v) the indication by the Central Bank of Brazil that the interest rate - SELIC estimated for the end of 2021 will be 8.25% and 8.75% for the end of 2022, and (vi) that the Ministry of Economy maintained the GDP growth projection above 5% in 2021 and close to 2% in 2022, we do not estimate any change in the amounts provisioned for the end of this quarter.



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**Sanesaúde:** The plan had a loss-making result at the end of the 3rd Quarter of 2021 in the amount of R\$ 8.7 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 60% greater than 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 3rd quarter of 2021 the Sponsor passed on the amount of R\$23,010 (R\$24,285 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 63.1% for the sponsor and 36.9% 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 3rd quarter, the Company transferred the amount of R\$58,572 (R\$55,183 for the same period in 2020).

Additionally, for the purposes of compliance with the determinations contained in CPC 33 (R1) - Employee Benefits, 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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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

The information below shows the actuarial position of liabilities related to pension and health care plans on September 30, 2021, and December 31, 2020:

Description	Pension Plan	Medical Insurance	09/30/2021	12/31/2020
Current	36,075	44,959	81,034	78,090
Non-current	505,052	629,417	1,134,469	1,093,262
<b>Total</b>	<b>541,127</b>	<b>674,376</b>	<b>1,215,503</b>	<b>1,171,352</b>

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)
<b>Total</b>	<b>32,551</b>	<b>26,316</b>	<b>58,867</b>

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 3rd quarter of 2021 the amount of R\$44,151 (R\$50,121 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.

## 19. RELATED-PARTY TRANSACTIONS

As of September 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\$80,655 and R\$82,209 until the 3rd 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 3rd quarter of 2021, R\$66,697 (R\$67,691 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\$8,823 (R\$8,916 for the same period in 2020). In addition, the Company has accounts receivable from these City Halls in the amount of R\$35,296 until the second quarter of 2021 (R\$36,811 on December 31, 2020), as shown in Note 6a.

# Companhia de Saneamento do Paraná - SANEPAR

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The Company transacts with CS Bioenergia S.A., and until the 3rd quarter of 2021, it obtained revenues from the treatment of sewage effluents in the amount of R\$95 (R\$119 in the same period in 2020) and property rental in the amount of R\$245 (R\$235 in the same period in 2020), in addition to reimbursable electricity expenses in the amount of R\$396 (R\$344 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\$8,501 (R\$9,188 in the same period in 2020) and (ii) lease of a mini-generator plant for electricity from biogas in the amount of R\$994 (R\$587 in the same period in 2020). Additionally, on September 30, 2021, the Company has accounts receivable from CS Bioenergia S.A. in the following composition:

i) in the amount of R\$505 (of which R\$260 for electricity and R\$245 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 3rd quarter of 2021 obtained revenues for the supply of water and sewage services in the amount of R\$7 (R\$12 for the same period in 2020), expenses of rent of property in the amount of R\$423 (R\$427 for the same period in 2020) and of employer contributions to the employee benefit plans in the amount of R\$81,582 (R\$79,468 for the same period in 2020), as described in note 18.

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	09/30/2021	09/30/2020
Remuneration	7,390	7,165
Charges and Benefits	2,588	2,038
Social charges	2,385	1,907
Health plan (Sanesaúde)	56	48
Sanepar Foundation (Fusanprev)	88	82
Complementary programs	59	1
<b>Total</b>	<b>9,978</b>	<b>9,203</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

### 20. OTHER ACCOUNTS PAYABLE

The composition is as follows:

Description	09/30/2021	12/31/2020
Contracts and Agreements with third parties	19,037	13,073
Agreements with municipal administrations	17,870	18,177
Collaterals and amounts reimbursable	18,443	9,146
Installment payment IBAMA (1)	38,213	61,124
Municipal Sanitation and Environmental Management Fund	5,903	5,396
Other accounts payable	1,698	-
<b>Total</b>	<b>101,164</b>	<b>106,916</b>
<b>Current</b>	<b>93,283</b>	<b>77,299</b>
<b>Non-current</b>	<b>7,881</b>	<b>29,617</b>

(1) Balance of R\$23,627 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\$14,586.

### 21. 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 September 30, 2021, already considering the provision for additional dividends proposed by Management, is R\$5.01 (R\$4.59 on December 31, 2020).

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

The Capital stock underwritten and fully paid in as of September 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	%
State of Paraná	302,654,101	60.1	3	-	302,654,104	20.0
Municipal Administrations	-	-	5,572,220	0.6	5,572,220	0.4
Foreign Investors	40,256,144	8.0	235,908,820	23.4	276,164,964	18.3
Other Investors	160,825,014	31.9	765,989,217	76.0	926,814,231	61.3
<b>Total</b>	<b>503,735,259</b>	<b>100.0</b>	<b>1,007,470,260</b>	<b>100.0</b>	<b>1,511,205,519</b>	<b>100.0</b>

### b) Revaluation surplus

It was carried out until this quarter of 2021, transferring to Retained Earnings, the amount of R\$3,901 (R\$3,939 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 revaluation.

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

Description	09/30/2021	09/30/2020
<b>Balances at beginning of period</b>	<b>64,292</b>	<b>69,559</b>
Realization of revaluation surplus	(5,911)	(5,968)
Realization of Taxes on the Revaluation surplus	2,010	2,029
<b>Balances at end of period</b>	<b>60,391</b>	<b>65,620</b>

### 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\$154 (R\$222 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	09/30/2021	09/30/2020
<b>Balance at beginning of period</b>	<b>4,668</b>	<b>5,196</b>
Realization of Adjustments to Assigned Cost	(233)	(336)
Realization of Taxes on Adjustments to Assigned Cost	79	114
<b>Balance at end of period</b>	<b>4,514</b>	<b>4,974</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

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### **d) Reserve for Investment Plan**

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

### **e) Legal Reserve**

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

### **f) Tax incentive reserve**

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

### **g) Other Comprehensive Income**

Pursuant to CPC 33 (R1) - Employee Benefits, adjustments to the fair value of actuarial liabilities related to employee benefit plans (Note 18) 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

### i) Earnings per Share

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

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

In 2020, the Company's shares were split.

In June, 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\$16,231 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	09/30/2021	09/30/2020
<b>Numerator</b>		
Net profit for the period attributed to Company shareholders		
Common Shares	264,265	220,310
Preferred shares	581,383	484,681
<b>Denominator</b>		
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
<b>Basic and diluted earnings</b>		
Per ordinary share	0.52461	0.43735
Per preferential share	0.57707	0.48109

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Quarter ended on September 30, 2021

(In thousands of Brazilian Reais)

### 22. OPERATING REVENUES

Operating Revenues composition, by nature, is the following:

Description	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
<b>Revenue</b>				
Revenues from Water	866,948	758,553	2.506,900	2.316,427
Revenues from Sewage	508,505	449,424	1.466,275	1.380,210
Revenues from services	28,760	30,217	82,929	88,762
Revenues from Solid Waste	2,790	2,817	8,823	8,916
Services Provided to Municipalities	5,342	5,195	15,662	15,137
Donations made by clients	6,866	4,941	25,181	15,681
Other Revenue	1,441	2,779	3,939	5,484
<b>Total operating revenues</b>	<b>1,420,652</b>	<b>1,253,926</b>	<b>4,109,709</b>	<b>3,830,617</b>
<b>Deductions from Operating Revenues</b>				
COFINS	(81,618)	(71,689)	(237,118)	(220,042)
PASEP	(17,674)	(15,546)	(51,366)	(47,709)
<b>Total Deductions</b>	<b>(99,292)</b>	<b>(87,235)</b>	<b>(288,484)</b>	<b>(26,775)</b>
<b>Total operating revenues, net</b>	<b>1,321,360</b>	<b>1,166,691</b>	<b>3,821,225</b>	<b>3,562,866</b>

The Company incurred revenue and costs from construction contracts linked to the program contracts of R\$72,999 (R\$49,928 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.

### 23. COST OF PRODUCTS AND SERVICES

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

Description	07/01/2021 to 09/30/2021			07/01/2020 to 09/30/2020		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(68,697)	(33,735)	(102,432)	(94,718)	(42,423)	(137,141)
Materials	(22,577)	(19,883)	(42,460)	(22,122)	(18,360)	(40,482)
Electricity	(126,000)	(16,635)	(142,635)	(92,245)	(11,917)	(104,162)
Third-party services	(61,272)	(45,192)	(106,464)	(59,793)	(51,524)	(111,317)
Depreciation and amortization	(42,400)	(40,550)	(82,950)	(37,686)	(36,945)	(74,631)
Indemnities of third-party damages	(395)	(290)	(685)	(740)	(211)	(951)
Other costs	(27,830)	(12,024)	(39,854)	(24,228)	(10,756)	(34,984)
<b>Total</b>	<b>(349,171)</b>	<b>(168,309)</b>	<b>(517,480)</b>	<b>(331,532)</b>	<b>(172,136)</b>	<b>(503,668)</b>

Description	01/01/2021 to 09/30/2021			01/01/2020 to 09/30/2020		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(210,125)	(102,086)	(312,211)	(236,697)	(101,744)	(338,441)
Materials	(74,278)	(53,992)	(128,270)	(68,863)	(56,446)	(125,309)
Electricity	(338,569)	(45,020)	(383,589)	(301,876)	(37,435)	(339,311)
Third-party services	(180,583)	(129,330)	(309,913)	(172,181)	(141,197)	(313,378)
Depreciation and amortization	(123,523)	(118,926)	(242,449)	(110,665)	(108,080)	(218,745)
Indemnities of third-party damages	(1,914)	(1,263)	(3,177)	(4,504)	(3,378)	(7,882)
Other costs	(82,406)	(35,620)	(118,026)	(70,925)	(30,901)	(101,826)
<b>Total</b>	<b>(1,011,398)</b>	<b>(486,237)</b>	<b>(1,497,635)</b>	<b>(965,711)</b>	<b>(479,181)</b>	<b>(1,444,892)</b>



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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### 24. SELLING, ADMINISTRATIVE AND OTHER EXPENSES

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

Exposições, Congressos e Eventos

Description	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
<b>Selling</b>				
Personnel	(29,113)	(48,710)	(88,461)	(116,518)
Materials	(735)	(729)	(2,026)	(2,666)
Third-party services	(30,488)	(27,232)	(86,448)	(84,013)
Depreciation and amortization	(2,219)	(2,935)	(7,221)	(8,936)
Losses in Realization of Credits	(31,378)	(29,471)	(74,721)	(56,127)
Municipal Sanitation and Environmental Management Fund	(17,198)	(14,345)	(49,718)	(49,309)
Indemnities of third-party damages	(242)	(347)	(664)	(998)
Sanepar Rural program	(1,447)	(762)	(2,700)	(2,294)
Other expenses	(224)	(160)	(1,123)	(905)
<b>Total selling expenses</b>	<b>(113,044)</b>	<b>(124,691)</b>	<b>(313,082)</b>	<b>(321,766)</b>
<b>Administrative</b>				
Personnel	(136,537)	(210,983)	(402,811)	(498,413)
Materials	(11,441)	(9,073)	(32,386)	(29,983)
Third-party services	(32,583)	(25,423)	(95,755)	(86,423)
Depreciation and amortization	(15,655)	(13,973)	(43,152)	(40,189)
Adjustment to the Net Realizable Value of the Inventory	7	(331)	2,081	(2,262)
Regulatory fee	(6,451)	(6,343)	(19,348)	(19,027)
Travel expenses	(1,010)	(704)	(2,790)	(2,472)
Exhibitions, Congresses and Events	-	(4)	-	(53)
Environmental and social programs	(565)	(540)	(3,299)	(5,506)
Indemnities of third-party damages	(1,262)	(797)	(2,944)	(1,526)
Other expenses	(3,976)	(3,117)	(11,719)	(10,794)
Transfers to Selling expenses and cost (1)	36,778	32,434	102,869	92,583
Expenses Capitalized (2)	21,803	20,856	74,004	60,643
<b>Total administrative expenses</b>	<b>(150,892)</b>	<b>(217,998)</b>	<b>(435,250)</b>	<b>(543,422)</b>
<b>Other operating revenues (expenses)</b>				
<b>Expenses</b>				
Eventual or extraordinary losses (3)	(4,039)	(14)	(4,047)	(37,169)
Environmental fines	10	-	(101)	(30)
Write-off of assets	(2,103)	1,820	(3,836)	3,185
Adjustment to Fair Value – Investments	(2)	(152)	(317)	(373)
<b>Total other operating revenues (expenses), net</b>	<b>(6,134)</b>	<b>1,654</b>	<b>(8,301)</b>	<b>(34,387)</b>

(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) In the 3rd quarter of 2020, the amount of R\$37,137 was recorded as the settlement of a lawsuit by the DM/LFM/SEF consortium regarding the economic-financial rebalancing of CA 05.1/2000. During the 3rd quarter of 2021, due to the consolidation of the preliminary findings of the investigation 'Operation Ductos', the Company reversed R\$3,102 from the Intangible Assets referring to works to expand the water and sewage connections and R\$1,066 referring to expenses with water and sewage connections maintenance (material and services) and recorded the amount of R\$4,168 as Eventual Losses.

### 25. PROFIT SHARING PROGRAM

The Company provisioned the amount of R\$59,618 (R\$38,365 in the same period in 2020), as Profit Sharing until the 3rd quarter of 2021, which is recorded in the Salaries and Social Charges account, in current liabilities.

# Companhia de Saneamento do Paraná - SANEPAR

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### 26. FINANCIAL INCOME (LOSS)

Description	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
<b>Financial revenues</b>				
Financial investments	13,781	5,087	29,228	17,811
Monetary variation gains	6,260	1,974	19,493	7,495
Exchange rate variation - Gain	13	2	1,369	2
Gain with derivative financial instruments	603	496	1,094	1,439
Other financial revenues	4,902	6,085	15,035	17,543
<b>Total financial revenues</b>	<b>25,559</b>	<b>13,644</b>	<b>66,219</b>	<b>44,290</b>
<b>Financial expenses</b>				
Financing, Debenture and Leases Interest and Charges	(93,549)	(62,403)	(210,666)	(165,564)
Monetary variation losses (1)	(24,118)	(7,643)	(59,974)	(6,393)
Exchange rate variation - losses	(685)	(499)	(1,185)	(1,474)
Losses with derivative financial instruments	(45)	(7)	(1,486)	(7)
Other financial expenses (2)	(422)	(514)	(1,487)	(12,801)
<b>Total financial expenses</b>	<b>(118,819)</b>	<b>(71,066)</b>	<b>(274,798)</b>	<b>(186,239)</b>
<b>Financial income (loss), net</b>	<b>(93,260)</b>	<b>(57,422)</b>	<b>(208,579)</b>	<b>(141,949)</b>

- (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.

### 27. 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.

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:

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(In thousands of Brazilian Reais)

Description	01/01/2021 to 09/30/2021			01/01/2020 to 09/30/2020		
	Water	Sewage	Total	Water	Sewage	Total
Direct operating revenue	2,566,634	1,498,293	4,064,927	2,382,095	1,412,220	3,794,315
Other operating revenues	25,450	19,332	44,782	20,685	15,617	36,302
<b>Total gross operating Revenue</b>	<b>2,592,084</b>	<b>1,517,625</b>	<b>4,109,709</b>	<b>2,402,780</b>	<b>1,427,837</b>	<b>3,830,617</b>
Revenue Deductions (PASEP and COFINS)	(163,937)	(124,547)	(288,484)	(152,572)	(115,179)	(267,751)
<b>Net operating revenue</b>	<b>2,428,147</b>	<b>1,393,078</b>	<b>3,821,225</b>	<b>2,250,208</b>	<b>1,312,658</b>	<b>3,562,866</b>
Cost	(1,011,398)	(486,237)	(1,497,635)	(965,711)	(479,181)	(1,444,892)
<b>Gross profit</b>	<b>1,416,749</b>	<b>906,841</b>	<b>2,323,590</b>	<b>1,284,497</b>	<b>833,477</b>	<b>2,117,974</b>
Selling expenses	(177,930)	(135,152)	(313,082)	(183,346)	(138,420)	(321,766)
Administrative expenses	(247,360)	(187,890)	(435,250)	(309,649)	(233,773)	(543,422)
Other operating revenues (expenses)	(4,718)	(3,583)	(8,301)	(19,594)	(14,793)	(34,387)
Equity in earnings (losses) of controlled companies	-	(2,338)	(2,338)	-	(2,001)	(2,001)
Financial income (loss), net	(100,370)	(108,209)	(208,579)	(63,275)	(78,674)	(141,949)
Profit sharing program	(33,882)	(25,736)	(59,618)	(24,243)	(18,302)	(42,545)
Provisions	(32,385)	(24,536)	(56,921)	(3,632)	(2,741)	(6,373)
Pension plan and medical insurance	(25,090)	(19,061)	(44,151)	(28,559)	(21,562)	(50,121)
<b>Income before taxes and contributions</b>	<b>795,014</b>	<b>400,336</b>	<b>1,195,350</b>	<b>652,199</b>	<b>323,211</b>	<b>975,410</b>
Income and social contribution taxes	(232,583)	(117,119)	(349,702)	(180,813)	(89,606)	(270,419)
<b>Net income for the period</b>	<b>562,431</b>	<b>283,217</b>	<b>845,648</b>	<b>471,386</b>	<b>233,605</b>	<b>704,991</b>
Operating margin - Unaudited/ Not reviewed	32.7%	28.7%	31.3%	29.0%	24.6%	27.4%
Net margin - Unaudited/ Not reviewed	23.2%	20.3%	22.1%	20.9%	17.8%	19.8%
Investments in fixed /Intangible assets in the period (1)	489,162	429,170	918,332	361,146	344,260	705,406
Shareholding Interest – CS Bioenergia	-	1,046	1,046	-	250	250
Indebtedness – Loans, Financing, Debentures and Lease	1,791,826	2,267,206	4,059,032	1,510,732	2,153,656	3,664,388
Contract of assets, Fixed assets and intangible assets, net	4,756,253	5,676,440	10,432,693	4,338,592	5,351,241	9,689,833
Depreciation and amortization for the period	(152,150)	(140,672)	(292,822)	(138,660)	(129,210)	(267,870)
Accounts receivable (current and non-current) (2)	885,840	450,814	1,336,654	665,742	363,556	1,029,298
Total assets	6,530,912	7,794,441	14,325,353	5,874,087	7,245,128	13,119,215
Total current and noncurrent liabilities	3,068,618	3,679,091	6,747,709	2,979,029	3,485,900	6,464,929
Number of Users – Unaudited/Not reviewed (3)	3,330,398	2,361,454	-	3,247,872	2,278,458	-
Volume Thousand m <sup>3</sup> Invoiced – Unaudited/Not reviewed (4)	388,337	294,973	-	392,938	296,818	-

- (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.

## 28. 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.

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

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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 September 30, 2021, the Company offered guarantees through Guarantee Insurance in 261 legal claims in the amount of R\$221,088 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 09/09/2022.

### 29. 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”.

#### Operation “Ductos”:

On July 20, 2020, the Company published a Notice to the Market about 'Operation Ducts' related to the investigation that investigates conducts involving persons related to the Company. The investigations, started about two years ago by the Special Action Group for Combating Organized Crime (Gaeco), mainly investigate fraud in bids and billing for services not fully performed or for overpriced services, using false measurements or not inspected 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, on a precautionary basis, all employees involved in the aforementioned operation and on the 9th/2020 Ordinary Meeting of the Board of Directors, on September 24, 2020, the Board was informed by the Executive Board that the employees on leave returned to the original functions for which they had taken a public tender; there is currently no power of influence or decision on the part of such employees. It is important to state that all employees mentioned in the aforementioned 'Operation Ductos' are responding to individual disciplinary proceedings before the Sanepar Conduct Committee, and the applicable legal measures are adopted in each case.

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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 and the Investigation team of certain preliminary findings considered relevant which lack additional procedures for confirming the facts and measuring their effects, as applicable, and at the same ordinary meeting deliberated for: (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; and (c) 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.

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, as mentioned earlier.

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 will be updated according to the additional procedures deliberated at the 7th/2021 Ordinary Meeting as mentioned in the previous paragraph.

Considering the resolution of this meeting, in the 3rd quarter of 2021 the analysis of those findings of the Investigation Team was concluded, resulting in R\$ 4,168 (R\$ 3,595 net of taxes) being debited to the results of the period, under the heading 'Losses', with R\$3,102 being registered under 'Intangible Assets - Expansion of Water and Sewage Networks' and R\$1,066 in the results of the period, under 'Expenditures on Network Maintenance'. Therefore, the Provision of R\$5,949, recorded in the interim accounting information for the 2nd quarter of 2021 was sufficient to write-off these amounts, being reversed and recorded under the respective accounting headings.

# Companhia de Saneamento do Paraná - SANEPAR

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On September 23, 2021, at the 9th/2021 Ordinary Meeting, the Board of Directors became aware, by the CEI, of new findings considered relevant and approved the suggestions presented by the Audit Committee and, after due diligence, on October 21, 2021, at the 10th/2021 Ordinary Meeting, the Board of Directors resolved to (i) create a special working group to, within 50 days, measure possible additional adjustments to the Company's financial statements and (ii) advance the work plan of the Internal Audit so that in the last two months of 2021, tests of improved internal controls are carried out, as mentioned 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.

### **30. IMPACTS OF THE CORONAVIRUS (COVID-19)**

Since the beginning of the Covid-19 pandemic on March 11, 2020, a series of measures have been implemented to reduce the uncontrolled spread of the disease and prevent the collapse of the health system across the country. World experience has shown that the most efficient tools are social isolation, the use of masks, hand hygiene, and, above all, mass vaccination. In Paraná, at the end of September 2021, 96.52% of the state's adult population had already received at least one dose or a single dose of the immunizing agent against Covid-19. The advance of immunization, which was accompanied by a reduction in the indicators of deaths, cases, and hospitalizations due to the virus, allowed the flexibility of social isolation and the gradual liberation of economic activities, which remain partially restricted.

Within this context, Sanepar, which provides Basic 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 worked to mitigate the economic impacts of the pandemic on its customers, reaffirming its commitment to contribute to improving the quality of life of the population served in the municipalities where it operates.

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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. To mitigate the economic effects caused by the pandemic and, continuing the actions implemented by the Relevant Facts published in 2020 and the first half of 2021, the Company published a new Relevant Fact on September 13, 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 90 days, starting on September 16, 2021. In the third quarter of 2021, the average monthly billing of the Social Tariff was R\$3.7 million, and an average of 210 thousand water savings was served, and 146 thousand from sewage. In addition, state law No. 20187/2020 remains in force, which restricts the cut in the services provided to certain categories of consumers during emergencies, such as the Covid-19 pandemic.
- 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\$18.6 million.
- In terms of costs, especially those related to the acquisition of imported chemical products, given the current exchange rates, the Company does not expect a significant increase in costs, since certain products tend to have their cost reduced by decreasing demand, thus offsetting possible unfavorable changes in the exchange rate.
- Loans and Financing: The Company has Financing agreements with CAIXA, Sistema BNDES, and KfW, in addition to issues of public and private debentures. There were no renegotiations of interest rates related to these contracts and changes to the conditions already contracted are not expected. During 2021, the Company raised R\$703 million, of which R\$5.7 million related to the 7th issue of debentures, R\$500 million related to the 11th issue of subsidized debentures, R\$2.1 million related to the KfW contract, R \$5.5 million from BNDES funds and R\$189.7 million from funds released by CAIXA.

Leases: The Company has (i) an asset lease agreement with a substantial transfer of the risks and benefits of the assets which will be owned by the Company at the end of the agreement; (ii) vehicle, movable and immovable lease agreements, in which the benefits of the assets will remain with the lessor. There was no change in the terms and conditions of the contracts.

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- Management evaluated the impacts on employee benefits and the Company's obligations. In 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 18.
- 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 3rd quarter of 2021, in addition to those shown in Note 12.

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.

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) until 11/30/2021. 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.



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

### 31. SUBSEQUENT EVENTS

On October 8, 2021, the Company published a Notice to the Market on the authorization by the Board of Directors, at the 12th Extraordinary Meeting, to start structuring the Issuance of Simple Debentures, not convertible into shares, encouraged under Law No. 12,431 /2011, subject to the issuance of ordinances by the Ministry of Regional Development (MDR) and part not incentivized, in the total amount of up to R\$ 600 million.

On October 22, 2021, the Company published a Material Fact relating to the results of studies prepared by specialized consultants, aiming to identify the possible global economic and financial impacts on the concession/program contracts currently executed by Sanepar arising from the insertion of the targets provided for in Article 11 -B of the new wording of Federal Law No. 11.445/2007.

The studies indicate the need for an economic and financial rebalancing of the Company's concession and program contracts, given the impacts brought in the goals of the aforementioned Article, which establishes the universalization of 99% with potable water supply, and 90% with the collection and treatment of sewage until December 31, 2033, as well as quantitative targets for non-intermittency in supply, reduction of losses and improvement of treatment processes. The study estimates approximately R\$ 16.4 billion in investments for universalization by the year 2033.

The aforementioned studies, which indicate the extension of the term as a form of contractual rebalancing as well as the proposal of draft terms of contractual updates and their attachments, to be entered into with the Microregions under the terms of the legislation, will be filed by the Company with the Centro Microregions -Coast, Central-East and West, to obtain the consent of the Granting Authority in the amendments, to enable the subsequent realization of the study of economic and financial capacity and fundraising plan to meet the universalization goals that are intended to be agreed.

On November 5, 2021, the Government of the State of Paraná published Decree No. 9,315, recognizing the continuity of the water emergency in the metropolitan region of Curitiba and the West and Southwest regions of the State of Paraná, considering the priority use of water resources for human consumption and animal watering, given the need for actions to increase the volume of water stored in reservoirs and to recharge aquifers, still reflecting the drought that has persisted in Paraná for more than 2 (two) years. The Decree authorizes the Company to adopt, as a mitigating action, a rotation of 24 (twenty-four) hours, from the interruption to the resumption of supply, with a normalization period of up to another 24 (twenty-four) hours. Such limits can be extrapolated in emergency maintenance situations or arising from acts of God and force majeure and must be communicated to the population and inspection bodies. The decree will be in force for 90 days and may be revised at any time, depending on the evolution of the situation.

## INDEPENDENT AUDITOR'S REPORT ON THE INTERIM FINANCIAL STATEMENTS

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

### Introduction

We have reviewed the interim financial information of Companhia de Saneamento do Paraná - Sanepar ("Company") contained within the Quarterly Financial Information - ITR, for the quarter ended on September 30, 2021, which comprise the balance sheet on September 30, 2021 and the related statements of income and comprehensive income for the three and nine-months period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, as well as a summary of the significant accounting practices and other notes.

The Management of the Company is responsible for the preparation of the interim financial information in accordance with NBC TG 21 (R3) - 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 NBC TG 21 (R3) 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 29 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, and findings considered relevant have been identified and are being evaluated, and it is not possible to predict future developments for the Company arising from these evaluations and investigations, 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 nine-month period ended September 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, November 11, 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 September 30, 2021.

Curitiba, October 25<sup>nd</sup>, 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 September 30, 2021.

Curitiba, November 11<sup>th</sup>, 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