

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

ITR - QUARTERLY INFORMATION THIRD QUARTER OF 2020

COMPANHIA DE SANEAMENTO DO PARANÁ – SANEPAR

**Interim financial information
As at September 30, 2020**

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Individual financial statements/ statements of financial position - assets
(In thousands of Brazilian reais)

| Code of Account | Account description | Current quarter 09/30/2020 | Prior year 12/31/2019 |
|------------------------|---|---------------------------------------|----------------------------------|
| 1 | Total Assets | 13,119,215 | 11,939,604 |
| 1.01 | Current assets | 1,835,895 | 1,170,743 |
| 1.01.01 | Cash and cash equivalents | 963,381 | 274,059 |
| 1.01.01.01 | Cash and banks | 15,580 | 16,878 |
| 1.01.01.02 | Financial investments | 947,801 | 257,181 |
| 1.01.03 | Accounts receivable | 755,954 | 809,736 |
| 1.01.03.01 | Trade accounts receivable | 755,954 | 809,736 |
| 1.01.04 | Inventories | 48,676 | 46,146 |
| 1.01.06 | Recoverable taxes | 6,397 | 305 |
| 1.01.06.01 | Current recoverable taxes | 6,397 | 305 |
| 1.01.08 | Other current assets | 61,487 | 40,497 |
| 1.01.08.03 | Others | 61,487 | 40,497 |
| 1.01.08.03.01 | Restricted deposits | 4,976 | 2,855 |
| 1.01.08.03.02 | Derivative financial instruments | 7,181 | 0 |
| 1.01.08.03.03 | Other accounts receivable | 49,330 | 37,642 |
| 1.02 | Noncurrent assets | 11,283,320 | 10,768,861 |
| 1.02.01 | Long-term assets | 3,359,863 | 3,244,914 |
| 1.02.01.04 | Accounts receivable | 17,880 | 19,826 |
| 1.02.01.04.01 | Trade accounts receivable | 17,880 | 19,826 |
| 1.02.01.07 | Deferred taxes | 693,458 | 629,063 |
| 1.02.01.07.01 | Deferred Income and Social Contribution Taxes | 693,458 | 629,063 |
| 1.02.01.10 | Other noncurrent assets | 2,648,525 | 2,596,025 |
| 1.02.01.10.03 | Restricted deposits | 56,811 | 55,748 |
| 1.02.01.10.04 | Derivative financial instruments | 0 | 2,040 |
| 1.02.01.10.05 | Court deposits | 303,574 | 297,755 |
| 1.02.01.10.06 | Contractual financial assets | 473,144 | 435,209 |
| 1.02.01.10.07 | Contract of asset | 1,768,818 | 1,756,714 |
| 1.02.01.10.08 | Other receivables | 46,178 | 48,559 |
| 1.02.02 | Investments | 2,442 | 2,671 |
| 1.02.02.01 | Equity investments | 2,442 | 2,671 |
| 1.02.02.01.03 | Investments in Join Venture | 2,442 | 2,671 |
| 1.02.03 | Fixed assets | 281,219 | 297,716 |
| 1.02.03.01 | Fixed assets in operation | 210,843 | 210,656 |
| 1.02.03.02 | Right of use - Lease | 70,376 | 87,060 |
| 1.02.04 | Intangible assets | 7,639,796 | 7,223,560 |
| 1.02.04.01 | Intangible | 7,639,796 | 7,223,560 |
| 1.02.04.01.01 | Concession agreements | 7,451,964 | 7,031,860 |
| 1.02.04.01.02 | Right of use - Lease | 187,832 | 191,700 |

Individual financial statements/ statements of financial position - liabilities

(In thousands of Brazilian reais)

| Code of Account | Account description | Current quarter 09/30/2020 | Prior year 12/31/2019 |
|------------------------|--|---------------------------------------|----------------------------------|
| 2 | Total Liabilities | 13,119,215 | 11,939,604 |
| 2.01 | Current liabilities | 1,573,846 | 1,291,383 |
| 2.01.01 | Payroll and social charges | 212,743 | 119,454 |
| 2.01.01.02 | Labor liabilities | 212,743 | 119,454 |
| 2.01.02 | Trade accounts payable | 188,098 | 214,445 |
| 2.01.02.01 | Trade accounts payable - National | 188,098 | 214,445 |
| 2.01.03 | Tax liabilities | 142,307 | 100,770 |
| 2.01.03.01 | Obrigações Fiscais Federais | 140,110 | 98,182 |
| 2.01.03.01.01 | Income tax and social contribution payable | 43,360 | 21,354 |
| 2.01.03.01.02 | Other federal taxes | 96,750 | 76,828 |
| 2.01.03.03 | Municipal tax obligations | 2,197 | 2,588 |
| 2.01.04 | Loans and financing | 560,636 | 357,213 |
| 2.01.04.01 | Loans and financing | 242,927 | 138,322 |
| 2.01.04.01.01 | In national currency | 242,903 | 138,322 |
| 2.01.04.01.02 | In foreign currency | 24 | 0 |
| 2.01.04.02 | Debentures | 259,710 | 160,754 |
| 2.01.04.03 | Lease | 57,999 | 58,137 |
| 2.01.05 | Other liabilities | 209,910 | 323,640 |
| 2.01.05.02 | Others | 209,910 | 323,640 |
| 2.01.05.02.01 | Dividends and interest on equity capital payable | 138,418 | 229,341 |
| 2.01.05.02.04 | Concession contracts | 0 | 31,414 |
| 2.01.05.02.05 | Collaterals and contractual retentions | 2,141 | 2,189 |
| 2.01.05.02.06 | Unearned revenue | 4,200 | 4,200 |
| 2.01.05.02.07 | Derivative financial instruments | 5,743 | 0 |
| 2.01.05.02.08 | Other accounts payable | 59,408 | 56,496 |
| 2.01.06 | Provisions | 260,152 | 175,861 |
| 2.01.06.02 | Other provisions | 260,152 | 175,861 |
| 2.01.06.02.04 | Provisions for pension plan and health insurance | 85,782 | 82,440 |
| 2.01.06.02.05 | Labor provisions | 174,370 | 93,421 |
| 2.02 | Noncurrent liabilities | 4,891,083 | 4,474,307 |
| 2.02.01 | Loans and financing | 3,103,752 | 2,723,218 |
| 2.02.01.01 | Loans and financing | 1,441,678 | 1,266,244 |
| 2.02.01.01.01 | In national currency | 1,435,380 | 1,264,205 |
| 2.02.01.01.02 | In foreign currency | 6,298 | 2,039 |
| 2.02.01.02 | Debentures | 1,353,347 | 1,139,780 |
| 2.02.01.03 | Financing from finance lease | 308,727 | 317,194 |
| 2.02.02 | Other liabilities | 33,345 | 50,255 |
| 2.02.02.02 | Others | 33,345 | 50,255 |
| 2.02.02.02.03 | Trade accounts payable | 4,392 | 0 |
| 2.02.02.02.04 | Taxes and contributions | 238 | 596 |
| 2.02.02.02.05 | Unearned revenue | 1,750 | 4,900 |
| 2.02.02.02.06 | Derivative financial instruments | 0 | 2,065 |
| 2.02.02.02.07 | Other accounts payable | 26,965 | 42,694 |
| 2.02.04 | Provisions | 1,753,986 | 1,700,834 |
| 2.02.04.02 | Other provisions | 1,753,986 | 1,700,834 |
| 2.02.04.02.04 | Provisions for pension plan and health insurance | 1,200,941 | 1,154,162 |
| 2.02.04.02.05 | Provisions | 553,045 | 546,672 |
| 2.03 | Equity | 6,654,286 | 6,173,914 |
| 2.03.01 | Realized capital stock | 3,996,137 | 2,851,089 |
| 2.03.01.01 | Paid-in capital stock | 3,996,137 | 2,851,089 |
| 2.03.03 | Revaluation surplus | 65,620 | 69,559 |
| 2.03.03.01 | Own assets | 65,620 | 69,559 |
| 2.03.04 | Profit reserves | 2,087,787 | 3,306,767 |
| 2.03.04.01 | Legal reserve | 0 | 336,909 |
| 2.03.04.07 | Tax incentive reserve | 10,332 | 10,332 |
| 2.03.04.08 | Additional proposed dividend | 0 | 73,932 |
| 2.03.04.10 | Investment plan | 2,077,455 | 2,885,594 |
| 2.03.05 | Retained earnings/(Accumulated losses) | 558,465 | 0 |
| 2.03.06 | Asset and liability valuation adjustments | 4,974 | 5,196 |
| 2.03.08 | Other comprehensive income | -58,697 | -58,697 |

Quarterly Information – 09/30/2020 - CIA SANEAMENTO DO PARANA - SANEPAR

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

| Code of Account | Account description | Current quarter 07/01/2020 to 09/30/2020 | Current quarter 01/01/2020 to 09/30/2020 | Prior quarter 07/01/2019 to 09/30/2019 | Prior quarter 01/01/2019 to 09/30/2019 |
|------------------------|--|---|---|---|---|
| 3.01 | Revenue from sales of goods and/or services | 1,166,691 | 3,562,866 | 1,185,336 | 3,383,208 |
| 3.02 | Cost of goods sold and/or services rendered | -503,668 | -1,444,892 | -476,608 | -1,357,699 |
| 3.03 | Gross result | 663,023 | 2,117,974 | 708,728 | 2,025,509 |
| 3.04 | Operating expenses/revenues | -362,366 | -1,000,615 | -308,151 | -936,317 |
| 3.04.01 | Selling expenses | -124,691 | -321,766 | -91,370 | -265,860 |
| 3.04.02 | General and administrative expenses | -217,998 | -543,422 | -148,326 | -423,731 |
| 3.04.05 | Other operating expenses | -19,725 | -133,426 | -66,157 | -242,206 |
| 3.04.05.01 | Provision for contingencies | -889 | -6,373 | -21,881 | -85,167 |
| 3.04.05.02 | Pension plan and health insurance | -16,707 | -50,121 | -14,952 | -44,855 |
| 3.04.05.03 | Profit sharing program | -3,783 | -42,545 | -26,277 | -76,414 |
| 3.04.05.04 | Other operating expenses (revenues) | 1,654 | -34,387 | -3,047 | -35,770 |
| 3.04.06 | Equity in earnings (losses) of controlled companies | 48 | -2,001 | -2,298 | -4,520 |
| 3.05 | Income (loss) before financial income (loss) and taxes | 300,657 | 1,117,359 | 400,577 | 1,089,192 |
| 3.06 | Financial income (loss) | -57,422 | -141,949 | -44,056 | -134,447 |
| 3.06.01 | Financial revenues | 13,644 | 44,290 | 14,804 | 43,355 |
| 3.06.02 | Financial expenses | -71,066 | -186,239 | -58,860 | -177,802 |
| 3.07 | Income (loss) before taxes | 243,235 | 975,410 | 356,521 | 954,745 |
| 3.08 | Income and Social Contribution Taxes | -78,655 | -270,419 | -112,881 | -261,032 |
| 3.08.01 | Currency | -126,412 | -334,814 | -102,947 | -303,170 |
| 3.08.02 | Deferred | 47,757 | 64,395 | -9,934 | 42,138 |
| 3.09 | Net income (loss) from continuing operations | 164,580 | 704,991 | 243,640 | 693,713 |
| 3.11 | Income/Loss for the period | 164,580 | 704,991 | 243,640 | 693,713 |
| 3.99 | Earnings per share – (Reais/Share) | | | | |
| 3.99.01 | Basic earnings per share | | | | |
| 3.99.01.01 | Preferred shares | 0.11231 | 0.48109 | 0.49878 | 1.42017 |
| 3.99.01.02 | Common shares | 0.10210 | 0.43735 | 0.45344 | 1.29107 |
| 3.99.02 | Diluted earnings per share | | | | |
| 3.99.02.01 | Preferred shares | 0.11231 | 0.48109 | 0.49878 | 1.42017 |
| 3.99.02.02 | Common shares | 0.10210 | 0.43735 | 0.45344 | 1.29107 |

Quarterly Information – 09/30/2020 - CIA SANEAMENTO DO PARANA - SANEPAR

Individual financial statements/ Statements of comprehensive income

(In thousands of Brazilian reais)

| Code of Account | Account description | Current quarter | Current quarter | Prior quarter | Prior quarter |
|-----------------|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 07/01/2020 to 09/30/2020 | 01/01/2020 to 09/30/2020 | 07/01/2019 to 09/30/2019 | 01/01/2019 to 09/30/2019 |
| 4.01 | Net income for the period | 164,580 | 704,991 | 243,640 | 693,713 |
| 4.02 | Other comprehensive income | -1,312 | -4,161 | -1,504 | -4,560 |
| 4.02.01 | Realization of revaluation surplus | -1,924 | -5,968 | -2,048 | -6,216 |
| 4.02.02 | Taxes on Realization of Revaluation Surplus | 654 | 2,029 | 697 | 2,114 |
| 4.02.03 | Realization of Deemed Cost | -63 | -336 | -231 | -693 |
| 4.02.04 | Taxes on Realization of Deemed Cost | 21 | 114 | 78 | 235 |
| 4.03 | Comprehensive income for the period | 163,268 | 700,830 | 242,136 | 689,153 |

Individual financial statements/Statements of cash flows - indirect method

| Code of account | Account description | Accumulated in | Accumulated in |
|-----------------|---|--------------------------|--------------------------|
| | | current year | prior year |
| | | 01/01/2020 to 09/30/2020 | 01/01/2019 to 09/30/2019 |
| 6.01 | Net cash from operating activities | 1,324,869 | 1,055,836 |
| 6.01.01 | Cash from operations | 1,215,228 | 1,235,784 |
| 6.01.01.01 | Net income for the period | 704,991 | 693,713 |
| 6.01.01.02 | Depreciation and amortization | 267,870 | 251,337 |
| 6.01.01.03 | Costs of fixed and intangible assets write-offs | 7,473 | 7,367 |
| 6.01.01.04 | Impairment | -1,933 | -2,133 |
| 6.01.01.06 | Discount to present value of financial assets | -1,953 | -11,818 |
| 6.01.01.07 | Allowance for doubtful accounts | 56,282 | 14,823 |
| 6.01.01.08 | Deferred Income and Social Contribution Taxes, net | -64,395 | -42,138 |
| 6.01.01.09 | Provision for contingencies | 6,373 | 85,167 |
| 6.01.01.10 | Pension plan and medical insurance | 50,121 | 44,855 |
| 6.01.01.11 | Interest on financing | 146,504 | 150,885 |
| 6.01.01.12 | Monetary variations on financing | 6,749 | 12,594 |
| 6.01.01.13 | Interest and monetary restatements Leasing | 33,273 | 26,315 |
| 6.01.01.14 | Exchange rate, net | 1,471 | -1 |
| 6.01.01.15 | Exchange on derivative financial instrmnts | -1,432 | 2 |
| 6.01.01.16 | Equity in earnings (losses) of controlled companies | 2,001 | 4,520 |
| 6.01.01.17 | Appropriation of costs of funds raised from third parties | 1,460 | 490 |
| 6.01.01.18 | Adjustment to Fair Value – Investments | 373 | -194 |
| 6.01.02 | Changes in assets and liabilities | 109,641 | -179,948 |
| 6.01.02.01 | Trade accounts receivable | -554 | -86,253 |
| 6.01.02.02 | Recoverable taxes and contributions | -6,092 | 15,095 |
| 6.01.02.03 | Inventories | -2,530 | -4,684 |
| 6.01.02.04 | Court deposits | -5,819 | -90,343 |
| 6.01.02.05 | Other receivables and accounts receivable | -9,307 | -20,820 |
| 6.01.02.06 | Contractors and Suppliers | -21,955 | 3,548 |
| 6.01.02.07 | Concession contracts | -31,414 | -29,421 |
| 6.01.02.08 | Taxes and contributions | 338,212 | 6,259 |
| 6.01.02.09 | Salaries and social charges | 174,238 | 43,426 |
| 6.01.02.10 | Collaterals and contractual retentions | -48 | -290 |
| 6.01.02.11 | Unearned revenues | -3,150 | -3,150 |
| 6.01.02.12 | Income and social contribution taxes paid | -309,092 | 0 |
| 6.01.02.13 | Other accounts payable | -12,848 | -13,315 |
| 6.02 | Net cash from investing activities | -706,499 | -752,489 |
| 6.02.01 | Investments in fixed and intangible assets | -705,406 | -752,489 |
| 6.02.02 | Investments | -1,093 | 0 |
| 6.03 | Net cash from financing activities | 70,952 | -372,496 |
| 6.03.01 | Financing | 762,073 | 566,613 |
| 6.03.02 | Amortization of financing | -170,167 | -341,511 |
| 6.03.03 | Payments of interest on financing | -143,084 | -142,743 |
| 6.03.04 | Payments of Mercantile Leases | -58,760 | -61,060 |
| 6.03.05 | Costs of funds raised with third parties | -12,443 | -270 |
| 6.03.06 | Restricted deposits | -3,184 | 768 |
| 6.03.07 | Payment of interest on equity | -303,483 | -394,293 |
| 6.05 | Increase (decrease) in cash and equivalents | 689,322 | -69,149 |
| 6.05.01 | Beginning balance of cash and cash equivalents | 274,059 | 326,624 |
| 6.05.02 | Ending balance of cash and cash equivalents | 963,381 | 257,475 |

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

| Code of acc | Account description | Paid-in capital stock | Capital reserves, Granted options and Treasury shares | Income reserves | Retained earnings or accumulated losses | Other comprehensive income | Equity |
|-------------|--|-----------------------|---|-----------------|---|----------------------------|-----------|
| 5.01 | Initial balances | 2,851,089 | 0 | 3,306,767 | 0 | 16,058 | 6,173,914 |
| 5.03 | Adjusted beginning balances | 2,851,089 | 0 | 3,306,767 | 0 | 16,058 | 6,173,914 |
| 5.04 | Capital transactions with partners | 1,145,048 | 0 | -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 |

Individual financial statements/ Statement of changes in equity - 01/01/2019 to 09/30/2019

| Code of account | Account description | Capital reserves, Granted | | Income reserves | Retained earnings or accumulated losses | Other comprehensive income | Equity |
|-----------------|---|---------------------------|-----------------------------|-----------------|---|----------------------------|-----------|
| | | Paid-in capital stock | options and Treasury shares | | | | |
| 5.01 | Initial balances | 2,851,089 | 0 | 2,689,041 | 0 | 177,058 | 5,717,188 |
| 5.03 | Adjusted beginning balances | 2,851,089 | 0 | 2,689,041 | 0 | 177,058 | 5,717,188 |
| 5.04 | Capital transactions with partners | 0 | 0 | -211,907 | -174,165 | 0 | -386,072 |
| 5.04.06 | Dividends | 0 | 0 | -211,907 | 0 | 0 | -211,907 |
| 5.04.07 | Interest on equity | 0 | 0 | 0 | -174,165 | 0 | -174,165 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 698,273 | -4,560 | 693,713 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 693,713 | 0 | 693,713 |
| 5.05.02 | Other comprehensive income | 0 | 0 | 0 | 4,560 | -4,560 | 0 |
| 5.05.02.06 | Realization of revaluation surplus | 0 | 0 | 0 | 6,216 | -6,216 | 0 |
| 5.05.02.07 | Taxes on the realization of revaluation surplus | 0 | 0 | 0 | -2,114 | 2,114 | 0 |
| 5.05.02.08 | Realization of adjustment to attributed cost | 0 | 0 | 0 | 693 | -693 | 0 |
| 5.05.02.09 | Taxes on realization of adjustment to attributed cost | 0 | 0 | 0 | -235 | 235 | 0 |
| 5.07 | Ending balances | 2,851,089 | 0 | 2,477,134 | 524,108 | 172,498 | 6,024,829 |

| Individual financial statements/ Statements of value added | | Accumulated in | Accumulated in |
|---|--|---------------------------------|---------------------------------|
| Code of account | Account description | current year | prior year |
| | | 01/01/2020 to 09/30/2020 | 01/01/2019 to 09/30/2019 |
| 7.01 | Revenues | 3,739,948 | 3,585,785 |
| 7.01.01 | Sales of merchandise, products and services | 3,830,617 | 3,636,378 |
| 7.01.02 | Other revenues | -34,387 | -35,770 |
| 7.01.04 | Reversal of/allowance for doubtful accounts | -56,282 | -14,823 |
| 7.02 | Inputs acquired from third parties | -1,079,335 | -1,097,511 |
| 7.02.01 | Costs of products, merchandise and services sold | -446,136 | -419,641 |
| 7.02.02 | Materials, energy, third-party services and others | -579,328 | -578,028 |
| 7.02.04 | Others | -53,871 | -99,842 |
| 7.03 | Gross value added | 2,660,613 | 2,488,274 |
| 7.04 | Withholdings | -267,870 | -251,337 |
| 7.04.01 | Depreciation, amortization and depletion | -267,870 | -251,337 |
| 7.05 | Net generated value added | 2,392,743 | 2,236,937 |
| 7.06 | Value added received by transfer | 42,289 | 38,835 |
| 7.06.01 | Equity in earnings (losses) of controlled companies | -2,001 | -4,520 |
| 7.06.02 | Financial revenues | 44,290 | 43,355 |
| 7.07 | Total value added to be distributed | 2,435,032 | 2,275,772 |
| 7.08 | Value added distribution | 2,435,032 | 2,275,772 |
| 7.08.01 | Personnel | 870,873 | 754,307 |
| 7.08.01.01 | Direct compensation | 490,064 | 508,113 |
| 7.08.01.02 | Benefits | 346,210 | 212,271 |
| 7.08.01.03 | Severance Pay Fund (FGTS) | 34,599 | 33,923 |
| 7.08.02 | Taxes, fees and contributions | 669,827 | 646,721 |
| 7.08.02.01 | Federal | 666,958 | 643,911 |
| 7.08.02.02 | State | 424 | 443 |
| 7.08.02.03 | Municipal | 2,445 | 2,367 |
| 7.08.03 | Return on debt capital | 189,341 | 181,031 |
| 7.08.03.01 | Interest | 186,239 | 177,802 |
| 7.08.03.02 | Rents | 3,102 | 3,229 |
| 7.08.04 | Return on equity capital | 704,991 | 693,713 |
| 7.08.04.01 | Interest on Equity | 150,687 | 174,165 |
| 7.08.04.03 | Retained earnings/ Accumulated losses for the period | 554,304 | 519,548 |

1. OPERATING DATA
1.1 MARKET

We present below the contracts in % of Total Revenue of the Company, as of September 30, 2020:

| 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 | 22.6% | 27.8 years | Program | Water and Sewage | 100% | 96.1% | 829.1 | 797.1 |
| Londrina | 7.2% | 25.8 years | Program | Water and Sewage | 100% | 95.8% | 252.4 | 238.6 |
| Maringá | 5.3% | 19.9 years | Concession | Water and Sewage | 100% | 100.0% | 166.9 | 182.7 |
| Ponta Grossa | 3.6% | 5.5 years | Concession | Water and Sewage | 100% | 91.5% | 148.2 | 134.2 |
| Cascavel | 3.5% | 4.2 years | Concession | Water and Sewage | 100% | 100.0% | 128.0 | 133.7 |
| Foz do Iguaçu | 3.3% | 23.4 years | Program | Water and Sewage | 100% | 78.0% | 113.9 | 90.2 |
| São José dos Pinhais | 2.8% | 23.3 years | Program | Water and Sewage | 100% | 75.2% | 117.0 | 89.1 |
| Colombo | 1.8% | 27.6 years | Program | Water and Sewage | 100% | 66.1% | 85.6 | 57.7 |
| Guarapuava | 1.7% | 22.1 years | Program | Water and Sewage | 100% | 85.2% | 66.3 | 55.2 |
| Toledo | 1.5% | 4.9 years | Concession | Water and Sewage | 100% | 82.3% | 59.2 | 46.9 |
| Other Municipalities | 46.7% | | | | | | 2,092.5 | 1,254.6 |
| Total | | | | | 100.0% | 74.7% | 4,059.1 | 3,080.0 |

* Information not reviewed by independent auditors.

The current rate of delivery with treated water is of 100.0% and the coverage of sewage collection is of 74.7% of the urban population within the concession area, with a treatment rate of 100% as per the Corporate Information System.

Revenues stem mainly from residential water connections, representing 90.9% of the total water connections existing at September 30, 2020.

The number of water connections in September 2020 is 2.2% higher than the number of connections existing in September 2019, which represents an increase of 70,724 water connections, as follows:

| Number of Water Connections* | SEP/20 (1) | % | SEP/19 (2) | % | Var. % (1/2) |
|------------------------------|------------------|--------------|------------------|--------------|-----------------|
| Residential | 2,953,141 | 90.9 | 2,885,600 | 90.8 | 2.3 |
| Commercial | 231,227 | 7.1 | 228,498 | 7.2 | 1.2 |
| Industrial | 13,154 | 0.4 | 13,012 | 0.4 | 1.1 |
| Public Utility | 23,717 | 0.7 | 23,757 | 0.7 | -0.2 |
| Public Administration | 26,633 | 0.9 | 26,281 | 0.9 | 1.3 |
| Total | 3,247,872 | 100.0 | 3,177,148 | 100.0 | 2.2 |

* Information not reviewed by independent auditors.

The number of sewage connections in September 2020 is 3.7% higher than the number of connections existing in September 2019, representing an increase of 81,726 new sewage connections, as shown below:

| Number of Sewage Connections* | SEP/20 (1) | % | SEP/19 (2) | % | Var.% (1/2) |
|-------------------------------|------------------|--------------|------------------|--------------|----------------|
| Residential | 2,061,429 | 90.5 | 1,983,798 | 90.3 | 3.9 |
| Commercial | 181,787 | 8.0 | 178,421 | 8.1 | 1.9 |
| Industrial | 5,519 | 0.2 | 5,377 | 0.2 | 2.6 |
| Public Utility | 15,272 | 0.7 | 15,088 | 0.7 | 1.2 |
| Public Administration | 14,451 | 0.6 | 14,048 | 0.7 | 2.9 |
| Total | 2,278,458 | 100.0 | 2,196,732 | 100.0 | 3.7 |

* Information not reviewed by independent auditors.

1.2 PRODUCTIVITY

In 3Q20, the measured volume of treated water was 121.2 million m³ against 125.2 million m³ in 3Q19, representing a decrease of 3.3%, as shown below:

| Measured Volume - million m ³ * | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|--|--------------|--------------|-----------------|--------------|--------------|-----------------|
| Residential | 106.0 | 105.5 | 0.5 | 326.2 | 321.3 | 1.5 |
| Commercial | 8.4 | 10.4 | -19.2 | 26.9 | 31.2 | -13.8 |
| Industrial | 2.5 | 3.0 | -16.7 | 8.0 | 8.7 | -8.0 |
| Public Utility | 1.0 | 1.4 | -28.6 | 3.4 | 4.0 | -15.0 |
| Public Administration | 3.3 | 5.0 | -34.0 | 11.5 | 14.6 | -21.2 |
| Total | 121.2 | 125.3 | -3.3 | 376.0 | 379.8 | -1.0 |

* Information not reviewed by independent auditors.

In 3Q20, the volume of treated water billed was 127.6 million m³, against to 130.8 million m³ in 3Q19, representing a decrease of 2.4%, as shown below:

| Invoiced Water Volume - million m ³ * | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|--|--------------|--------------|-----------------|--------------|--------------|-----------------|
| Residential | 110.9 | 109.7 | 1.1 | 339.4 | 333.5 | 1.8 |
| Commercial | 9.3 | 11.2 | -17.0 | 29.6 | 33.5 | -11.6 |
| Industrial | 3.2 | 3.6 | -11.1 | 9.6 | 10.6 | -9.4 |
| Public Utility | 0.8 | 1.2 | -33.3 | 2.8 | 3.4 | -17.6 |
| Public Administration | 3.4 | 5.1 | -33.3 | 11.8 | 14.8 | -20.3 |
| Total | 127.6 | 130.8 | -2.4 | 393.2 | 395.8 | -0.7 |

* Information not reviewed by independent auditors.

The volume of sewage billed in 3Q20 increased by 2.4% compared to 3Q19, as shown below:

| Invoiced Sewage Volume - million m ³ * | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|---|-------------|-------------|-----------------|--------------|--------------|-----------------|
| Residential | 84.0 | 82.5 | 1.8 | 256.8 | 248.7 | 3.3 |
| Commercial | 8.1 | 10.4 | -22.1 | 26.4 | 30.7 | -14.0 |
| Industrial | 0.8 | 0.9 | -11.1 | 2.2 | 2.6 | -15.4 |
| Public Utility | 0.7 | 1.0 | -30.0 | 2.4 | 2.8 | -14.3 |
| Public Administration | 2.6 | 3.8 | -31.6 | 9.0 | 11.2 | -19.6 |
| Total | 96.2 | 98.6 | -2.4 | 296.8 | 296.0 | 0.3 |

* Information not reviewed by independent auditors.

DEMONSTRATIVE OF THE LOSS BY CONNECTION*

Litres/Connection/Day



* Information not reviewed by independent auditors.

(1) Accumulated values from January to September 2020.

| Water* | 3Q20 (1) | 3Q19 (2) | Var. (1/2) | 3Q18 (3) | Var. % (2/3) |
|--|-------------|-------------|---------------|-------------|-----------------|
| Units served by the distribution network | 4,059,051 | 3,975,705 | 2.1 % | 3,904,196 | 1.8 % |
| Number of treatment stations | 168 | 170 | -1.2 % | 166 | 2.4 % |
| Number of wells | 1,241 | 1,226 | 1.2 % | 1,179 | 4.0 % |
| Number of surface catchment | 230 | 229 | 0.4 % | 230 | -0.4 % |
| Km of laid network | 56,382 | 55,131 | 2.3 % | 53,808 | 2.5 % |
| Volume produced (m ³) | 575,717,822 | 580,856,787 | -0.9 % | 567,774,838 | 2.3 % |
| Loss rate: | | | | | |
| In distribution system - % | 34.69 | 34.63 | 0.06 p.p. | 34.94 | -0.31 p.p. |
| In billings - % | 31.71 | 31.87 | -0.16 p.p. | 32.27 | -0.40 p.p. |
| Evasion of revenues - % (default) | 2.90 | 1.58 | 1.32 p.p. | 1.10 | 0.48 p.p. |

| Sewage* | 3Q20 (1) | 3Q19 (2) | Var. (1/2) | 3Q18 (3) | Var. % (3) |
|--|-------------|-------------|---------------|-------------|---------------|
| Units served by the collection network | 3,080,026 | 2,972,998 | 3.6 % | 2,855,124 | 4.1 % |
| Number of treatment stations | 253 | 247 | 2.4 % | 243 | 1.6 % |
| Km of laid network | 37,914 | 36,624 | 3.5 % | 35,655 | 2.7 % |
| Volume collected in m ³ | 282,632,025 | 283,112,819 | -0.2 % | 270,406,204 | 4.7 % |

* Information not reviewed by independent auditors.

WATER CRISIS AND AVAILABLE VOLUMES

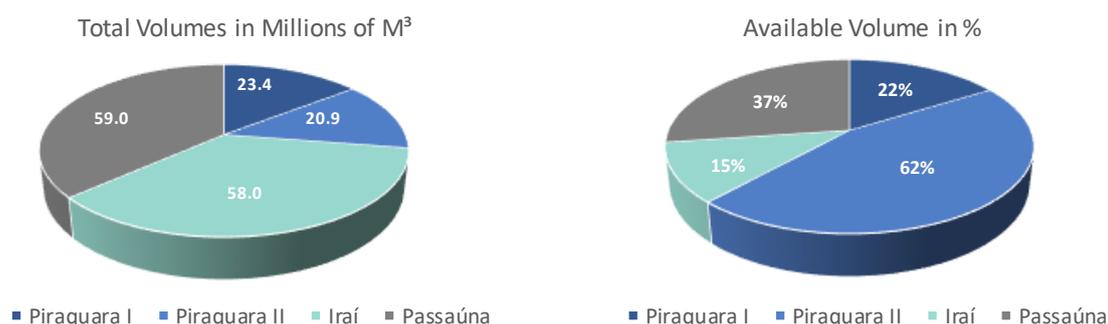
On 05/07/2020, State Decree nº 4,626 was published, recognizing the water emergency situation in the State of Paraná, for a period of 180 days.

Due to the low volume of reserves and the scarcity of rain, the Company is practicing as a mitigating action, rotation of 36 hours for 36 hours. The water supply is for 36 hours, with interruption of 24 hours and a period of 12 hours for normalization, although the Water Emergency Decree allows up to 24 hours for normalization.

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 29.8%.



2. FINANCIAL DATA

2.1 ECONOMIC PERFORMANCE

| Operating revenue - In million of Reais | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|---|----------------|----------------|-----------------|----------------|----------------|-----------------|
| Revenues from water | 758.5 | 768.7 | -1.3 | 2,316.4 | 2,196.6 | 5.5 |
| Revenues from sewage | 449.4 | 455.0 | -1.2 | 1,380.2 | 1,293.9 | 6.7 |
| Revenues from services | 30.3 | 37.5 | -19.2 | 88.8 | 106.6 | -16.7 |
| Revenues from solid waste | 2.8 | 2.7 | 3.7 | 8.9 | 8.7 | 2.3 |
| Services provided to Municipalities | 5.2 | 4.6 | 13.0 | 15.1 | 13.5 | 11.9 |
| Donations made by clients | 5.0 | 3.9 | 28.2 | 15.7 | 13.3 | 18.0 |
| Other revenues | 2.7 | 1.3 | 107.7 | 5.5 | 3.8 | 44.7 |
| Total Operating Revenue | 1,253.9 | 1,273.7 | -1.6 | 3,830.6 | 3,636.4 | 5.3 |
| COFINS | -71.8 | -72.7 | -1.2 | -220.1 | -208.1 | 5.8 |
| PASEP | -15.5 | -15.7 | -1.3 | -47.7 | -45.1 | 5.8 |
| Total of Deductions | -87.3 | -88.4 | -1.2 | -267.8 | -253.2 | 5.8 |
| Total of Operating Revenue, net | 1,166.6 | 1,185.3 | -1.6 | 3,562.8 | 3,383.2 | 5.3 |

Net operating revenue decreased by 1.6%, from R\$1,185.3 million in 3Q19 to R\$1,166.6 million in 3Q20, this reduction is due to the decrease in billed volumes of water and sewage, resulting from the current water emergency situation in the State of Paraná, which required mitigating actions due to the low volume of reserves and the scarcity of rain.

| Operating costs and expenses In million of Reais | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|---|---------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Personnel | -396.9 | -279.4 | 42.1 | -953.4 | -804.0 | 18.6 |
| Materials | -50.3 | -54.3 | -7.4 | -158.0 | -142.9 | 10.6 |
| Electricity | -104.2 | -121.6 | -14.3 | -339.3 | -346.1 | -2.0 |
| Third-party services | -164.0 | -160.9 | 1.9 | -483.8 | -454.1 | 6.5 |
| Depreciation and amortization | -91.6 | -85.3 | 7.4 | -267.9 | -251.4 | 6.6 |
| Losses in Realization of Credits | -29.5 | -3.3 | 793.9 | -56.3 | -14.8 | 280.4 |
| Net Realizable Value of Inventory | -0.3 | 0.0 | - | -2.1 | 0.0 | - |
| Municipal Sanitation and Environmental | -14.3 | -16.4 | -12.8 | -49.3 | -46.8 | 5.3 |
| Regulatory fee | -6.3 | -5.6 | 12.5 | -19.0 | -16.8 | 13.1 |
| Indemnifications for damages to third parties | -2.1 | -5.2 | -59.6 | -10.4 | -13.1 | -20.6 |
| Expenses capitalized | 20.9 | 26.2 | -20.2 | 60.7 | 77.9 | -22.1 |
| Provision for contingencies | -0.9 | -21.9 | -95.9 | -6.4 | -85.2 | -92.5 |
| Pension plan and medical insurance | -16.7 | -15.0 | 11.3 | -50.1 | -44.9 | 11.6 |
| Profit sharing program | -3.7 | -26.3 | -85.9 | -42.5 | -76.4 | -44.4 |
| Eventual and extraordinary losses | 0.1 | 0.0 | - | -37.2 | -28.7 | 29.6 |
| Net assets write-off | 1.8 | -3.2 | -156.3 | 3.2 | -6.5 | -149.2 |
| Adjustment to Fair Value - Investments | -0.2 | 0.1 | -300.0 | -0.4 | 0.2 | -300.0 |
| Equity in earnings (losses) | 0.1 | -2.3 | -104.3 | -2.0 | -4.5 | -55.6 |
| Other costs and expenses | -7.9 | -10.5 | -24.8 | -31.3 | -36.0 | -13.1 |
| Total | -866.0 | -784.9 | 10.3 | -2,445.5 | -2,294.1 | 6.6 |

Operating costs and expenses accumulated in the 3Q20 increased by 10.3% compared to 3Q19.

The main changes resulted from:

• Personnel:

The Growth of 42.1%, due to: i) 3.92% Salary Readjustment (INPC) on labor costs and benefits related to the Collective Labor Agreement - ACT 2020/2022 (base date March 2020); ii) Readjustment of 7.64% of SANESAÚDE in June 2020; ii) Adherence of 534 employees to the Incentive Retirement Program - PAI, in the period from March to September 2020, in the amount of R\$127.8 million; and iii) 2019/2020 Collective Agreement, fully impacting in 2020;

• Materials

Reduction of 7.4%, mainly in expedient material, use and consumption, maintenance of conservation and maintenance of administrative assets, electromechanical maintenance material, fuels and lubricants and network maintenance material;

• Third Party Services

Growth of 1.9% mainly in professional technical services, registration and billing services, communication and data transmission services, freight and reels, technical operational services, solid waste removal services and customer service;

- **Depreciation and amortization**

Increase of 7.4%, mainly due to the entry into operation of intangible and / or fixed assets, in the period from January to September 2020, in the amount of R\$703.6 million (net of amortizations and write-offs);

- **Losses on Credit Realization**

Increase of 793.9%, mainly influenced by the growth of the provisions of losses of the accounts receivable from private customers in the amount of R\$27.0 million and also by the accounting of the amount of R\$1.0 million related to the estimate of expected losses on credits, according to studies on the drop in collection caused the current economic scenario, caused by the Pandemic due to COVID-19;

2.2 ECONOMIC INDICATORS

| Financial income (loss) - R\$ in million | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|--|--------------|--------------|-----------------|---------------|---------------|-----------------|
| Financial revenues | | | | | | |
| Financial investments | 5.1 | 6.3 | -19.0 | 17.8 | 20.1 | -11.4 |
| Monetary variation gains | 2.0 | 2.5 | -20.0 | 7.5 | 7.1 | 5.6 |
| Gain on Derivative Financial Instruments | 0.4 | 0.0 | 100.0 | 1.4 | 0.0 | 100.0 |
| Other financial revenues | 6.1 | 6.1 | 0.0 | 17.6 | 16.2 | 8.6 |
| Total financial revenues | 13.6 | 14.9 | -8.7 | 44.3 | 43.4 | 2.1 |
| Financial expenses | | | | | | |
| Interest and fees on loans, financing, debentures and leases | -62.3 | -56.9 | 9.5 | -165.5 | -162.0 | 2.2 |
| Monetary variation losses | -7.7 | -1.1 | 600.0 | -6.4 | -11.9 | -46.2 |
| Exchange rate variation | -0.5 | 0.0 | - | -1.5 | 0.0 | 100.0 |
| Other financial expenses | -0.5 | -0.9 | -44.4 | -12.8 | -3.9 | 228.2 |
| Total financial expenses | -71.0 | -58.9 | 20.5 | -186.2 | -177.8 | 4.7 |
| Financial income (loss) | -57.4 | -44.0 | 30.5 | -141.9 | -134.4 | 5.6 |

The financial result varied negatively by 30.5%, from -R\$44.0 million in 3Q19 to -R\$57.4 million in 3Q20, due to the 20.5% growth in financial expenses, mainly in interest expenses and interest rates. financing, loans, debentures and leases, from R\$56.9 million to R\$62.3 million in 3Q19 and 3Q20, respectively and in monetary variations of loans and financing, increasing from an expense of R\$1.1 million in 3Q19 for an expense of R\$7.7 million in 3Q20 due to the growth of the IPCA index compared to the same period in 2019.

| Economic Result - R\$ million | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|----------------------------------|--------------|--------------|-----------------|----------------|----------------|-----------------|
| Operating income | 300.6 | 400.4 | -24.9 | 1,117.3 | 1,089.1 | 2.6 |
| Financial income (loss) | -57.4 | -44.0 | 30.5 | -141.9 | -134.4 | 5.6 |
| Taxes on income | -78.6 | -112.8 | -30.3 | -270.4 | -261.0 | 3.6 |
| Net income for the period | 164.6 | 243.6 | -32.4 | 705.0 | 693.7 | 1.6 |

The Company obtained a net profit of R\$164.6 million in 3Q20, 32.4% below the net result of R\$243.6 million recorded in 3Q19. The result was impacted by the 10.3% growth in operating costs and expenses, mainly due to the Incentive Retirement Program - PAI and by the 1.6% reduction in net operating revenue.

The following is the reclassification of the result of 3Q20, excluding non-recurring items:

| Non-recurrent items - In million of Reais * | 3Q20 | 3Q19 | 9M20 | 9M19 |
|--|--------------|--------------|--------------|--------------|
| Net income | 164.6 | 243.6 | 705.0 | 693.7 |
| PAI - Incentive Retirement Program | 111.3 | - | 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 DM/LFM/SEF | - | - | 15.2 | - |
| Tax effects | -37.8 | - | -52.4 | - |
| Pro forma net income | 238.1 | 243.6 | 806.7 | 693.7 |
| Net margin of non-recurrent items | 20.4 | 20.6 | 22.6 | 21.3 |
| Adjusted EBITDA of non-recurrent items | 503.5 | 485.7 | 1,539.3 | 1,369.2 |
| Adjusted EBITDA margin of non-recurrent items | 43.2 | 41.0 | 43.2 | 40.5 |

* Information not reviewed by independent auditors.

| Distribution of the Economic Wealth Generated - In million of Reais | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|---|--------------|--------------|-----------------|----------------|----------------|-----------------|
| Staff remuneration | 356.5 | 262.6 | 35.8 | 870.9 | 754.3 | 15.5 |
| Government Compensation (Taxes) | 211.5 | 245.4 | -13.8 | 669.8 | 646.7 | 3.6 |
| Third-party compensation (Rents) | 1.1 | 1.2 | -8.3 | 3.1 | 3.2 | -3.1 |
| Return on debt capital (interest and monetary variations) | 71.1 | 58.9 | 20.7 | 186.2 | 177.8 | 4.7 |
| Interest on equity and dividends | 0.0 | 0.0 | 0.0 | 150.7 | 174.2 | -13.5 |
| Net income for the period not distributed | 164.6 | 243.7 | -32.5 | 554.3 | 519.6 | 6.7 |
| Total Economic Wealth | 804.8 | 811.8 | -0.9 | 2,435.0 | 2,275.8 | 7.0 |

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

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

| Economic Indicators - In million of Reais | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|---|-------------|-------------|-----------------|-------------|-------------|-----------------|
| Net operating revenue | 1,166.6 | 1,185.3 | -1.6 % | 3,562.8 | 3,383.2 | 5.3 % |
| Operating profit | 300.6 | 400.4 | -24.9 % | 1,117.3 | 1,089.1 | 2.6 % |
| Net income | 164.6 | 243.6 | -32.4 % | 705.0 | 693.7 | 1.6 % |
| % Operating margin | 19.4 | 28.0 | -8.6 p.p. | 25.5 | 26.3 | -0.8 p.p. |
| % Net margin | 14.1 | 20.6 | -6.5 p.p. | 19.8 | 20.5 | -0.7 p.p. |
| % Return on average shareholders' equity | 2.5 | 4.1 | -1.6 p.p. | 11.0 | 11.8 | -0.8 p.p. |
| Net debt/ EBITDA (Accumulated 12 month) * | - | - | - | 1.3 | 1.6 | -0.3 p.p. |

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

At the close of 3Q20, the Company's total assets reached R\$13,119.2 million (R\$11,939.6 million at 12/31/2019), while total debt at the end of 3Q20 was R\$6,464.9 million (R\$5,765.7 million on 12/31/2019).

Of the total debt, R\$3,664.4 million (R\$3,080.4 million at 12/31/2019) refer to loans, financing, debentures and leases, an increase of 19.0% compared to the end of the year of 2019.

| | Reference | SEP/20 | DEC/19 | Var. |
|----------------------|-------------|---------|---------|----------|
| Equity | R\$ Milhões | 6,654.3 | 6,173.9 | 7.8 % |
| Share value | R\$ | 4.40 | 12.26 | -64.1 % |
| Indebtedness level * | % | 49.3 | 48.3 | 1.0 p.p. |
| Current ratio * | R\$ | 1.17 | 0.91 | 28.6 % |
| Quick ratio * | R\$ | 1.13 | 0.87 | 29.9 % |

* Information not reviewed by independent auditors.

EBITDA and Generation of Operating Cash

EBITDA in 3Q20, which represents the Company's operating result, was R\$392.2 million, against R\$485.7 million in 3Q19. The EBITDA margin went from 41.0% to 33.6%. This drop in performance was due to the 10.7% growth in costs and expenses that impact EBITDA, mainly due to the Incentive Retirement Program - PAI, and the reduction of 1.6% in net revenue.

Operating cash flow in 3Q20 was R\$418.1 million, up 7.6% over 3Q19. EBITDA to Operational Cash Conversion was 106.6%.

| EBITDA - R\$ Million * | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|-----------------------------------|--------------|--------------|-----------------|----------------|----------------|-----------------|
| Net income for the period | 164.6 | 243.6 | -32.4 % | 705.0 | 693.7 | 1.6 % |
| (+) Taxes on Income | 78.6 | 112.8 | -30.3 % | 270.4 | 261.0 | 3.6 % |
| (+) Financial income (loss) | 57.4 | 44.0 | 30.5 % | 141.9 | 134.4 | 5.6 % |
| (+) Depreciation and amortization | 91.6 | 85.3 | 7.4 % | 267.9 | 251.4 | 6.6 % |
| EBITDA | 392.2 | 485.7 | -19.3 % | 1,385.2 | 1,340.5 | 3.3 % |
| % EBITDA Margin | 33.6 | 41.0 | -7.4 p.p. | 38.9 | 39.6 | -0.7 p.p. |
| % EBITDA conversion into cash | 106.6 | 80.0 | 26.6 p.p. | 95.6 | 78.8 | 16.8 p.p. |

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

2.3 INVESTMENTS

The investments made in the second quarter of 3Q20 totaled R\$258.8 million (R\$288.5 million in 3Q19), as shown below:

| Investments – R\$ Million | 3Q20 (1) | 3Q19 (2) | Var. % (1/2) | 9M20 (3) | 9M19 (4) | Var. % (3/4) |
|---------------------------|--------------|--------------|-----------------|--------------|--------------|-----------------|
| Water | 131.9 | 122.4 | 7.8 | 333.1 | 333.0 | 0.0 |
| Sewage | 106.3 | 128.8 | -17.5 | 317.3 | 332.5 | -4.6 |
| Other investments | 20.6 | 37.3 | -44.8 | 55.0 | 87.0 | -36.8 |
| Total | 258.8 | 288.5 | -10.3 | 705.4 | 752.5 | -6.4 |

2.4 INDEBTEDNESS

Gross debt increased from R\$3,080.4 million in December 2019 to R\$3,664.4 in September 2020, representing an increase of R\$584.0 million. Net debt went from R\$2,806.3 million in December 2019 to R\$2,701.0 million in September 2020. Up to this quarter, R\$350.0 million was released referring to the 10th Debentures Issuance and R\$200.0 million was raised through the issuance of Bank Credit Card - CCB from Banco BTG Pactual S.A.

The leverage ratio, measured by the “Net Debt / EBITDA (accumulated 12 months)” ratio, decreased from 1.6x to 1.3x in the 3Q19 and 3Q20, respectively.

The level of indebtedness was 49.3% at the end of 3Q20 (47.9% in 3Q19).

Next is the breakdown of loans, financing, debentures and leases, with their respective interest rates, maturities and debt balances as at September 30, 2020:

| Indebtedness - R\$ million | Annual interest rate | Index | Contract termination | Debt balance | % |
|------------------------------------|------------------------|----------|----------------------|----------------|--------------|
| Caixa Econômica Federal | 6.62% to 12.00% | TR | 07/19/2042 | 1,130.2 | 30.8 |
| Debentures 10th Issue - 1st series | 4.66% | IPCA | 03/15/2027 | 343.4 | 9.4 |
| BNDES - PAC2 | TJPL + 1.67% and 2.05% | - | 07/15/2029 | 309.2 | 8.4 |
| Lease - Litoral | 11.14% | IPC-FIPE | 7/12/2036 | 279.9 | 7.6 |
| Debentures 9th Issue – 1st series | 106.05% on DI | - | 11/6/2024 | 200.4 | 5.5 |
| Banco BTG Pactual | DI + 2.75% | - | 06/13/2022 | 198.6 | 5.4 |
| Debentures 4th Issue – 1st series | TJLP + 1.67% | - | 07/15/2027 | 163.5 | 4.5 |
| Debentures 8th Issue – 2nd series | 108.00% on DI | - | 06/21/2023 | 155.8 | 4.3 |
| Debentures 9th Issue – 2nd series | 107.25% of on DI | - | 11/6/2026 | 151.8 | 4.1 |
| Debentures 8th Issue – 1st series | 106.50% on DI | - | 06/21/2021 | 95.5 | 2.6 |
| Debentures 4th Issue – 2nd series | 7.44% | IPCA | 07/15/2027 | 91.5 | 2.5 |
| Lease - Right of Use | 4.09% | - | 09/30/2025 | 86.9 | 2.4 |
| Debentures 2nd Issue – 2nd series | 9.19% | IPCA | 09/15/2024 | 76.8 | 2.1 |
| Debentures 3rd Issue – 2nd series | 6.99% | IPCA | 11/15/2020 | 73.4 | 2.0 |
| Debentures 2nd Issue – 3rd series | TJLP + 1.92% | - | 09/15/2024 | 65.3 | 1.8 |
| Debentures 7th Issue – 2nd series* | 4.79% | IPCA | 11/15/2038 | 56.3 | 1.5 |
| Debentures 2nd Issue – 1st series | TJLP + 1.92% | - | 09/15/2024 | 49.0 | 1.3 |
| Debentures 7th Issue – 1st series* | 5.20% | IPCA | 11/15/2038 | 45.6 | 1.2 |
| Debentures 7th Issue – 4th series* | 6.57% | IPCA | 11/15/2038 | 24.7 | 0.7 |
| Debentures 7th Issue – 3rd series* | 6.97% | IPCA | 11/15/2038 | 20.0 | 0.6 |
| BNDES | TJLP + 1.82% | - | 01/15/2023 | 17.9 | 0.5 |
| Banco Itaú PSI | 3.0% to 6.0% | - | 01/15/2025 | 12.5 | 0.3 |
| Banco do Brasil - PSI | 3.0% to 6.0% | - | 04/15/2024 | 9.9 | 0.3 |
| KfW Bank | 1.35% | EURO | 12/30/2032 | 6.3 | 0.2 |
| Total | | | | 3,664.4 | 100.0 |

* IPCA as a variable component of the TLP

We present below the debt profile in relation to maturity:

| Description - R\$ million | Debt balance | % |
|---------------------------|----------------|--------------|
| 12 months | 560.6 | 15.3 |
| 24 months | 352.3 | 9.6 |
| 36 months | 382.7 | 10.4 |
| 60 months | 583.0 | 15.9 |
| Over 60 months | 1,785.8 | 48.8 |
| Total | 3,664.4 | 100.0 |

3. REGULATIONS

The Company was authorized by AGEPAR - Agência Reguladora de Serviços Públicos Delegados do Paraná (Delegated Public Infrastructure Utility Services Regulatory Agency of the State of Paraná) by means of Ratifying Resolution No. 003. of April 17 to apply a rate adjustment of 25.63% as provided for in article 3:

“Article 3 – Define that the application of the tariff revision approved pursuant to Article 2 of this Resolution will be deferred in 8 (eight) years, with the first installment corresponding in the year 2017 to an average repositioning of 8.53% (eight point fifty three percent), and the others in 7 (seven) installments of 2.11% (two point eleven percent), plus the corresponding financial correction and economic correction, which will be applied by applying the weighted average rate of daily financing as established in the Special System of Settlement and Custody (SELIC), in the terms defined in the Technical Note approved in Article 1 of this Resolution.”

In accordance with Technical Orientation OCPC 08 – Recognition of Certain Assets and Liabilities in Financial Reporting of Energy Distributors issued pursuant to Brazilian and International Accounting Standards, the Company does not record in its Financial Statements the amounts receivable resulting from deferral, considering that: (i) the realization or payment of these amounts depend of a future event not fully under the control of the entity – future billing of water and sewage services; (ii) it is not possible to know, when the receivables are generated, which are the debtors of these amounts; and (iii) the actual receipt of these amounts shall only occur if the concession is maintained.

The estimate of the amount receivable resulting from the difference between the Required Revenue and Verified Revenue will be measured and disclosed throughout the period of the deferral, and until September 30, 2020, the best estimate, represents R\$1.565 billion. In real terms, from the 25.63% index to be repositioned in 2017, the Company's tariff was 13.16%, with 11.02% still to be deferred until 2024.

Portion A Cost Variation Account (CVA)

Portion A cost variation offsetting account corresponds to the offset of the monthly differences, whether gains or losses, calculated as a result of the variations in the costs of electricity, chemical products and segment charges, adjusted by IPCA.

The CVA is determined from the historical cost verified in the period $t - 1$ for the three components referred to above and passed by means of adjustments in the t period. However, the basic formulation of the tariff adjustment does not guarantee the perfect pass through of non-manageable costs to consumers, given that it does not consider, for example, the differences between reference and application markets.

As the calculation of the tariff adjustment assumes that exactly the same volume (m^3) verified upon the calculation of the adjustment will happen in the following period, by the end of t period the balance of CVA would be zero.

Up to September 2020, the Company's CVA ascertained in a managerial way a positive balance of R\$79.5 million that Sanepar shall recover.

Adjusted EBITDA with non-manageable items - Information not reviewed by independent auditors

The Company is announcing pro forma 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, 2020:

| EBITDA - R\$ million * | 9M20 |
|--|----------------|
| EBITDA | 1,385.2 |
| (+) Items no manageable | 79.5 |
| Electrical energy | 13.3 |
| Treatment material | 42.7 |
| Fee and charges | 23.5 |
| (=) Adjusted EBITDA with non-manageable items | 1,464.7 |
| % EBITDA Margin with non-manageable items | 41.4 |

* Information not reviewed by the independent auditors

Tariff Adjustment

The Board of Directors of the Paraná State Delegated Regulatory Agency - AGEPAR approved on April 16, 2019, by means of Homologative Resolution No. 006/2019, the Tariff Adjustment Index - IRT of 12.12944% on services rendered to from May 17, 2019 and also approved the application of the Sanitation Tariff Schedule.

As a result of the precautionary measure granted through the monocratic decision materialized in Dispatch 478/19-GCFAMG, in view of the extraordinary accountability of the Court of Auditors of the State of Paraná - TCE/PR (Process nº 312857/19), the adjustment approved by AGEPAR was partially applied in 8.37135% (eight integers and thirty-seven thousand, one hundred and thirty-five hundredths of a thousandths), pro rata die as of May 24, 2019.

On October 23, 2019, the TCE / PR revoked the precautionary measure issued in the case no. 312857/19 and re-established the percentage of readjustment set by AGEPAR, thus Sanepar applied the 3.76% differential corrected, as of 11 November 2019.

The Company recorded between November 2019 and May 2020, the sales of R\$82 million referring to the retroactive adjustment of 3.76%, ending the differences of adjustment not applied on the base date of 2019.

On February 18, 2020, the Company filed the request for Tariff Adjustment Index - IRT 2020 with the Regulatory Agency for Public Services Delegates of Paraná - AGEPAR, with the approval expected until April 17, 2020 and application from 17 May 2020, however, the Board of Directors of AGEPAR approved on April 17, 2020, through Extraordinary Meeting nº 009/2020/RCDE, the suspension of the application of tariff adjustments for 60 (sixty) days, due to the pandemic of COVID-19. On July 9, 2020, through Ordinance 017/2020, AGEPAR extended the suspension for a further 60 days, starting on June 17, 2020.

At a meeting held on August 25, 2020, AGEPAR decided to approve the percentage of the annual tariff readjustment of 9.6299%, according to resolution 19/2020, whose application would take place as of October 31, 2020. However, in September 1, 2020, AGEPAR decided, in an extraordinary meeting, to suspend the effects of resolution 19/2020, due to the mediation procedure established by AGEPAR between the Government of the State of Paraná and the Company. The form of recomposition of the values resulting from the suspension of the adjustment will be defined in due course by AGEPAR.

4. 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 3Q2020.

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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, in addition to protection of the environment and its water resources, in addition to being authorized to sell the energy generated in its units and services and rights arising from its patrimonial assets and to use networks for the installation of optical fibers. The Company may also participate, majority or minority, in consortia, investment funds or companies with public and private companies. The operation of these businesses may be directly or through subsidiaries, through special purpose companies or other legal types of association approved by the General Shareholders' Meeting.

By means of municipal concessions, the Company renders services of treatment and distribution of water and collection and treatment of sewage. Contract renewals have average term of 30 years. From a total of 346 municipalities served, about 10 (2.9%) of the contracts are currently being renewed for being expired, 54 (15.6%) expire from 2020 to 2029 and 282 (81.5%) were renewed and expire after 2030. In the case of non renewed concessions, the municipalities shall reimburse to the Company the residual amounts of the assets related to the concession upon termination.

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

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

The Company has 40% interest in the Special Purpose Entity, organized as a closely-held corporation, named “CS Bioenergia S/A”, engaged in rendering services of proper final destination of solid and organic waste and of the sludge generated in the sewage stations, production of biogas and generation of energy, as mentioned in Note 11.

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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 12, 2020.

2.2 Operational continuity

The Company's Management has carried out all its planning and actions aiming at the continuity of its business, so it evaluates that it has the conditions to make available all the resources to continue its operations, this quarter, it also assessed the impacts of COVID-19, as presented in Note 30. Management is not aware of any material uncertainties that may raise doubts about the Company's operating continuity, and so the interim financial information was prepared taking into account this assumption.

2.3 Measurement and Presentation Basis

The Interim Financial Information was prepared considering historical cost as base value, financial assets measured at fair value and certain classes of current and non-current assets and liabilities.

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, 2020 are consistent with the practices described in Note 3 of the Company's financial statements for the year ended December 31, 2019, except for the accounting record of expected losses from accounts receivable from customers as presented in Note 6.

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New standards, changes and interpretations in effect for years beginning on or after January 1, 2020:

New IFRS and interpretations of the IFRIC (IASB Financial Information Interpretation Committee) - The IFRS issues / amendments made by the IASB that are effective for the year started in 2020 had no impact on the Company's Interim Financial Information. In addition, the IASB issued / revised some IFRS standards, which are to be adopted for the year 2021 or later, and the Company is assessing 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 01/01/2022. The Company does not expect significant impacts on its Interim Financial Information.

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

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4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

4.1 Financial risk management

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

Credit Risk: The Company is exposed to credit risk of the counterpart in its financial transactions (cash and cash equivalents, bank deposits and financial institutions) and accounts receivable (credit to customers and balances with related parties). The maximum exposure is equivalent to the accounting value as at September 30, 2020 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 analyses, and adopt the practice of cutting the supply in case of default, with a minimum prior notice of thirty days. 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.

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

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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\$9,108 and R\$18,216 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 | 4,472 | (4,472) | 8,944 | (8,944) |
| Assets | | 4,472 | (4,472) | 8,944 | (8,944) |
| Bank Credit Notes - CCB | DI | (740) | 740 | (1,480) | 1,480 |
| BNDES | TJLP | (180) | 180 | (360) | 360 |
| BNDES-PAC2 | TJLP | (1,619) | 1,619 | (3,238) | 3,238 |
| Debentures 2nd Issuance - 1st to 3rd series | TJLP | (1,033) | 1,033 | (2,066) | 2,066 |
| Debentures 2nd Issuance - 2nd series | IPCA | (400) | 400 | (800) | 800 |
| Debentures – 3rd Issuance - 2nd series | IPCA | (304) | 304 | (608) | 608 |
| Debentures – 4th Issuance - 1st series | TJLP | (1,426) | 1,426 | (2,852) | 2,852 |
| Debentures – 4th Issuance - 2nd series | IPCA | (414) | 414 | (828) | 828 |
| Debentures - 7th Issuance - 1st to 4th series | IPCA | (344) | 344 | (688) | 688 |
| Debentures - 8th Issuance - 1st and 2nd series | DI | (1,555) | 1,555 | (3,110) | 3,110 |
| Debentures - 9th Issuance - 1st and 2nd series | DI | (2,135) | 2,135 | (4,270) | 4,270 |
| Debentures – 10th Issuance - single series. | IPCA | (80) | 80 | (160) | 160 |
| Lease | IPC-FIPE | (1,845) | 1,845 | (3,690) | 3,690 |
| Lease of Right of Use | DI | (1,505) | 1,505 | (3,010) | 3,010 |
| Liabilities | | (13,580) | 13,580 | (27,160) | 27,160 |
| Effects on Income before Taxation | | (9,108) | 9,108 | (18,216) | 18,216 |

The indexes considered for the 12-month period were TR of 0.00% and the TJLP of 5.13% obtained from BACEN - Banco Central do Brasil, the IPCA at the rate of 3.14% obtained from IBGE - Instituto Brazilian Geography and Statistics, the DI at the rate of 3.54% obtained from B3 - Brasil, Bolsa e Balcão and the IPC at the rate of 4.34% obtained from Fipe.

Exchange Rate Sensitivity Analysis: The following are the impacts that would be generated by changes in risk variables related to derivative financial instruments intended to hedge foreign currency lending. According to data from the Central Bank of Brazil - BACEN, obtained from the Market Expectations System, the probable scenario for the next quarter is a reduction of 7.458% in the dollar rate. This scenario uses the average exchange rate projected for the end of 2020, base date 9/30/2020, in relation to the PTAX rate informed on the same date.

Considering the notional amount of €1,086 thousand (R\$7,180 thousand), the value of the euro quotation as R\$6.6132 for September 30, 2020 (Ptax - Central Bank) and considering the assumption of the proportional value of USD1.1724 for each Euro, considering the Dollar to R\$5.6407, 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 reduced - Euro (7.458%) | 536 | (1,795) | 1,795 | (3,590) | 3,590 |

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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 09/30/2020 the Company has swap contracts (Euro + interest X CDI) as shown below:

| Financial Instruments - Swap Contract | | | | | | | |
|---------------------------------------|----------|-----------------------------|---------------------------|--------------------|----------------------------------|--------------------------------------|--|
| Operation | Agent | Start date of the operation | Maturity of the operation | Notional Value EUR | Fair Value of the Asset Position | Fair Value of the Liability Position | Gain (Loss) with Derivative Instruments - Swap |
| 1 | Itaú BBA | 08/09/2019 | 12/26/2022 | 6 | 39 | 26 | 13 |
| 2 | Itaú BBA | 09/04/2019 | 12/26/2022 | 64 | 427 | 296 | 131 |
| 3 | Itaú BBA | 10/04/2019 | 12/26/2022 | 12 | 78 | 53 | 25 |
| 4 | Itaú BBA | 11/13/2019 | 12/26/2022 | 368 | 2,442 | 1,701 | 741 |
| 5 | Itaú BBA | 06/05/2020 | 12/26/2022 | 632 | 4,195 | 3,667 | 528 |
| TOTAL | | | | 1,082 | 7,181 | 5,743 | 1,438 |

4.2. Capital risk management

The purpose of the capital management of the Company is to guarantee a strong credit *rating* to financial institutions and an optimal capital ratio in order to support business and maximize values to the shareholders. The Company manages its capital structure by means of adjustments and adequacy to current economic conditions. With this objective, the company can make payments of dividends, enter into new loans, issue promissory notes and contract operations with derivatives. For the period ended on September 30, 2020, here 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 and net debt / EBITDA. For net debt effect purposes loans, financing, debentures and lease, minus cash and cash equivalents:

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| Description | 09/30/2020 | 12/31/2019 |
|--|------------|------------|
| Loans, financing, debentures and lease | 3,664,388 | 3,080,431 |
| Cash and cash equivalents | (963,381) | (274,059) |
| Net debt | 2,701,007 | 2,806,372 |
| Equity | 6,654,286 | 6,173,914 |
| EBITDA Accumulated 12 Months * | 2,016,427 | 1,971,727 |
| Ratio Net Debt/Equity * | 0.41 | 0.45 |
| Ration Net Debt/EBITDA * | 1.34 | 1.42 |

* EBITDA information (CVM Instruction No. 527/12) not reviewed by independent auditors.

4.3. Financial Instruments

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

| Description | 09/30/2020 | 12/31/2019 |
|---|------------------|------------------|
| Assets | | |
| Fair value measured through income | | |
| Financial investments | 947,801 | 257,181 |
| Financial instrument - Swap | 7,181 | 2,040 |
| Restricted deposits | 61,787 | 58,603 |
| Amortized cost | | |
| Cash and banks | 15,580 | 16,878 |
| Trade accounts receivables | 773,834 | 829,562 |
| Contractual financial assets | 473,144 | 435,209 |
| Total | 2,279,327 | 1,599,473 |
| Liabilities | | |
| Fair value measured through income | | |
| Financial instrument - Swap | 5,743 | 2,065 |
| Amortized cost | | |
| Loans, financing, debentures and lease | 3,664,388 | 3,080,431 |
| Contractors and Suppliers | 192,490 | 214,445 |
| Concession agreements | - | 31,414 |
| Total | 3,862,621 | 3,328,355 |

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

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5. CASH AND CASH EQUIVALENTS

These have the following composition:

| Description | 09/30/2020 | 12/31/2019 |
|--|----------------|----------------|
| Unrestricted bank deposits | 676 | 4,516 |
| Restricted bank deposits | 14,904 | 12,362 |
| | <u>15,580</u> | <u>16,878</u> |
| Financial investments | 947,801 | 257,181 |
| Total cash and cash equivalents | 963,381 | 274,059 |

Financial investments are close to fair value and have short-term characteristics, high liquidity and low risk of change in value. They consist of fixed income fund invested in Investment Funds whose portfolio is comprised mostly of government securities of the Federal Government and Bank Certificate of Deposit, with average remuneration of 101.65% of the CDI (100.31% in 2019). The increase in the balance of Financial Investments is due to new funding (10th issue of debentures R\$350,000 and CCB R\$200,000) and postponement of tax payments, referring to April, May and June 2020, as permitted by law.

6. TRADE ACCOUNTS RECEIVABLES, NET

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

| Description | 09/30/2020 | 12/31/2019 |
|---|----------------|----------------|
| Falling due accounts receivable | 279,706 | 288,080 |
| Accounts receivable from installment payments (1) | 53,986 | 120,113 |
| Adjustment to Present Value | (3,199) | (4,088) |
| Accounts to be billed (Unbilled consumption) | 185,093 | 212,452 |
| | <u>515,586</u> | <u>616,557</u> |
| Overdue accounts receivable | | |
| From 1 to 30 days | 130,539 | 146,804 |
| From 31 to 60 days | 49,064 | 34,697 |
| From 61 to 90 days | 28,416 | 12,816 |
| From 91 to 180 days | 59,786 | 22,404 |
| Over 180 days | 242,708 | 192,771 |
| Allowance for losses on doubtful accounts | (252,265) | (196,487) |
| | <u>258,248</u> | <u>213,005</u> |
| Total accounts receivable, net | 773,834 | 829,562 |
| Current | 755,954 | 809,736 |
| Non-current | 17,880 | 19,826 |

(1) In December 2019, a provision was made for the estimated revenue of R\$ 61.0 million related to the retroactive adjustment of 3.76% not received from customers in the period from July to November 2019, which was effectively billed in the months from January to April 2020.

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We highlight that, due to the impacts of the Coronavirus (COVID-19), as described in Note 30, in addition to the allowance for losses on doubtful accounts, according to the accounting practice adopted by the Company and described in Note 6 to the Financial Statements of the Financial Year in 2019, the Company constituted until of the third quarter of 2020 a provision for expected losses on accounts receivable from private customers in the amount of R\$7,028, considering the best estimate for the moment.

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

| Description | Trade accounts receivable | Allowance for doubtful | Adjustment to present value | 09/30/2020 | 12/31/2019 |
|--------------------------|---------------------------|------------------------|-----------------------------|----------------|----------------|
| Municipal administration | 91,997 | (53,805) | (2,640) | 35,552 | 48,703 |
| Private | 922,650 | (198,460) | (559) | 723,631 | 767,003 |
| Federal Entity | 1,061 | - | - | 1,061 | 1,723 |
| Government State | 13,590 | - | - | 13,590 | 12,133 |
| Total | 1,029,298 | (252,265) | (3,199) | 773,834 | 829,562 |

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

| Description | 09/30/2020 | 12/31/2019 |
|----------------------------------|------------------|------------------|
| Balances at beginning of period | (196,487) | (175,956) |
| Amounts recorded as expenses* | (56,282) | (20,850) |
| Write-offs, net of recoveries | 504 | 319 |
| Balances at end of period | (252,265) | (196,487) |

* Growth due to overdue accounts of private customers.

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

| Description | 09/30/2020 | 12/31/2019 |
|---------------------------|----------------|----------------|
| Private customers | 198,460 | 147,417 |
| Municipal Administrations | 53,805 | 49,070 |
| Total | 252,265 | 196,487 |

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 | 09/30/2020 | 12/31/2019 |
|--------------------------------|----------------|----------------|
| Balances at beginning of year | (4,088) | (4,723) |
| Adjustment to Present Value | 889 | 635 |
| Balances at end of year | (3,199) | (4,088) |

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7. RESTRICTED DEPOSITS

Restricted deposits breakdown as follows:

| Description | 09/30/2020 | 12/31/2019 |
|-------------------------------------|---------------|---------------|
| Health National Foundation - FUNASA | 4,976 | 2,855 |
| Reserves kept in CAIXA (1) | 56,811 | 55,748 |
| Total | 61,787 | 58,603 |
| Current | 4,976 | 2,855 |
| Non-current | 56,811 | 55,748 |

(1) Reserve accounts linked to financing contracts in amounts sufficient to meet contractual clauses.

8. OTHER ACCOUNTS RECEIVABLE

These break down as follows:

| Description | 09/30/2020 | 12/31/2019 |
|--|---------------|---------------|
| Advances to employees | 32,115 | 13,317 |
| Reimbursable payments | 12,618 | 17,909 |
| Guarantee deposits | 1,669 | 1,740 |
| Municipal Fund for the Environment (1) | 47,474 | 48,881 |
| Prepaid expenses | 1,000 | 3,468 |
| Bonds and other receivables | 632 | 886 |
| Total | 95,508 | 86,201 |
| Current | 49,330 | 37,642 |
| Non-current | 46,178 | 48,559 |

(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 | 12/31/2019 | Additions | NPV Revenue | NPV Expense | 09/30/2020 |
|-----------------------------|----------------|-------------------|---------------|-----------------|----------------|
| Investment Not Amortized | 1,213,062 | 93,605 | - | - | 1,306,667 |
| Adjustment to Present Value | (777,853) | (57,623) | 13,014 | (11,061) | (833,523) |
| Total | 435,209 | (a) 35,982 | 13,014 | (11,061) | 473,144 |

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).

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The equivalent discount rate applied to calculate the present value adjustment was 4.0% (spread between the IPCA projected for the period and the Company's WACC rate) and took into account Program Contracts with terms of 21 to 30 years.

10. CONTRACT ASSET

It has the following movement:

| Description | 12/31/2019 | Additions | Capitalisation of interest | Write-off and Loss | Transfer to Intangible asset | 09/30/2020 |
|-----------------------------------|------------------|----------------|----------------------------|--------------------|------------------------------|------------------|
| Projects and Works in Progress | 1,642,497 | 621,089 | 15,981 | 391 | (621,435) | 1,658,523 |
| Inventories for Construction Work | 114,217 | (3,922) | - | - | - | 110,295 |
| Total | 1,756,714 | 617,167 | 15,981 | 391 | (621,435) | 1,768,818 |

Up to the Third Quarter of 2020, the amount of R\$617,167 (R\$679,586 in the same period of 2019) was recorded as projects and works in progress, due to the expansion of the Water Supply System, mainly in the municipalities of Cascavel, Laranjeiras do Sul, Umuarama, Guarapuava and Telêmaco Borba, and construction of the Miringuava Dam in São José dos Pinhais and expansion of sewage collection and treatment systems mainly in the municipalities of Londrina, Curitiba, Paranaíba, União da Vitória and São José dos Pinhais.

Until this quarter ended September 30, 2020, 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\$15,981 (R\$16,264 in the same period of 2019). The average rate used to determine the amount of capitalized borrowing costs in relation to total costs was 10.4%.

11. INVESTMENTS

| Description | 09/30/2020 | 12/31/2019 |
|--|--------------|--------------|
| Investment in joint venture - CS Bioenergia S.A. | 250 | - |
| Other investments | 2,192 | 2,671 |
| Total | 2,442 | 2,671 |

Investments in joint venture – CS Bioenergia S.A.

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

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

| Statement of financial position – CS Bioenergia S.A. | 09/30/2020 | 12/31/2019 |
|--|---------------|---------------|
| Current assets | 3,187 | 2,191 |
| Noncurrent assets | 61,181 | 65,777 |
| • Fixed assets | 44,178 | 42,685 |
| • Lease | 14,899 | 16,148 |
| • Other | 2,104 | 6,944 |
| Total Assets | 64,368 | 67,968 |
| Current liabilities | 10,391 | 11,231 |
| • Loans, financing and lease | 7,464 | 7,651 |
| • Other | 2,927 | 3,580 |
| Noncurrent liabilities | 12,619 | 11,000 |
| • Loans, financing and lease | 12,619 | 11,000 |
| Equity | 41,358 | 45,737 |
| Total Liabilities and Equity | 64,368 | 67,968 |

| Statement of income (loss) – CS Bioenergia S.A. | 09/30/2020 | 12/31/2019 |
|---|----------------|-----------------|
| Revenues | 8,934 | 4,335 |
| (-) Operational expenses | (10,231) | (15,021) |
| Financial income (loss) | (3,707) | (3,459) |
| Income before income tax | (5,004) | (14,145) |
| Loss for the period | (5,004) | (14,145) |

Changes in the investment in the period are as follows:

| Description | 09/30/2020 | 12/31/2019 |
|--|------------|------------|
| Balance at beginning of period | - | 20,479 |
| Financial contribution | 1,199 | 2,525 |
| Equity in earnings (losses) of controlled company (percentage of interest 40%) | (2,001) | (5,658) |
| Impairment Test - (Constitution) / Reversal | 1,052 | (17,346) |
| Balance at end of period/year | 250 | - |

Investments assets impairment on CS Bioenergia S.A.

As a result of the delay in the conclusion and start-up of the CS Bioenergia SA plant, as recommended by CPC 18 and CPC 01, Sanepar's Management carried out the impairment test of this investment at the year end 2019, and concluded, considering the history losses and that future cash flows show negative results, for the analyzed period of 5 years, demonstrating 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. At the end of the fiscal year, the Company will perform a new impairment test on this investment.

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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 09/30/2020, equivalent to R\$2,192.

12. FIXED AND INTANGIBLE ASSETS

a) Fixed assets

These have the following composition:

| By account | | | 09/30/2020 | 12/31/2019 |
|----------------------|----------------|--------------------------|----------------|----------------|
| Description | Cost | Accumulated depreciation | Net amount | |
| Administration | 351,665 | (141,162) | 210,503 | 209,454 |
| Other fixed assets | 1,312 | (972) | 340 | 1,202 |
| Right of use - Lease | 138,206 | (67,830) | 70,376 | 87,060 |
| Total | 491,183 | (209,964) | 281,219 | 297,716 |

| By Nature | | | | 09/30/2020 | 12/31/2019 |
|-----------------------------------|--------------------------|----------------|--------------------------|----------------|----------------|
| Description | Annual depreciation rate | Cost | Accumulated depreciation | Net amount | |
| Plots of land | - | 2,931 | - | 2,931 | 2,929 |
| Civil construction | *1.84% | 106,182 | (19,277) | 86,905 | 82,017 |
| Leasehold | *2% | 2,364 | (770) | 1,594 | 1,383 |
| Facilities | *5.83% | 9,685 | (2,961) | 6,724 | 6,354 |
| Equipment | *6.23% | 80,084 | (29,840) | 50,244 | 50,950 |
| Furniture and fixtures | *7.14% | 49,356 | (19,997) | 29,359 | 29,284 |
| IT equipment | *19.82% | 40,402 | (26,807) | 13,595 | 13,356 |
| Vehicles | *13.05% | 36,731 | (23,836) | 12,895 | 15,674 |
| Machinery, tractors and similar | *19.35% | 23,706 | (18,132) | 5,574 | 6,765 |
| Tools | *6.67% | 1,470 | (514) | 956 | 986 |
| Patrimonial assets to incorporate | - | 66 | - | 66 | 958 |
| Right of use - Lease | - | 138,206 | (67,830) | 70,376 | 87,060 |
| Totais | | 491,183 | (209,964) | 281,219 | 297,716 |

* Weighted average rate

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b) Intangible assets

These have the following composition:

| By account | | | 09/30/2020 | 12/31/2019 |
|---------------------------------|-------------------|--------------------------|------------------|------------------|
| Description | Cost | Accumulated depreciation | Net amount | |
| Water mains | 4,966,727 | (1,693,813) | 3,272,914 | 3,068,726 |
| Sewage mains | 5,337,983 | (1,305,657) | 4,032,326 | 3,820,198 |
| Solid waste | 4,098 | (3,683) | 415 | 52 |
| System Use and Operation Rights | 125,109 | (73,234) | 51,875 | 53,281 |
| Other intangible assets | 171,465 | (77,031) | 94,434 | 79,752 |
| Right of use - Lease | 201,109 | (13,277) | 187,832 | 201,551 |
| Total | 10,806,491 | (3,166,695) | 7,639,796 | 7,223,560 |

| By Nature | | | | 09/30/2020 | 12/31/2019 |
|---|--------------------------|-------------------|--------------------------|------------------|------------------|
| Description | Annual amortization rate | Cost | Accumulated amortization | Net amount | |
| Plots of land | - | 194,111 | - | 194,111 | 171,068 |
| Wells | *3.10% | 153,232 | (39,989) | 113,243 | 111,810 |
| Dams | *2.67% | 141,664 | (60,045) | 81,619 | 83,462 |
| Civil construction | *2.59% | 2,398,230 | (585,045) | 1,813,185 | 1,690,137 |
| Leasehold | *2.67% | 30,848 | (4,273) | 26,575 | 23,582 |
| Piping | *2.64% | 5,422,532 | (1,458,170) | 3,964,362 | 3,780,749 |
| Building connections | *3.33% | 794,797 | (259,613) | 535,184 | 509,841 |
| Facilities | *5.83% | 187,090 | (74,079) | 113,011 | 100,727 |
| Hydrometers | *10% | 222,765 | (92,215) | 130,550 | 127,365 |
| Macro-meters | *10% | 6,478 | (4,501) | 1,977 | 2,039 |
| Equipments | *6.23% | 676,711 | (309,449) | 367,262 | 332,402 |
| Furniture and fixtures | *7.14% | 6,560 | (3,768) | 2,792 | 2,717 |
| IT equipment | *19.82% | 89,649 | (83,089) | 6,560 | 4,477 |
| Computer programs | *20% | 70,587 | (43,027) | 27,560 | 18,583 |
| Vehicles | *13.05% | 26,766 | (19,064) | 7,702 | 7,517 |
| Machinery, tractors and similar | *19.35% | 27,883 | (21,721) | 6,162 | 3,954 |
| Tools | *6.67% | 289 | (207) | 82 | 76 |
| Rights of Use of Transmission Lines | *6.25% | 173 | (136) | 37 | 22 |
| Environmental protection and preservation | *20% | 28,061 | (21,793) | 6,268 | 6,659 |
| Concession of the Mun. of Curitiba (1) | *1.5% | 125,000 | (73,125) | 51,875 | 53,281 |
| Concession of the Mun. of Cianorte (2) | *5% | 109 | (109) | - | - |
| Patrimonial assets to incorporate | - | 1,847 | - | 1,847 | 1,392 |
| Rights of Use - Lease | - | 201,109 | (13,277) | 187,832 | 191,700 |
| Total | | 10,806,491 | (3,166,695) | 7,639,796 | 7,223,560 |

* Weighted average rate

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

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

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Lease:

The Company has lease agreements, with the following characteristics:

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

(ii) lease agreements vehicles, movable and immovable property, where the risks and benefits of using the property with the landlord. These contracts do not exceed 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, 2020, the carrying amount for each category of assets under lease commitments recorded in Fixed and Intangible Assets is as follows:

| By account | | | | 09/30/2020 | 12/31/2019 |
|-----------------------------|--------------------------|----------------|--------------------------|----------------|----------------|
| Description | Annual Amortization Rate | Cost | Accumulated amortization | Net Amount | |
| Buildings | 2.59% | 37,434 | (2,042) | 35,392 | 35,862 |
| Piping | 2.64% | 147,315 | (8,397) | 138,918 | 141,128 |
| Building connections | 3.33% | 8,227 | (813) | 7,414 | 7,620 |
| Facilities | 5.83% | 309 | (67) | 242 | 257 |
| Equipment | 6.23% | 6,013 | (1,187) | 4,826 | 5,105 |
| Lease - Litoral | | 199,298 | (12,506) | 186,792 | 189,972 |
| Car Rental | 13.05% | 59,614 | (41,338) | 18,276 | 37,036 |
| Civil construction | 2.59% | 44,473 | (10,163) | 34,310 | 32,079 |
| Equipment | 6.23% | 676 | (500) | 176 | 412 |
| IT Equipment | 19.82% | 35,253 | (16,599) | 18,654 | 19,261 |
| Lease - Right of use | | 140,016 | (68,600) | 71,416 | 88,788 |
| Total | | 339,314 | (81,106) | 258,208 | 278,760 |
| Fixed assets | | 138,205 | (67,829) | 70,376 | 87,060 |
| Intangible assets | | 201,109 | (13,277) | 187,832 | 191,700 |

The Company recorded in the result the amount of R\$2,868 related to low value and short term (less than 12 months) lease agreements.

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Assets resulting from leasing contracts present the following changes:

| Asset | 12/31/2019 | Additions | Amortization | 09/30/2020 |
|--------------------|----------------|---------------|-----------------|----------------|
| Lease - Litoral | 189,972 | - | (3,180) | 186,792 |
| Vehicles | 37,036 | 664 | (19,424) | 18,276 |
| Civil construction | 32,079 | 8,335 | (6,104) | 34,310 |
| Equipment | 412 | 51 | (287) | 176 |
| IT Equipment | 19,261 | 7,831 | (8,438) | 18,654 |
| Saldo | 278,760 | 16,881 | (37,433) | 258,208 |

c) Changes to Fixed and Intangible assets in the period of January to September of 2020:

| Description | 12/31/2019 | Additions | Depreciation and Amortization | Write-offs and losses | Transfers to Work | Transfer | 09/30/2020 |
|---|------------------|---------------|-------------------------------|-----------------------|--------------------|---------------------|------------------|
| Fixed assets | | | | | | | |
| Plots and land | 2,929 | 2 | - | - | - | - | 2,931 |
| Civil construction | 82,017 | 387 | (1,575) | (2) | 6,924 | (846) | 86,905 |
| Leasehold | 1,383 | - | (33) | - | 244 | - | 1,594 |
| Facilities | 6,354 | 782 | (412) | - | - | - | 6,724 |
| Equipment | 50,950 | 2,628 | (3,289) | (45) | - | - | 50,244 |
| Furniture and fixtures | 29,284 | 2,407 | (2,260) | (149) | 77 | - | 29,359 |
| IT Equipment | 13,356 | 2,133 | (3,086) | (36) | 177 | 1,051 | 13,595 |
| Vehicles | 15,674 | - | (1,728) | - | - | (1,051) | 12,895 |
| Machinery, tractors and similar | 6,765 | 332 | (1,523) | - | - | - | 5,574 |
| Tools | 986 | 29 | (59) | - | - | - | 956 |
| Patrimonial assets to incorporate | 958 | (892) | - | - | - | - | 66 |
| Right of Use - Lease | 87,060 | 17,046 | (33,730) | - | - | - | 70,376 |
| Total Fixed Assets | 297,716 | 24,854 | (47,695) | (232) | 7,422 | (846) | 281,219 |
| Intangible Asset | | | | | | | |
| Plots of land | 171,068 | 4,955 | - | (24) | 18,112 | - | 194,111 |
| Wells | 111,810 | 510 | (1,408) | (877) | 3,242 | (34) | 113,243 |
| Dams | 83,462 | 38 | (2,246) | - | 368 | (3) | 81,619 |
| Civil construction | 1,690,137 | 3,399 | (42,379) | (635) | 168,235 | (5,572) | 1,813,185 |
| Leasehold | 23,582 | 170 | (572) | (245) | 3,998 | (358) | 26,575 |
| Piping | 3,780,749 | 12,066 | (97,449) | (674) | 297,745 | (28,075) | 3,964,362 |
| Building connections | 509,841 | 212 | (17,916) | (182) | 44,320 | (1,091) | 535,184 |
| Facilities | 100,727 | 1,132 | (8,038) | 233 | 18,957 | - | 113,011 |
| Hydrometers | 127,365 | - | (14,970) | (1,804) | 19,959 | - | 130,550 |
| Macro-meters | 2,039 | - | (253) | - | 191 | - | 1,977 |
| Equipment | 332,402 | 22,431 | (20,159) | (2,250) | 34,838 | - | 367,262 |
| Furniture and fixtures | 2,717 | 270 | (228) | (11) | 44 | - | 2,792 |
| IT Equipment | 4,477 | 26 | (905) | (14) | 2,976 | - | 6,560 |
| Computer programs | 18,583 | 14,427 | (5,146) | (304) | - | - | 27,560 |
| Vehicles | 7,517 | 1,051 | (866) | - | - | - | 7,702 |
| Machinery, tractors and similar | 3,954 | 3,292 | (1,084) | - | - | - | 6,162 |
| Tools | 76 | 15 | (8) | (1) | - | - | 82 |
| Rights of Use of Transmission Lines | 22 | 18 | (3) | - | - | - | 37 |
| Environmental protection and preservation | 6,659 | - | (1,448) | 32 | 1,028 | (3) | 6,268 |
| Concession of the Mun. of Curitiba | 53,281 | - | (1,406) | - | - | - | 51,875 |
| Concession of the Mun. of Cianorte | - | - | (5) | 5 | - | - | - |
| Patrimonial assets to incorporate | 1,392 | 455 | - | - | - | - | 1,847 |
| Right of Use - Lease | 191,700 | (182) | (3,686) | - | - | - | 187,832 |
| Subtotal intangible assets | 7,223,560 | 64,285 | (220,175) | (6,751) | 614,013 | (35,136) | 7,639,796 |
| Grand Total | 7,521,276 | 89,139 | (267,870) | (6,983) | (a) 621,435 | (b) (35,982) | 7,921,015 |

(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 2019 and did not identify any amount to be recognized as a loss this quarter.

13. LOANS, FINANCING, DEBENTURES AND FINANCE LEASE

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

| Description | Annual Interest Rate | Index | 09/30/2020 | | | 12/31/2019 | | |
|--|-----------------------|----------|----------------|------------------|------------------|----------------|------------------|------------------|
| | | | Current | Non-current | Total | Current | Non-current | Total |
| Currency: | | | | | | | | |
| Debentures 3rd Issuance – 2nd series | 6.99% | IPCA | 73,428 | - | 73,428 | 70,916 | - | 70,916 |
| Debentures 8th Issuance - 1st series | 106.50% on DI | - | 95,521 | - | 95,521 | 20 | 94,966 | 94,986 |
| Bank Credit Notes - CCB | DI + 2.75% | - | 99,331 | 99,262 | 198,593 | - | - | - |
| Debentures 8th Issuance – 2nd series | 108.00% on DI | - | 879 | 154,885 | 155,764 | 78 | 154,836 | 154,914 |
| BNDES | TJLP + 1.82% | - | 7,710 | 10,215 | 17,925 | 7,732 | 15,961 | 23,693 |
| Banco do Brasil - PSI | 3.00% to 6.00% | - | 3,385 | 6,494 | 9,879 | 3,388 | 9,022 | 12,410 |
| Debentures 2nd Issuance – 1st series | TJLP + 1.92% | - | 12,353 | 36,657 | 49,010 | 12,394 | 45,821 | 58,215 |
| Debentures 2nd Issuance – 2nd series | 9.19% | IPCA | 19,421 | 57,377 | 76,798 | 21,261 | 75,205 | 96,466 |
| Debentures 2nd Issuance – 3rd series | TJLP + 1.92% | - | 16,471 | 48,876 | 65,347 | 16,525 | 61,095 | 77,620 |
| Debentures 9th Issuance - 1st series | 106.05% on DI | - | 1,293 | 199,068 | 200,361 | 443 | 199,044 | 199,487 |
| Banco Itaú - PSI | 3.00% to 6.00% | - | 3,568 | 8,928 | 12,496 | 3,571 | 11,586 | 15,157 |
| Debentures 9th Issuance – 2nd series | 107.25% on DI | - | 997 | 150,772 | 151,769 | 346 | 150,760 | 151,106 |
| Debentures 4th Issuance - 1st series | TJLP + 1.67% | - | 24,299 | 139,203 | 163,502 | 24,394 | 157,102 | 181,496 |
| Debentures 4th Issuance – 2nd series | 7.44% | IPCA | 13,635 | 77,865 | 91,500 | 13,406 | 86,383 | 99,789 |
| Debentures 10th Issuance – Single issued | 4.66% | IPCA | - | 343,409 | 343,409 | - | - | - |
| BNDES - PAC2 | TJLP + 1.67% to 2.05% | - | 47,653 | 261,580 | 309,233 | 41,687 | 252,149 | 293,836 |
| Lease - Litoral | 11.14% | IPC-FIPE | 10,193 | 269,666 | 279,859 | 9,374 | 268,165 | 277,539 |
| Lease – Right of use | 4.09% | - | 47,806 | 39,061 | 86,867 | 48,763 | 49,029 | 97,792 |
| Debentures 7th Issuance - 1st series* | 5.20% | IPCA | 490 | 45,141 | 45,631 | 286 | 31,141 | 31,427 |
| Debentures 7th Issuance – 2nd series* | 4.79% | IPCA | 577 | 55,698 | 56,275 | 429 | 48,686 | 49,115 |
| Debentures 7th Issuance – 3rd series | 6.97% | IPCA | 160 | 19,843 | 20,003 | 103 | 13,576 | 13,679 |
| Debentures 7th Issuance – 4th series | 6.57% | IPCA | 186 | 24,553 | 24,739 | 153 | 21,165 | 21,318 |
| Caixa Econômica Federal | 6.62% to 12.00% | TR | 81,256 | 1,048,901 | 1,130,157 | 81,944 | 975,487 | 1,057,431 |
| Total in Brazilian Reais | | | 560,612 | 3,097,454 | 3,658,066 | 357,213 | 2,721,179 | 3,078,392 |
| Foreign currency | | | | | | | | |
| KfW Bank | 1.35% | EURO | 24 | 6,298 | 6,322 | - | 2,039 | 2,039 |
| Total Foreign currency | | | 24 | 6,298 | 6,322 | - | 2,039 | 2,039 |
| Balances at end of the period | | | 560,636 | 3,103,752 | 3,664,388 | 357,213 | 2,723,218 | 3,080,431 |
| Loans and financing | | | 242,927 | 1,441,678 | 1,684,605 | 138,322 | 1,266,244 | 1,404,566 |
| Debentures | | | 259,710 | 1,353,347 | 1,613,057 | 160,754 | 1,139,780 | 1,300,534 |
| Lease | | | 57,999 | 308,727 | 366,726 | 58,137 | 317,194 | 375,331 |

* IPCA as a variable component of the TLP

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Foreign Currency Debt:

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

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

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

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

The Company contracted hedge derivative financial instruments, with Banco Bradesco S.A., Banco Santander Brasil S.A. and Itaú Unibanco S.A., which were signed on 11/6/2017, 12/7/2017 and 1/22/2018 respectively, to mitigate foreign exchange risk, assuming as a counterparty a CDI variation, as described in Note 4.1. Until first quarter ended September 30, 2020, KfW bank released €1,082 thousand, and swaps were carried out in the period to hedge interest rate and exchange variation, without speculative character, converting the financial charges to 114.01% of CDI (weighted average), which represents the percentage of 4.04% for a rate of 3.54% 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, movable and immovable lease contracts (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. As of September 30, 2020, the discount rate applied to the recognition of these contracts was 4.09%. The Company does not have variable rent payments in its lease agreements, nor does it have a sale and asset leaseback transaction.

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

| Liabilities | 12/31/2019 | Additions | Financial charges | Payments | 09/30/2020 |
|----------------------|----------------|---------------|-------------------|-----------------|----------------|
| Lease - Litoral | 277,539 | - | 29,137 | (26,816) | 279,860 |
| Lease - Right of use | 97,792 | 16,881 | 4,137 | (31,944) | 86,866 |
| Total | 375,331 | 16,881 | 33,274 | (58,760) | 366,726 |
| Current | 58,137 | | | | 57,999 |
| Non-current | 317,194 | | | | 308,727 |

As of September 30, 2020, the present value of the minimum future financial obligations related to the Lease is shown below:

| Description | Minimum Future Payments | Financial charges | 09/30/2020 | 12/31/2019 |
|---|-------------------------|-------------------|----------------------------------|----------------------------------|
| | | | Present Value of Future Payments | Present Value of Future Payments |
| Lease - Litoral | | | | |
| Less than a year | 36,810 | (26,617) | 10,193 | 9,374 |
| More than a year and less than five years | 146,917 | (107,663) | 39,254 | 46,797 |
| Above five years | 390,815 | (160,402) | 230,413 | 221,368 |
| Subtotal | 574,542 | (294,682) | 279,860 | 277,539 |
| Lease - Right of Use | | | | |
| Less than a year | 51,162 | (3,356) | 47,806 | 48,764 |
| More than a year and less than five years | 42,037 | (2,977) | 39,060 | 49,028 |
| Subtotal | 93,199 | (6,333) | 86,866 | 97,792 |
| Total | 667,741 | (301,015) | 366,726 | 375,331 |

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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 future inflation, and presents the following composition:

| Description | 09/30/2020 |
|--------------|---------------|
| Vehicles | 25,428 |
| Mobile goods | 20,126 |
| Real estate | 47,252 |
| Total | 92,806 |

Below we present the future payment flows, considering the 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 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|--------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|
| Vehicles | 9,163 | 13,140 | 4,119 | - | - | - | 26,422 |
| Mobile goods | 2,955 | 10,299 | 5,288 | 3,034 | 62 | 51 | 21,689 |
| Real estate | 2,790 | 11,142 | 10,478 | 10,219 | 11,194 | 9,104 | 54,927 |
| Total | 14,908 | 34,581 | 19,885 | 13,253 | 11,256 | 9,155 | 103,038 |

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 | 09/30/2020 | 12/31/2019 |
|--|------------------|------------------|
| TR (Reference Rate) | 1,130,157 | 1,057,431 |
| TJLP (Long-Term Interest Rate) | 605,017 | 634,860 |
| IPCA (National Amplified Consumer Price Index) | 731,783 | 382,710 |
| DI | 802,008 | 600,493 |
| IPC-FIPE | 279,859 | 277,539 |
| EURO | 6,322 | 2,039 |
| No Monetary Adjustment | 109,242 | 125,359 |
| Total | 3,664,388 | 3,080,431 |

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

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

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c) The amortization timeline is as follows:

| Description | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 to 2042 | Total |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Debentures 2nd Issue | 7,736 | 47,637 | 47,637 | 47,637 | 40,508 | - | - | 191,155 |
| Debentures 3rd Issue | 73,428 | - | - | - | - | - | - | 73,428 |
| Debentures 4th Issue | 10,024 | 37,214 | 37,214 | 37,214 | 37,214 | 37,214 | 58,908 | 255,002 |
| Debentures 7th Issue | 1,412 | 703 | 8,544 | 8,544 | 8,544 | 8,544 | 110,357 | 146,648 |
| Debentures 8th Issue | 1,482 | 94,918 | - | 154,885 | - | - | - | 251,285 |
| Debentures 9th Issue | 2,290 | - | - | - | - | 199,068 | 150,772 | 352,130 |
| Debentures 10th Issue | - | - | - | - | - | - | 343,409 | 343,409 |
| Subtotal Debentures | 96,372 | 180,472 | 93,395 | 248,280 | 86,266 | 244,826 | 663,446 | 1,613,057 |
| BNDES | 1,964 | 7,661 | 7,661 | 639 | - | - | - | 17,925 |
| BNDES - PAC2 | 12,532 | 46,828 | 42,873 | 41,662 | 41,662 | 41,662 | 82,014 | 309,233 |
| Banco do Brasil - PSI | 858 | 3,369 | 3,369 | 2,093 | 190 | - | - | 9,879 |
| Banco Itaú - PSI | 910 | 3,542 | 3,542 | 3,056 | 1,420 | 26 | - | 12,496 |
| Bank Credit Notes - CCB | - | 132,388 | 66,205 | - | - | - | - | 198,593 |
| Caixa Econômica Federal | 23,700 | 76,664 | 72,445 | 62,314 | 66,193 | 70,314 | 758,527 | 1,130,157 |
| KfW Bank | 24 | - | 334 | 596 | 596 | 596 | 4,176 | 6,322 |
| Subtotal loans and financing | 39,988 | 270,452 | 196,429 | 110,360 | 110,061 | 112,598 | 844,717 | 1,684,605 |
| Lease - Litoral | 5,005 | 7,909 | 8,705 | 9,591 | 10,579 | 11,682 | 226,388 | 279,859 |
| Lease - Right of Use | 24,663 | 28,450 | 16,431 | 11,429 | 4,583 | 1,311 | - | 86,867 |
| Subtotal Lease | 29,668 | 36,359 | 25,136 | 21,020 | 15,162 | 12,993 | 226,388 | 366,726 |
| Total | 166,028 | 487,283 | 314,960 | 379,660 | 211,489 | 370,417 | 1,734,551 | 3,664,388 |

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

| Description | 09/30/2020 | | 12/31/2019 | |
|--|----------------|------------------|----------------|------------------|
| | Current | Non-current | Current | Non-current |
| Balances at beginning of period | 357,213 | 2,723,218 | 478,770 | 2,292,548 |
| Releases | - | 762,073 | - | 659,830 |
| Interest and fines | 172,397 | - | 236,214 | - |
| Monetary Variations | - | 14,129 | - | 25,137 |
| Transfers | 387,465 | (387,465) | 357,594 | (357,594) |
| Amortization | (372,011) | - | (749,537) | - |
| Costs of funds raised with third parties | (1,309) | (9,674) | 190 | 108 |
| Exchange rate variation | - | 1,471 | - | (24) |
| Lease | 16,881 | - | 33,982 | 103,213 |
| Balances at end of period | 560,636 | 3,103,752 | 357,213 | 2,723,218 |

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

Until the third quarter of 2020, the Company obtained and amortized funds from third parties, as stated below:

| Index | Releases | Amortization |
|-------------------------|----------------|------------------|
| Debentures 2nd Issue | - | (55,683) |
| Debentures 3rd Issue | - | (2,365) |
| Debentures 4th Issue | - | (41,604) |
| Debentures 7th Issue | 29,586 | (6,483) |
| Debentures 8th Issue | - | (4,834) |
| Debentures 9th Issue | - | (7,003) |
| Debentures 10th Issue | 350,000 | (7,816) |
| BNDES | - | (6,811) |
| BNDES - PAC2 | 47,000 | (46,149) |
| Banco do Brasil - PSI | - | (2,849) |
| Banco Itaú - PSI | - | (3,159) |
| KfW Bank | 3,645 | (22) |
| Bank Credit Notes - CCB | 200,000 | (2,475) |
| Caixa Econômica Federal | 131,842 | (125,998) |
| Lease (1) | 16,881 | (58,760) |
| Totais | 778,954 | (372,011) |

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

f) Restrictive Contractual Clauses – Covenants (Information 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 | Realized |
|----------------------------|-----------------------------|---|----------|
| EBITDA Debt Service | Equal to or higher than 1.5 | Less than 1.5 and equal to or higher than 1.2 | 3.5 |
| Net Bank Debt/ EBITDA | Equal to or under than 3.0 | Equal to or under 3.8 and higher than 3.0 | 1.3 |
| Other Onerous Debt/ EBITDA | Equal to or under than 1.0 | Equal to or under 1.3 and higher than 1.0 | 0.6 |

• Covenants of contracts of the 3rd, 8th, 9th and 10th Issuance of Debentures and of Bank Credit Notes - CCB

| Index | Limit | Realized |
|---|-----------------------------|----------|
| Net Bank Debt / adjusted EBITDA | Equal to or higher than 1.5 | 11.1 |
| Adjusted EBITDA /Net Financial Expenses | Equal to or under than 3.0 | 1.3 |

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• Covenants of contracts of the Caixa Econômica Federal

| Index | Limit | Realized |
|---|-----------------------------|----------|
| Adjusted EBITDA /Net Financial Expenses | Equal to or higher than 1.5 | 11.1 |
| Net Bank Debt / adjusted EBITDA | Equal to or under 3.0 | 1.3 |
| Other Onerous Debt/Adjusted EBITDA | Equal to or under 1.0 | 0.6 |

• Covenants of contracts of the KfW Bank

| Index | Limit | Realized |
|--------------------------------------|-----------------------------|----------|
| EBITDA / Debt service | Equal to or higher than 1.5 | 3.5 |
| Net Bank Debt / Adjusted EBITDA | Equal to or under than 3.0 | 1.3 |
| Other Onerous Debt / Adjusted EBITDA | Equal to or under 1.0 | 0.6 |
| Levels of debt | Equal to or under 60 | 49.3 |

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

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

For contracts in item (ii), of the 3rd, 8th, 9th and 10th 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.

With respect to the KfW Bank agreement, pursuant to paragraph 11.11 of the loan agreement, the Borrower undertakes to comply at all times with the stipulated financial ratios.

As of September 30, 2020, the Company is fully complying with the restrictive covenants stipulated by the issuance of debentures and financing from BNDES and Caixa Econômica Federal and KfW Bank.

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14. TAXES AND CONTRIBUTIONS

The composition is as follows:

| Description | 09/30/2020 | 12/31/2019 |
|---|----------------|----------------|
| Income tax payable | 31,478 | 12,671 |
| Social contribution payable | 11,882 | 8,682 |
| COFINS (tax on sales) payable | 72,760 | 31,792 |
| PASEP (tax on sales) payable | 15,776 | 6,895 |
| IPTU (Property tax) - installment payment (1) | 771 | 1,100 |
| Taxes and Contributions Withheld at Source | 9,878 | 40,226 |
| Total taxes and contributions | 142,545 | 101,366 |
| Current | 142,307 | 100,770 |
| Non-current | 238 | 596 |

(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 09/30/2020, 73 installments had been paid for the amount of R\$2,323.

15. INCOME AND SOCIAL CONTRIBUTION TAXES

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

| Description | 09/30/2020 | | 09/30/2019 | |
|--|------------------|-------------------------|------------------|-------------------------|
| | Income Tax | Social Contribution Tax | Income Tax | Social Contribution Tax |
| Income before Income and Social Contribution Taxes | 975,410 | 975,410 | 954,745 | 954,745 |
| Income and social contribution taxes - current rate | (243,853) | (87,787) | (238,686) | (85,927) |
| Benefit of the Deductibility of Interest on Equity | 37,672 | 13,562 | 43,541 | 15,675 |
| Workers' Meal Program – PAT (1) | 9,770 | - | 8,849 | - |
| Corporate Citizen Incentive (2) | 402 | - | 413 | - |
| Equity in earnings (losses) of the controlled companies | (500) | (181) | (1,130) | (407) |
| Other | 405 | 91 | (2,429) | (931) |
| Total expenses | (196,104) | (74,315) | (189,442) | (71,590) |
| Total Income and Social Contribution taxes | (270.419) | | (261.032) | |
| Effective rate | 27.7% | | 27.3% | |

(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

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b) Current and deferred income and social contribution taxes

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

| Description | 09/30/2020 | 09/30/2019 |
|---|------------------|------------------|
| Income Tax | (243,706) | (220,680) |
| Social Contribution Tax | (91,108) | (82,490) |
| Realization of Deferred Income Tax | 47,602 | 31,238 |
| Realization of Deferred Social Contribution | 16,793 | 10,900 |
| Total | (270,419) | (261,032) |

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

c) Deferred income and social contribution taxes

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

| Description | Estimated realization term | 09/30/2020 | | | | 12/31/2019 |
|--|----------------------------|-------------------|----------------|-------------------------|------------------|------------------|
| | | Calculation basis | Income tax | Social Contribution Tax | Total | Total |
| ASSETS | | | | | | |
| NPV on Contractual Financial Assets | 30 years | 833,523 | 208,381 | 75,017 | 283,398 | 264,470 |
| Lease - Litoral (Asset) | 20 years | 279,859 | 69,965 | 25,187 | 95,152 | 94,364 |
| Impairment on the investment - CS Bionergia | 18 years | 16,293 | 4,073 | 1,466 | 5,539 | 5,897 |
| Pension and Health Plans | 15 years | 1,286,723 | 321,681 | 115,805 | 437,486 | 420,445 |
| Impairment on assets | 10 years | 13,128 | 3,282 | 1,182 | 4,464 | 4,763 |
| Investments valued at fair value | 10 years | 426 | 107 | 38 | 145 | 18 |
| NPV of trade accounts receivable | 10 years | 3,199 | 800 | 288 | 1,088 | 1,390 |
| Civil, Labor, Tax and Environmental Provisions | 5 years | 553,045 | 138,261 | 49,774 | 188,035 | 185,869 |
| Lease - Right of Use (Asset) | 5 years | 86,866 | 21,717 | 7,818 | 29,535 | 33,249 |
| Net realisable value of inventories | 5 years | 3,395 | 849 | 306 | 1,155 | 438 |
| Allowance for doubtful accounts | 3 years | 50,562 | 12,640 | 4,551 | 17,191 | 15,677 |
| Provision for expected on accounts receivable - CPC 48 | 3 years | 7,028 | 1,757 | 632 | 2,389 | - |
| PAI – Encouraged Retirement Program | 1 year | 117,814 | 29,453 | 10,603 | 40,056 | 132 |
| Provision for PPR | 1 year | 38,366 | 9,591 | 3,453 | 13,044 | 25,141 |
| Total | | | 822,557 | 296,120 | 1,118,677 | 1,051,853 |
| LIABILITIES | | | | | | |
| NPV on Contractual Financial Assets | 30 years | 787,853 | 196,963 | 70,907 | 267,870 | 255,737 |
| Donations from Public Agencies | 30 years | 11,452 | 2,863 | 1,031 | 3,894 | 3,513 |
| IRPJ Deferred on Construction and Improvements | 24 years | 117,192 | 29,298 | - | 29,298 | 30,252 |
| Lease - Litoral (Liabilities) | 20 years | 186,792 | 46,698 | 16,811 | 63,509 | 64,590 |
| Revaluation surplus | 13 years | 99,424 | 24,856 | 8,948 | 33,804 | 35,833 |
| Attribution of New Cost to Fixed Assets | 10 years | 7,536 | 1,884 | 678 | 2,562 | 2,677 |
| Lease - Right of use (Liabilities) | 5 years | 71,417 | 17,854 | 6,428 | 24,282 | 30,188 |
| Total | | | 320,416 | 104,803 | 425,219 | 422,790 |
| Total Net | | | 502,141 | 191,317 | 693,458 | 629,063 |

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

The estimated future realization of deferred tax assets and deferred tax liabilities as at September 30, 2020 is as follows:

| Periods of Realization | Deferred Tax Assets | | | Deferred Tax Liabilities | | |
|------------------------|---------------------|-------------------------|------------------|--------------------------|-------------------------|----------------|
| | Income Tax | Social Contribution Tax | Total | Income Tax | Social Contribution Tax | Total |
| 2020 | 39,538 | 14,234 | 53,772 | 4,630 | 1,554 | 6,184 |
| 2021 | 49,931 | 17,975 | 67,906 | 18,521 | 6,214 | 24,735 |
| 2022 | 54,737 | 19,705 | 74,442 | 18,521 | 6,214 | 24,735 |
| 2023 | 40,340 | 14,522 | 54,862 | 18,521 | 6,214 | 24,735 |
| 2024 | 171,919 | 61,891 | 233,810 | 13,027 | 4,236 | 17,263 |
| 2025 to 2027 | 99,520 | 35,827 | 135,347 | 39,082 | 12,709 | 51,791 |
| 2028 to 2030 | 100,036 | 36,013 | 136,049 | 38,879 | 12,635 | 51,514 |
| 2031 to 2033 | 98,799 | 35,567 | 134,366 | 36,442 | 11,758 | 48,200 |
| 2034 to 2036 | 71,993 | 25,917 | 97,910 | 32,384 | 10,297 | 42,681 |
| 2037 to 2039 | 21,074 | 7,587 | 28,661 | 23,763 | 7,194 | 30,957 |
| 2040 to 2042 | 20,838 | 7,502 | 28,340 | 23,763 | 7,194 | 30,957 |
| 2043 to 2045 | 20,838 | 7,502 | 28,340 | 21,243 | 7,194 | 28,437 |
| 2046 to 2048 | 20,838 | 7,502 | 28,340 | 19,983 | 7,194 | 27,177 |
| 2049 to 2051 | 12,156 | 4,376 | 16,532 | 11,657 | 4,196 | 15,853 |
| Total | 822,557 | 296,120 | 1,118,677 | 320,416 | 104,803 | 425,219 |

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 until the third quarter of 2020 was of R\$3,150 (R\$3,150 for the same period in 2019). The balance as at September 30, 2020 was of R\$5,950 (R\$9,100 as at 12/31/2019), with R\$4,200 (R\$4,200 as at 12/31/2019) entered in current liability and R\$1,750 (R\$4,900 as at 12/31/2019) in non-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:

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| Nature | 12/31/2019 | Additions | Reversals | Payments | 09/30/2020 |
|----------------------------|----------------|----------------|-----------------|-----------------|----------------|
| Labor claims (i) | 302,119 | 46,296 | (19,949) | (16,318) | 312,148 |
| Civil claims (ii) | 206,654 | 40,791 | (4,745) | (47,315) | 195,385 |
| Environmental claims (iii) | 18,256 | 36,773 | (11,921) | - | 43,108 |
| Tax claims (iv) | 19,643 | 191 | (17,430) | - | 2,404 |
| Total | 546,672 | 124,051 | (54,045) | (63,633) | 553,045 |

In the first quarter of 2020 there was a reversal of the provision of R\$36,930, related to the judicial process of economic and financial rebalancing of the contract with the DM / LFM / SEF consortium, resulting from costs incurred for the replacement of sand basement material for gravel. In addition, in relation to this same lawsuit, a provision of R\$14,978 was recorded, referring to the residual amount challenged in the case, attorney's fees, court costs and fine.

In the third quarter of 2020, an environmental provision of R\$18,951 was constituted as a result of an appeal by IBAMA that consolidated the amount of the debt of the Environmental Infraction Notice, which established a fine for exploration of underground water from the karst aquifer, without a competent environmental license. The Company's management approved adherence to public call No. 02/2018, upon conversion of the environmental fine, according to a relevant fact published on October 6, 2020.

b) Contingent liabilities

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

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

| Nature | Contingent liabilities | |
|----------------------------|------------------------|----------------|
| | 09/30/2020 | 12/31/2019 |
| Labor claims (i) | 56,078 | 55,933 |
| Civil claims (ii) | 601,229 | 465,131 |
| Environmental claims (iii) | 446,271 | 328,049 |
| Tax claims (iv) | 28,298 | 16,989 |
| Total | 1,131,876 | 866,102 |

(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.

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(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.

In March 2020 there was reversal of the provision of R\$36,930, related to the judicial process of economic and financial rebalancing of the contract with the DM / LFM / SEF consortium, resulting from costs incurred in the replacement of sand basalt material for gravel. In addition, in relation to this same lawsuit, a provision was recorded R\$14,978, referring to the residual amount challenged in the case, attorney's fees, court costs and fine.

(iii) Environmental

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

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

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

In 2019, the Court of the 11th Federal Court of Curitiba ruled for non-compliance with the Agreement regarding a Clause provided for in two agreements (ACP 5001669-33.2015.4.04.7015 and ACP 5001739-56.2015.4.04.7013) that oblige SANEPAR to pay fine in the estimated amount of R \$ 14.6 million. This amount is recorded as a contingent liability, with a "Possible" probability of loss. SANEPAR appealed the decision, obtaining favorable opinions from IBAMA, Instituto Água e Terra and the Federal Public Ministry. The Company is in negotiations with IBAMA and IAT for the renegotiation of certain schedules established in the 2018 agreements, including those related to these two Public Civil Actions mentioned. In July 2020, SANEPAR was officially notified by IBAMA about the acceptance of the renegotiation. As soon as the elaboration of the new clauses is finalized, the renegotiation will be taken to the Court for ratification.

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(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 Piraquara, Paranavai, Londrina, Campina da Lagoa, Pinhais, Campo Mourão and Porecatu.

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 | |
|----------------------|----------------|----------------|
| | 09/30/2020 | 12/31/2019 |
| Labor claims | 212,933 | 185,806 |
| Civil claims | 71,610 | 99,786 |
| Environmental claims | 5,093 | 2,492 |
| Tax claims | 13,938 | 9,671 |
| Total | 303,574 | 297,755 |

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: In this scenario, even considering that the Financial Market worsened in August and September 2020, mainly due to many uncertainties in the international and domestic market, the plan presents an accumulated profitability of 1.68% in the quarter, above the index market benchmark (CDI) which was 0.51%, but below the plan's actuarial minimum of 2.99% in the period. Due to the fact that it has a diversified investment portfolio with a moderate profile, applied in several asset classes, with medium and long term profile, based on an ALM (Asset Liability Management) study, it provides sufficient liquidity to honor the payment of benefits. . Considering the governance structure of FUSAN for decision-making, following the advice of the regulatory bodies linked to Supplementary Pension Plans, due to the practice of being closely monitoring the investments made, including checking the investment opportunities that arose in the crisis, due to the very strong performance of the Central Banks countries that are injecting a significant volume of resources into the economy, thus maintaining the liquidity and functioning of the system, and even considering the reflexes that a second wave of COVID-19 in Europe, the presidential election of the United States among other issues that are causing a lot of volatility in assets, in addition

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to the expectations about the impacts that will arise with the increase in public spending with the announcement of a program to assist citizens (Citizen Income) that is causing a lot of volatility in the Stock Exchange - B3, in the price of the Dollar and Government Bonds, we understand that for the end of this quarter, we estimate any change in the provisioned amounts.

Sanesaúde: The Sanesaúde plan presented a surplus result at the end of the 3rd Quarter of 2020, mainly due to the reduction in the demand for assistance from beneficiaries, and its technical reserves and solvency margin indicate that the plan is in balance. The plan presented a number of medical admissions (main expense of the Plan) in the third quarter 18.6% lower than the same period of the previous year, due to the elective character of hospitalization due to the recommendation to postpone these visits in order to reduce the risk of contagion, as well as ensuring the availability of beds to face the pandemic, but it is possible to observe that the resumption of hospitalizations of an elective character is taking place. It is noteworthy that so far the impact of the COVID-19 cases on the Plan's expenses is quite limited, and 88 beneficiaries were registered who were hospitalized due to the initial suspicion of COVID-19, with 48 presenting a positive result for the disease and 7 deaths occurred. Considering that the Sanepar Foundation adhered to the model established by ANS (RN nº 451/2020), in which, in April 2020, it disengaged part of the solvency margin provisions that became part of the Plan's result and increased the capacity to cope with the growing costs and impacts of the pandemic. Another measure that will have an impact in the coming months is the postponement of the formation of the funds for the Provision for Events Occurred and Not Reported - Peona SUS and Provision for Insufficient Payments - PIC to 2021. The monthly contributions of the Plan were readjusted in June 2020 in 7.64%, which under current conditions, should maintain the balance between income and expenses in the next 12 months, however it is expected that as a result of the cooling of the pandemic in Paraná and the consequent relaxation of restrictive measures, a probable increase will be verified. demand, which should consume part of the positive result generated by the end of the 3rd Quarter of 2020. Considering that the Sanepar Foundation monitors the scenario daily based on the hospitalization census, with a view to taking the necessary measures for the management of the Plan, as well as assessing the impacts of the pandemic and carefully monitoring the measures and recommendations of the regulatory bodies linked to Supplementary Health, no estimate any changes 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 third quarter the Sponsor passed on the amount of R\$24,285 (R\$23,123 for the same period in 2019) 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.

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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 63.6% for the sponsor and 36.4% 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, until the third quarter, the Company transferred the amount of R\$55,183 (R\$51,423 for the same period in 2019).

Additionally, for the purposes of compliance with the determinations contained in CPC 33 (R1), approved by CVM Deliberation 695, Mirador Atuarial Ltda. for the year ended December 31, 2019, that was hired and issued detailed reports that support the information included on the date stated.

The information below shows the actuarial position of liabilities related to pension and health care plans in September 30, 2020 and December 31, 2019:

| Description | Pension Plan | Medical Insurance | 09/30/2020 | 12/31/2019 |
|--------------|----------------|-------------------|------------------|------------------|
| Current | 31,764 | 54,018 | 85,782 | 82,440 |
| Non-current | 444,700 | 756,241 | 1,200,941 | 1,154,162 |
| Total | 476,464 | 810,259 | 1,286,723 | 1,236,602 |

The table below shows the projected expenses for the year of 2020:

| Description | Pension Plan | Medical Insurance | 2020 |
|---|---------------|-------------------|---------------|
| Current service cost | 11,054 | 6,784 | 17,838 |
| Interest cost | 91,072 | 53,429 | 144,501 |
| Expected return on the plan's assets | (60,459) | - | (60,459) |
| Contributions of the sponsor/participants | (15,503) | (19,549) | (35,052) |
| Total | 26,164 | 40,664 | 66,828 |

The amount of R\$66,828 was the actuarial estimate for expected variation in the plans for year 2020, which is being booked by the Company on a monthly basis with an accrual until second quarter of 2020 the amount of R\$50,121 (R\$44,855 for the same period in 2019). At the end of 2020, 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.

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19. RELATED-PARTY TRANSACTIONS

As at September 30, 2020, the State of Paraná holds credits for interest on Self Owned Capital for the amount of R\$28,301 (R\$32,710 for the same period in 2019). The Company also supplied water and sewage services to the state of Paraná for a revenue of R\$82,209 and R\$90,962 until the third quarter of 2020 and 2019, 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 third quarter of 2020, R\$67,691 (R\$75,693 for the same period in 2019). The Company also provides services in urban solid waste management in some municipalities of the State of Paraná, with the revenue being R\$8,916 (R\$8,728 for the same period in 2019). In addition, the Company has accounts receivable from these City Halls in the amount of R\$35,552 until the third quarter (R\$48,703 in December 31, 2019), as shown in Note 6a.

The Company transacted with CS Bioenergia S.A., and until the third quarter of 2020, it obtained revenues from treatment of sewage effluents in the amount of R\$119 (R\$897 for the same period in 2019), rental of property in the amount of R\$235 (R\$149 for the same period in 2019) and expenses related to the removal of sludge from Sewage Treatment Plant - ETE Belem in the amount of R\$9,188 (R\$2,570 for the same period in 2019). Additionally, on September 30, 2020, the Company has accounts receivable from CS Bioenergia S.A. in the following composition:

- i) in the amount of R\$68 (of which R\$42 for electricity and R\$26 for generator 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 third quarter of 2020 obtained revenues for the supply of water and sewage services in the amount of R\$12 (R\$14 for the same period in 2019), expenses of rent of property in the amount of R\$427 (R\$449 for the same period in 2019) and of employer contributions to the employee benefit plans in the amount of R\$79,468 (R\$74,546 for the same period in 2019), 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.

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Management compensation

The overall annual management compensation for the year ending December 31, 2020 was approved by 56^a/2020 Annual General Meeting (AGO) of April 23, 2020, for the amount of R\$15,036. For 2019, the approval was issued by the 55^a/2019 Annual General Meeting (AGO) held on 24 April, 2019, for the amount of R\$13,918.

The following are the payments made to managers

| Description | 09/30/2020 | 09/30/2019 |
|--------------------------------|--------------|--------------|
| Remuneration | 7,165 | 7,259 |
| Charges and Benefits | 2,038 | 2,013 |
| Social charges | 1,907 | 1,878 |
| Health plan (Sanesaúde) | 48 | 39 |
| Sanepar Foundation (Fusanprev) | 82 | 82 |
| Complementary programs | 1 | 14 |
| Total | 9,203 | 9,272 |

20. OTHER ACCOUNTS PAYABLE

The composition is as follows:

| Description | 09/30/2020 | 12/31/2019 |
|---|---------------|---------------|
| Contracts and Agreements with third parties | 9,868 | 7,370 |
| Agreements with municipal administrations | 17,141 | 16,238 |
| Collaterals and amounts reimbursable | 6,202 | 5,938 |
| Installment payment IBAMA – PRD Law No. 13.494/2017 (1) | 48,790 | 63,888 |
| Municipal Sanitation and Environmental Management Fund | 4,372 | 5,506 |
| Other account payables | - | 250 |
| Totais | 86,373 | 99,190 |
| Current | 59,408 | 56,496 |
| Non-current | 26,965 | 42,694 |

(1) Installment payment of debts referring to 31 environmental assessment notices from the Brazilian Institute of Environment and Renewable Natural Resources – IBAMA, in accordance with the Non-Tax Debt Settlement Program – PRD created by Law No, 13,494/2017. Until 12/31/2017, 20% of consolidated debt amounting to R\$29,083 (adhesion to installment payment) was settled and the remaining was paid in installment up to 60 monthly installments, adjusted at SELIC interest rate, and until 09/30/2020, 33 installments in the amount of R\$55,780 were paid.

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21. EQUITY

a) Capital Stock

In the 1st quarter of 2020, the Company split its shares, transforming each common and preferred share into 3 (three) shares, and each Unit into 3 Units. In the case of Units, they will continue with the same formation of 1 common share and 4 preferred shares.

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, 2020 is R\$4.40 (R\$12.26 on December 31, 2019 – R\$4.09 adjusted to the split).

In the first quarter of 2020, the Company increased its Capital by R\$1,145,048 with the use of part of the balance of Profit Reserves, without bonus shares. The increase was due to the fact that the balance of the Profit Reserves exceeded the amount of the Capital Stock.

The Capital stock underwritten and fully paid in as at September 30, 2020 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 | 302,658,734 | 60.1 | 3 | - | 302,658,737 | 20.0 |
| Municipal Administrations | - | - | 5,572,595 | 0.6 | 5,572,595 | 0.4 |
| Foreign Investors | 99,194,748 | 19.7 | 507,676,633 | 50.4 | 606,871,381 | 40.2 |
| Other Investors | 101,881,777 | 20.2 | 494,221,029 | 49.0 | 596,102,806 | 39.4 |
| Total | 503,735,259 | 100.0 | 1,007,470,260 | 100.0 | 1,511,205,519 | 100.0 |

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b) Revaluation surplus

The reevaluation surplus was realized until the third quarter, transferring to Retained earnings the amount of R\$3,939 (R\$4,102 for the same period in 2019), net of Income Tax and Social Contribution. The realization of this reserve occurs in the same ratio as of right down and depreciation of assets registered in the fixed and intangible assets line, object of said reevaluation.

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

| Description | 09/30/2020 | 09/30/2019 |
|---|---------------|---------------|
| Balances at beginning of period | 69,559 | 75,111 |
| Realization of revaluation surplus | (5,968) | (6,216) |
| Realization of Taxes on the Revaluation surplus | 2,029 | 2,114 |
| Balances at end of period | 65,620 | 71,009 |

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\$222 (R\$458 in the same period of 2019), 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 | 09/30/2020 | 09/30/2019 |
|--|--------------|--------------|
| Balance at beginning of period | 5,196 | 5,722 |
| Realization of Adjustments to Assigned Cost | (336) | (693) |
| Realization of Taxes on Adjustments to Assigned Cost | 114 | 235 |
| Balance at end of period | 4,974 | 5,264 |

d) Reserve for Investment Plan

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

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e) Legal Reserve

Constituted pursuant to the Brazilian Corporation Law and the Bylaws, based on 5% of net income for each year, up to a limit of 20% social integration. The legal reserve may only be used to increase capital or absorb accumulated losses. Also in accordance with the Brazilian Corporate Law, Management respects the capital limit for the constitution of 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 23, 2020, the Shareholder Meeting approved the payment of Interest on Equity Capital and Additional Dividends, credited to shareholders in the year of 2019, for the gross amount of R\$330,411, net of withholding income tax represented R\$303,843.

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

| Description | 2019 | 2018 |
|--------------------|---------|---------|
| Common shares | 0.61493 | 0.78876 |
| Preferred shares | 0.67642 | 0.86763 |
| Value for 1 "Unit" | 3.32060 | 4.25930 |

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In the 2nd quarter of 2020, the Company's Management proposed and the Board of Directors approved, in accordance with the 6th/2020 Ordinary Meeting of the Board of Directors of June 25, 2020, the credit of Interest on Equity, observing the legal limit the variation in the TJLP in the period, based on the results obtained in the first half of 2020. The gross amount of Interest on Equity, calculated for the first half of 2020, was R\$150,687, with the amount of R\$13,615 being retained as Income Tax Withholding Tax. This credit generated tax savings of R\$51,234.

i) Earnings per share

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

| Basic and diluted earnings por share | 09/30/2020 | 09/30/2019 |
|--|---------------|-------------|
| Numerator | | |
| Net profit for the period attributed to Company shareholders | | |
| Common Shares | 220,310 | 216,785 |
| Preferred shares | 484,681 | 476,928 |
| Denominator | | |
| Weighted average of number of common shares | 503,735,259 | 167,911,753 |
| Weighted average of number of preferential shares | 1,007,470,260 | 335,823,420 |
| Basic and diluted earnings | | |
| Per ordinary share | 0.43735 | 1.29107 |
| Per preferential share | 0.48109 | 1.42017 |

22. OPERATING REVENUES

Operating Revenues composition, by nature, is the following:

| Description | 07/01/2020 to 09/30/2020 | 07/01/2019 to 09/30/2019 | 01/01/2020 to 09/30/2020 | 01/01/2019 to 09/30/2019 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenue | | | | |
| Revenues from Water | 758,553 | 768,733 | 2,316,427 | 2,196,609 |
| Revenues from Sewage | 449,424 | 454,976 | 1,380,210 | 1,293,892 |
| Revenues from services | 30,217 | 37,481 | 88,762 | 106,601 |
| Revenues from Solid Waste | 2,817 | 2,789 | 8,916 | 8,729 |
| Services Provided to Municipalities | 5,195 | 4,613 | 15,137 | 13,490 |
| Donations made by clients | 4,941 | 3,833 | 15,681 | 13,260 |
| Other Revenue | 2,779 | 1,277 | 5,484 | 3,797 |
| Total operating revenues | 1,253,926 | 1,273,702 | 3,830,617 | 3,636,378 |
| Deductions from Operating Revenues | | | | |
| COFINS | (71,689) | (72,622) | (220,042) | (208,065) |
| PASEP | (15,546) | (15,744) | (47,709) | (45,105) |
| Total Deductions | (87,235) | (88,366) | (267,751) | (253,170) |
| Total operating revenues, net | 1,166,691 | 1,185,336 | 3,562,866 | 3,383,208 |

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The Company incurred revenue and costs from construction contracts linked to the program contracts of R\$49,928 (R\$45,723 for the same period in 2019), until the third quarter of 2020, 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 | 07/01/2020 to 09/30/2020 | | | 07/01/2019 to 09/30/2019 | | |
|------------------------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|
| | Water | Sewage | Total | Water | Sewage | Total |
| Personnel | (94,718) | (42,423) | (137,141) | (72,800) | (28,348) | (101,148) |
| Materials | (22,122) | (18,360) | (40,482) | (21,283) | (19,083) | (40,366) |
| Electricity | (92,245) | (11,917) | (104,162) | (107,994) | (13,675) | (121,669) |
| Third-party services | (59,793) | (51,524) | (111,317) | (59,622) | (44,721) | (104,343) |
| Depreciation and amortization | (37,686) | (36,945) | (74,631) | (34,829) | (33,280) | (68,109) |
| Indemnities of third-party damages | (740) | (211) | (951) | (2,932) | (1,016) | (3,948) |
| Other costs | (24,228) | (10,756) | (34,984) | (26,599) | (10,426) | (37,025) |
| Total | (331,532) | (172,136) | (503,668) | (326,059) | (150,549) | (476,608) |

| Description | 01/01/2020 to 09/30/2020 | | | 01/01/2019 to 09/30/2019 | | |
|------------------------------------|--------------------------|------------------|--------------------|--------------------------|------------------|--------------------|
| | Water | Sewage | Total | Water | Sewage | Total |
| Personnel | (236,697) | (101,744) | (338,441) | (211,064) | (81,067) | (292,131) |
| Materials | (68,863) | (56,446) | (125,309) | (61,400) | (44,553) | (105,953) |
| Electricity | (301,876) | (37,435) | (339,311) | (308,333) | (37,797) | (346,130) |
| Third-party services | (172,181) | (141,197) | (313,378) | (172,754) | (121,353) | (294,107) |
| Depreciation and amortization | (110,665) | (108,080) | (218,745) | (102,980) | (99,051) | (202,031) |
| Indemnities of third-party damages | (4,504) | (3,378) | (7,882) | (4,662) | (4,740) | (9,402) |
| Other costs | (70,925) | (30,901) | (101,826) | (77,778) | (30,167) | (107,945) |
| Total | (965,711) | (479,181) | (1,444,892) | (938,971) | (418,728) | (1,357,699) |

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24. SELLING, ADMINISTRATIVE AND OTHER EXPENSES

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

| Description | 07/01/2020 to 09/30/2020 | 07/01/2019 to 09/30/2019 | 01/01/2020 to 09/30/2020 | 01/01/2019 to 09/30/2019 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Selling | | | | |
| Personnel | (48,710) | (32,517) | (116,518) | (95,243) |
| Materials | (729) | (1,186) | (2,666) | (3,264) |
| Third-party services | (27,232) | (28,419) | (84,013) | (78,176) |
| Depreciation and amortization | (2,935) | (3,073) | (8,936) | (8,927) |
| Losses in Realization of Credits | (29,471) | (3,300) | (56,127) | (14,823) |
| Municipal Sanitation and Environmental Management Fund | (14,345) | (16,419) | (49,309) | (46,768) |
| Indemnities of third-party damages | (347) | (977) | (998) | (2,585) |
| Sanepar Rural program | (762) | (777) | (2,294) | (1,378) |
| Other expenses | (160) | (4,702) | (905) | (14,696) |
| Total selling expenses | (124,691) | (91,370) | (321,766) | (265,860) |
| Administrative | | | | |
| Personnel | (210,983) | (145,794) | (498,413) | (416,660) |
| Materials | (9,073) | (12,703) | (29,983) | (33,635) |
| Third-party services | (25,423) | (28,199) | (86,423) | (81,898) |
| Depreciation and amortization | (13,973) | (14,024) | (40,189) | (40,379) |
| Losses from realization of credits | (1) | - | (155) | - |
| Adjustment to the Net Realizable Value of the Inventory | (330) | - | (2,107) | - |
| Regulatory fee | (6,343) | (5,599) | (19,027) | (16,792) |
| Travel expenses | (704) | (2,006) | (2,472) | (5,299) |
| Exhibitions, congresses and events | (4) | (130) | (53) | (402) |
| Environmental and social programs | (540) | (1,186) | (5,506) | (5,360) |
| Indemnities of third-party damages | (797) | (278) | (1,526) | (1,109) |
| Other expenses | (3,117) | (3,933) | (10,794) | (12,995) |
| Transfers to Selling expenses and cost (1) | 32,434 | 39,256 | 92,583 | 112,859 |
| Expenses Capitalized (2) | 20,856 | 26,270 | 60,643 | 77,939 |
| Total administrative expenses | (217,998) | (148,326) | (543,422) | (423,731) |
| Other operating revenues (expenses) | | | | |
| Expenses | | | | |
| Eventual or extraordinary losses (3) (4) | (14) | 3 | (37,169) | (28,713) |
| Environmental fines | - | 19 | (30) | (776) |
| Write-off of assets | 1,820 | (3,164) | 3,185 | (6,475) |
| Adjustment to Fair Value – Investments | (152) | 95 | (373) | 194 |
| Total other operating revenues (expenses), net | 1,654 | (3,047) | (34,387) | (35,770) |

(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;

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

(4) Amount of R\$28,690 (2019) related to indemnity to the municipality of Maringá, in relation to assets incorporated into the Company's Equity, arising from the execution of water and sewage networks donated directly by the owners of subdivisions to the Company, from June 1983 to February 2014.

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25. PROFIT SHARING PROGRAM

The Company provisioned the amount of R\$42,545 (R\$76,414 in the same period of 2019), of which R\$4,180 refer to the complement of the provision for the Profit Sharing Program for the Year of 2019 and R\$38,365 related to the provision for Profit Sharing until the 3rd quarter of 2020, which is recorded in the Salaries and Social Charges account, in current liabilities.

26. FINANCIAL INCOME (LOSS)

| Description | 07/01/2020 to 09/30/2020 | 07/01/2019 to 09/30/2019 | 01/01/2020 to 09/30/2020 | 01/01/2019 to 09/30/2019 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Financial revenues | | | | |
| Financial investments | 5,087 | 6,311 | 17,811 | 20,112 |
| Monetary variation gains | 1,974 | 2,405 | 7,495 | 7,067 |
| Exchange rate variation - Gain | 2 | - | 2 | - |
| Gain with derivative financial instrument | 496 | 1 | 1,439 | 1 |
| Other financial revenues | 6,085 | 6,087 | 17,543 | 16,175 |
| Total financial revenues | 13,644 | 14,804 | 44,290 | 43,355 |
| Financial expenses | | | | |
| Financing and Debenture Interest and Charges and lease | (62,403) | (56,854) | (165,564) | (161,990) |
| Monetary variation losses | (7,643) | (1,109) | (6,393) | (11,892) |
| Exchange rate variation - losses | (499) | (2) | (1,474) | (2) |
| Losses with derivative financial instrument | (7) | - | (7) | - |
| Other financial expenses (1) | (514) | (895) | (12,801) | (3,918) |
| Total financial expenses | (71,066) | (58,860) | (186,239) | (177,802) |
| Financial income (loss), net | (57,422) | (44,056) | (141,949) | (134,447) |

(1) 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.

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

| Description | 01/01/2020 to 09/30/2020 | | | 01/01/2019 to 09/30/2019 | | |
|---|--------------------------|------------------|--------------------|--------------------------|------------------|--------------------|
| | Water | Sewage | Total | Water | Sewage | Total |
| Direct operating revenue | 2,382,095 | 1,412,220 | 3,794,315 | 2,276,000 | 1,329,831 | 3,605,831 |
| Other operating revenues | 20,685 | 15,617 | 36,302 | 17,475 | 13,072 | 30,547 |
| Total gross operating Revenue | 2,402,780 | 1,427,837 | 3,830,617 | 2,293,475 | 1,342,903 | 3,636,378 |
| Revenue Deductions (PASEP and COFINS) | (152,572) | (115,179) | (267,751) | (144,816) | (108,354) | (253,170) |
| Net operating revenue | 2,250,208 | 1,312,658 | 3,562,866 | 2,148,659 | 1,234,549 | 3,383,208 |
| Cost | (965,711) | (479,181) | (1,444,892) | (938,971) | (418,728) | (1,357,699) |
| Gross profit | 1,284,497 | 833,477 | 2,117,974 | 1,209,688 | 815,821 | 2,025,509 |
| Selling expenses | (183,346) | (138,420) | (321,766) | (152,093) | (113,767) | (265,860) |
| Administrative expenses | (309,649) | (233,773) | (543,422) | (242,407) | (181,324) | (423,731) |
| Other operating revenues (expenses) | (19,594) | (14,793) | (34,387) | (23,049) | (12,721) | (35,770) |
| Equity in earnings (losses) of controlled companies | - | (2,001) | (2,001) | - | (4,520) | (4,520) |
| Financial income (loss), net | (63,275) | (78,674) | (141,949) | (56,728) | (77,719) | (134,447) |
| Profit sharing program | (24,243) | (18,302) | (42,545) | (43,715) | (32,699) | (76,414) |
| Provisions | (3,632) | (2,741) | (6,373) | (48,751) | (36,416) | (85,167) |
| Pension plan and medical insurance | (28,559) | (21,562) | (50,121) | (25,658) | (19,197) | (44,855) |
| Income before taxes and contributions | 652,199 | 323,211 | 975,410 | 617,287 | 337,458 | 954,745 |
| Income and social contribution taxes | (180,813) | (89,606) | (270,419) | (168,769) | (92,263) | (261,032) |
| Net income for the period | 471,386 | 233,605 | 704,991 | 448,518 | 245,195 | 693,713 |
| Operating margin | 29.0% | 24.6% | 27.4% | 28.7% | 27.3% | 28.2% |
| Net margin | 20.9% | 17.8% | 19.8% | 20.9% | 19.9% | 20.5% |
| EBITDA (1) | 854,134 | 531,095 | 1,385,229 | 805,201 | 535,328 | 1,340,529 |
| EBITDA margin | 38.0% | 40.5% | 38.9% | 37.5% | 43.4% | 39.6% |
| Investments in fixed /Intangible assets in the year (2) | 361,146 | 344,260 | 705,406 | 376,578 | 375,911 | 752,489 |
| Shareholding Interest – CS Bioenergia | - | 250 | 250 | - | 15,959 | 15,959 |
| Indebtedness – Loans, Financing, Debentures and Lease | 1,510,732 | 2,153,656 | 3,664,388 | 1,223,691 | 1,887,316 | 3,111,007 |
| Contract of assets, Fixed assets and intangible assets, net | 4,338,592 | 5,351,241 | 9,689,833 | 4,060,667 | 5,037,109 | 9,097,776 |
| Depreciation and amortization for the period | (138,660) | (129,210) | (267,870) | (131,186) | (120,151) | (251,337) |
| Accounts receivable (current and non-current) (3) | 665,742 | 363,556 | 1,029,298 | 600,332 | 327,156 | 927,488 |
| Total assets | 5,874,087 | 7,245,128 | 13,119,215 | 5,158,679 | 6,399,152 | 11,557,831 |
| Total current and noncurrent liabilities | 2,979,029 | 3,485,900 | 6,464,929 | 2,459,611 | 3,073,391 | 5,533,002 |
| Number of Users – Not Audited/Reviewed (4) | 3,247,872 | 2,278,458 | - | 3,177,148 | 2,196,732 | - |
| Volume Thousand m3 Invoiced – Not Audited/Reviewed (5) | 392,938 | 296,818 | - | 395,753 | 296,028 | - |

(1) CVM Instruction N° 527/12 - Information not reviewed by the independent auditors;

(2) The amounts invested in administrative assets were allocated in proportion to the investments of each segment;

(3) Presented by the gross value;

(4) The users included in the sewage sector are practically all included in the water sector; and

(5) Billed volumes of the sewage sector are derived from the billed volumes of the water utility sector.

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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\$1,647,329, with coverage term from 03/13/2020 to 03/13/2021, basic cover for fire, wind and electrical damages to the equipment.

| Assets | Amount insured |
|-----------------------------------|------------------|
| Buildings | 785,971 |
| Machinery, equipment and vehicles | 776,007 |
| Inventory | 85,351 |
| Total | 1,647,329 |

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, 2020, the Company offered guarantees through Guarantee Insurance in 181 legal proceedings in the amount of R\$208,269 with Pottencial Seguradora S/A.

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

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

Operations “Rádio Patrulha” and “Integração”:

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

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

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As part of the collaboration process with the authorities in the process of investigating the facts and for the adequate clarification and protection of the Company's interests in the above operations, at the end of 2018 the Company installed investigative procedures conducted by its Internal Audit, which included access the totality of available documentation, as well as hearings from people related to the allegations under investigation by the authorities, which resulted in two reports: (i) "Preliminary Special Audit Report No. 004/2019 of 05/29/2019; and (ii) "Complementary Special Audit Report No. 004/2019 of 7/30/2019 (collectively, "Reports").

The Reports preliminarily revealed certain specific flaws in the internal controls of the Company in force at the time the facts occurred, which were forwarded to the Public Prosecutor's Office of the State of Paraná, through Letter 008/2019-AUD, of May 29, 2019 and Official Letter DP 259/2019, of August 6, 2019. The Company's Internal Audit attended the meeting, held on February 12, 2020, to provide clarifications to the Public Prosecutor's Office for the Protection of Public Property - MPPR.

On August 13, 2019, the Company released a Material Fact to the market with information on the matter, known until that moment, realizing that the results of the investigations conducted by the Company's Internal Audit did not allow inferring the existence of any or potential impacts that could materially affect its financial statements and the corresponding comparative accounting information for previous periods, and informed about the appointment and installation of an "External Investigation Commission" ("CEI").

On August 15, 2019, at its 6th/2019 Extraordinary Meeting of the Board of Directors ("CA") approved the creation of the CEI composed of three independent members. At the 7th/2019 Extraordinary Meeting of the Board of Directors, of August 23, 2019, the members of the CEI were elected, being an independent member of the Board of Directors of the Company, elected by minority shareholders, and two independent external members with extensive experience in forensic investigations.

As of its appointment, CEI reviewed the work already developed by the Company and the corresponding documentation. After the conclusion of this analysis, it issued an opinion recommending the hiring of a law firm to conduct an independent forensic investigation, with the objective of investigating the allegations related to operations "Integração" and "Rádio Patrulha".

On November 28, 2019, in compliance with the opinion issued by CEI and in accordance with the best governance practices, the Company hired the law firm "Tauil & Checker Advogados", associated with Mayer Brown, to conduct an independent forensic investigation, being the work plan managed by the CEI. To support the conduct of an independent internal investigation regarding forensic data collection, electronic data processing, conducting financial analysis and related work, Ernst & Young - EY (also referred to as "Investigation Team") was also hired.

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On November 6, 2020, at the 22nd / 2020 Extraordinary Meeting, the Board of Directors authorized the renewal of the term of Special Contracts nº 04/2019 and nº 05/2019 referring to the “External Investigation Commission” - CEI, reconciled with the final term to conclude the Forensic investigation work and deliver the final reports of operations “Integração” and “Rádio Patrulha”

On November 12, 2020, at the 24th / 2020 Extraordinary Meeting, the Board of Directors authorized the signing of a contractual amendment with the Investigation Team for the completion of the forensic investigation procedures of the operations “Integração” and “Rádio Patrulha”.

Operation “Águas Claras”:

On December 13, 2019, after the appointment of CEI and the hiring of the Investigation Team, the Company published a Notice to the Market on the outbreak of Operation “Águas Claras”. The Operation “Águas Claras”, which is an offshoot of Operation “Pecúlio” that took place in 2016, investigates alleged frauds in sewer works bids with the favor of a company whose representatives allegedly paid undue advantages to a retired Company employee, as well as alleged bribery payments by the same company disguised as investment in advertising and sponsorship. The alleged illegal conduct would have been practiced between 2011 and 2016 and would involve some employees of the Company.

Notwithstanding the initiation of said operation occurred after the beginning of the internal investigation work independent of the operations “Rádio Patrulha” and “Integração”, by resolution at the 1st / 2020 Ordinary Meeting of the Company's Board of Directors held on January 31, 2020, the allegations related to Operation “Águas Claras” were included in the object of the independent forensic investigation conducted by the Investigation Team.

Based on the above deliberation, the Investigation Team included the allegations of Operation “Águas Claras” in the scope of the independent forensic investigation and initiated preliminary investigation procedures and synergies with the investigations of Operations “Rádio Patrulha” and “Integração”. However, in the course of the work, the Company's Board of Directors took a new decision at the 9th / 2020 Ordinary Meeting of the Board of Directors held on September 24, 2020 and decided that the scope of the independent forensic investigation should observe and fulfill the scope originally contracted (ie, investigation of the allegations arising from Operations “Integração” and “Rádio Patrulha”).

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On November 6, 2020, at the 22nd / 2020 Extraordinary Meeting, the Board of Directors reconsidered the resolution contained in the 9th / 2020 Regular Meeting of 9/24/2020, with regard to Operation “Águas Claras”, to authorize the Executive Board Governance, Risk and Compliance Assistant to finalize all the necessary procedures to hire the technical and specialized services for the composition of the External Investigation Commission - CEI, Forensic Investigation and "Shadow Investigation", in that order, and the hiring of the Forensic investigation depends prior contracting of the CEI components, all concerning Operation “Águas Claras”.

On November 10, 2020, at the 23rd / 2020 Extraordinary Meeting, the Board of Directors approved the hiring of members of the “External Investigation Commission” - CEI, with reference to contracts signed on November 11, 2020, for a period of 365 days.

Operation “Ductos”:

On July 20, 2020, the Company published a Notice to the Market on the “Duct Operation”, related to an investigation that investigates conduct involving people related to the Company. The investigations initiated about two years ago by the Special Action Group to Combat Organized Crime (Gaeco), mainly investigate the undue payment for services not provided and fraud in bids. It is also investigated, the billing for service not fully executed or for overpriced service, using false measurements or not supervised by Sanepar employees. The Company's management removed all employees involved in the referred operation. On the same date, the Board of Directors decided to include the “Operation Ducts” process in the scope of the Independent Forensic Investigation, with the Deputy Governance, Risk and Compliance Department being authorized to take the necessary administrative measures for the implementation of the measure.

The Board of Directors, at its 13th / 2020 Extraordinary Meeting held on July 20, 2020, decided to include Operation “Ductos” in the scope of the Independent Forensic Investigation and the Investigation Team included the allegations of Operation “Ductos” in the scope of the work, beginning from preliminary investigation and synergistic procedures to investigations by Operations “Rádio Patrulha”, “Integração” and “Águas Claras”. However, considering that at the 9th / 2020 Ordinary Meeting of the Board of Directors, mentioned above, the Company's Board of Directors took a new decision and, in effect, decided that the scope of the independent forensic investigation should observe and comply with the scope originally contracted (ie, investigation of the allegations arising from Operations “Integração” and “Rádio Patrulha”).

At the same time, the Company constituted a task force tasked with preparing an audit report that will serve as the basis for hiring an “External Investigation Commission”, Forensic Investigation and Shadow Investigation to monitor the Operation “Ductos”.

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On November 6, 2020, at the 22nd / 2020 Extraordinary Meeting, the Board of Directors reconsidered the resolution contained in the 9th / 2020 Regular Meeting of 9/24/2020, with regard to Operation “Ductos”, to authorize the Deputy Executive Board Governance, Risk and Compliance Committee to finalize all the necessary procedures to contract the technical and specialized services for the composition of the External Investigation Commission - CEI, Forensic Investigation and “Shadow Investigation”, in that order, and the hiring of the Forensic investigation depends on the prior contracting of the CEI components, all concerning the Operation “Ductos”.

On November 10, 2020, at the 23rd / 2020 Extraordinary Meeting, the Board of Directors approved the hiring of members of the External Investigation Commission - CEI, with reference to contracts signed on November 11, 2020, for a period of 365 days.

Progress of the “Activities”:

Since December 2019, the independent forensic investigation initiated to verify the allegations related to the Operations “Integração” and “Rádio Patrulha” continues in progress. This investigation continues to be conducted by the Investigation Team and accompanied by CEI and the Company's external auditor. Until the publication of this interim financial information, the work of the Investigation Team is on schedule and is being concluded.

Although, to date, it is not possible to conclude on the extent of the alleged irregularities mentioned in Operations “Integração” and “Rádio Patrulha”, Sanepar's Management has received an interim report from CEI on the results obtained up to the current stage of the work and continues to monitor the development of investigations conducted by public authorities, collaborating with them and taking all appropriate measures in relation to the matter, as required in the circumstances.

Sanepar's Management will continue to apply its best efforts to support the work of the independent internal investigation conducted by the Investigation Team and CEI, as well as keeping the market duly informed of any other relevant information on the matter.

30. IMPACTS OF THE CORONAVIRUS (COVID-19)

Since the beginning of the new Coronavirus pandemic (COVID-19), more than 43 million infected people have been registered worldwide, in Brazil, cases have exceeded the 5.2 million mark. To contain the transmission of the disease, there was a need for social isolation, restriction of business at the local and international level, and non-essential activities were halted indefinitely. Within this context, Basic Sanitation, considered as an “essential service” contributed to the maintenance of people's quality of life and mainly for personal hygiene, since the act of washing the face and how hands are often one of the main preventive measures of disease prevention.

Companhia de Saneamento do Paraná - SANEPAR

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Base Date September 30, 2019
(In thousands of Brazilian Reais)

In this scenario of economic uncertainties resulting from the pandemic of the new coronavirus, the Basic Sanitation sector is one of the most resilient, and the Company is actively monitoring developments in economic and social behavior, especially in the consequences that will be perceived by the population served in the municipalities where Act.

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

- Revenues, costs, trade accounts receivable and cash flows: In the Company's view, revenues from the sanitation sector will be less affected due to the effects of the pandemic, as they have more protected revenues than other sectors, as they are essential services for the population. Pressure on operating cash flow was impacted collection, due to a slight increase in defaults and a temporary extension of the maturity of water and sewage accounts, especially for low-income consumers. In this regard, the Company published a Material Fact on March 23, 2020, informing about the postponement of the collection of water and sewage bills, for customers registered in the Social Tariff, approximately 184 thousand families, for a period of 90 days. On June 24, 2020 and September 21, 2020, the Company published a new Material Fact extending the postponement of collection for another 90 days to each period. The monthly billing of the Social Tariff is of the order of R \$ 3.8 million.

In addition, the enactment of laws that restrict the interruption of the provision of services to certain categories of consumers during emergency situations, as in the case of COVID-19, slightly increased the default rate, due to the increase in accounts receivable from customers, bringing impact on the Company's liquidity.

After the beginning of the quarantine period, starting on March 19, 2020, the Company has been analyzing collection and defaults on a daily basis, and considering the best estimate for the moment, constituted a provision for expected losses on accounts receivable in the amount of R\$7.0 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. The Company is monitoring inventory levels and has requested a contingency plan from contracted companies for products that may have difficulties in supply.

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- **Loans and Financing:** The Company has Financing agreements with CAIXA, Sistema BNDES and KfW, in addition to issues of public and private debentures. There were no renegotiations of interest rates related to these contracts and changes to the conditions already contracted are not expected. During the 1st, 2nd and 3rd quarter of 2020, the Company obtained funds in the amount of R\$779 million referring to the settlement of the 10th issue of incentive debentures, raising of R\$200 million through the Bank Credit Notes - CCB and funds released by CAIXA, BNDES and KfW.
- **Leases:** The Company has (i) an asset lease agreement with a substantial transfer of the risks and benefits of the assets which will be owned by the Company at the end of the agreement; (ii) vehicle, movable and immovable lease agreements, in which the benefits of the assets will remain with the lessor. There was no change in the terms and conditions of the contracts.
- Management evaluated the impacts on employee benefits and the Company's obligations, and understands that this quarter, despite the great uncertainty in the financial market and the impacts on the health scenario, considering the best information available, did not identify any adjustment to be made in the record of the provisions arising from the Retirement and Medical Assistance Plans.
- Additionally, Management assessed and concluded that there is no evidence of impairment of its Assets linked to Concessions and Right of Use Assets at the end of the Quarterly Information for the period ended September 30, 2020.

Below are the main actions that the Company has taken in its operations that affect its professionals and customers:

- 14 (fourteen) day home isolation for employees who have or live with a family member who have respiratory symptoms and/or fever;
- Remote work regime for employees over 60 (sixty) years old, with chronic, respiratory, immunocompromised diseases, in cancer treatment and for pregnant and lactating women;
- Remote work regime and/or flexible working hours for part-time, for parents or minors, of minors up to 12 (twelve) years old;
- Definition of the minimum workforce for internal work, performing a 6 (six) hour relay schedule or regime;
- Anticipation of the treatment material delivery schedule aiming at safety stock, in precaution and eventual closure of factories; and
- Suspension of signing new contracts with third parties, except those of an imperative nature to the Company's operations.
- Service in the relationship centers follows the criteria and definitions in a document disclosed to the General Managements, Regional Managements and Client Coordination, as well as the considerations contained in the decrees and social restrictions.

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In order to preserve liquidity, the Company was adopted the following measures, as permitted in normative acts issued by the Federal Government: i) suspension and payment of the FGTS referring to the competences of March, April and May 2020, in the amount of R\$10,628 according to Provisional Measure nº 927/2020; ii) postponement of the payment of the contributions of COFINS, PIS / PASEP and INSS Patrimonial referring to the powers of March, April and May 2020, in the amount of R\$123,453, for cumulative payment with the powers of July, September and October 2020, respectively, according to Ordinance No. 139; and iii) reduction of the mandatory contribution to the "S" System for the period from April to June 2020, according to Provisional Measure nº 932/2020.

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

31. SUBSEQUENT EVENTS

The Paraná Regulatory Agency (Agepar), approved on October 21, 2020, through Extraordinary Meeting nº 021/2020, the planning and work proposal for the 2nd Periodic Tariff Review of Basic Sanitation.

On October 27, 2020, the Company published a Notice to the Market on the approval by the Ministry of Regional Development (MDR) of the framework, as a priority, of infrastructure investment projects in the basic sanitation sector, presented by the Company, in the amount of up to R\$391.1 million, through Incentive Debentures, with a view to stimulating investment in infrastructure in the basic sanitation sector. The realization of approval subject to approval by the Company's Management. On November 12, 2020, at the 24th Extraordinary Meeting, the Board of Directors authorized the Company to start structuring debentures, not convertible into shares, in the amount of up to R\$500 million.

On October 29, 2020, State Decree No. 6068 was published, which extended the term of Student Decree No. 4,626 / 2020 for another 180 (one hundred and eighty) days, recognizing the water emergency situation in the State of Paraná.



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, 2020, which comprise the balance sheet on September 30, 2020 and the related statements of income and comprehensive income for the three and nine-month period then ended, and the statement 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 – Interim Financial Reporting and with the International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this interim financial information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

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

Conclusion on the interim financial information

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



Emphasis

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

As mentioned in Note 29 to the interim financial information, the Company's Board of Directors on August 15, 2019 ratified the creation of the “External Investigation Committee” and on August 23, 2019 elected the members of the Committee, to coordinate investigations with the purpose of providing clarifications on the investigations in the scope of the operations “Radio Patrulha” and “Integração”. Subsequently, in December 2019, the “Águas Claras” operation was included in the scope of the investigations and recently the “Ductos” operation, the latter started in July 2020 by the Special Action Group to Combat Organized Crime (GAECO) of the Public Ministry of Paraná. On November 6, 2020, the Board of Directors decided on the hiring of an External Investigation Commission, for the operations “Águas Claras” and “Ductos” and on November 10, 2020, the CEI was contracted. The Internal investigation, which has been monitored by the “External Investigation Committee” are still ongoing in the evaluation phase of the collected data in relation to the operations “Rádio Patrulha” and “Integração”, and still in scope definition phase and hiring of forensic investigators in the case of the “Águas Claras” and “Ductos” operations and at this moment, it is not possible to predict future developments for the Company resulting from them nor is there knowledge about development on the side of public authorities. Our conclusion is not being qualified in relation to this matter.”

Other matters

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, 2020, 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 interim financial statements have been translated into English for the convenience of readers outside Brazil.

Curitiba, November 12, 2020.



**BDO RCS Auditores Independentes SS
CRC 2 PR 006853/F-9**

**Paulo Sérgio Tufani
Contador CRC 1 SP 124504/O-9 - S - PR**

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, 2020.

Curitiba, October 26th, 2020.

CLAUDIO STABILE
Chief Executive Officer

ABEL DEMETRIO
Chief Financial and Investor
Relations Officer

SERGIO WIPPEL
Chief Operating Officer

LEURA LUCIA CONTE DE OLIVEIRA
Chief Investment Officer

ELERIAN DO ROCIO ZANETTI
Chief Commercial Officer

ANDREI DE OLIVEIRA RECH
Chief Legal Officer

PRISCILA MARCHINI BRUNETTA
Chief Administrative Officer

JULIO CESAR GONCHOROSKY
Chief of Environment and Social Action Officer

STATEMENT

Through this instrument, the Executive Board of Companhia de Saneamento do Paraná - Sanepar, mixed capital state administration corporation, publicly traded, with headquarters at Rua Engenheiros Rebouças nº 1,376, Curitiba - PR, registered at CNPJ under No. 76.484.013/0001- 45, for the purposes of dispositions of items V and VI of article 25 of CVM Instruction 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 on September 30, 2020.

Curitiba, November 12th, 2020.

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