

Quarterly Information (ITR)

Aegea Saneamento e Participações S.A.

Three-month period ended March 31, 2021 with Independent Auditor's Review Report



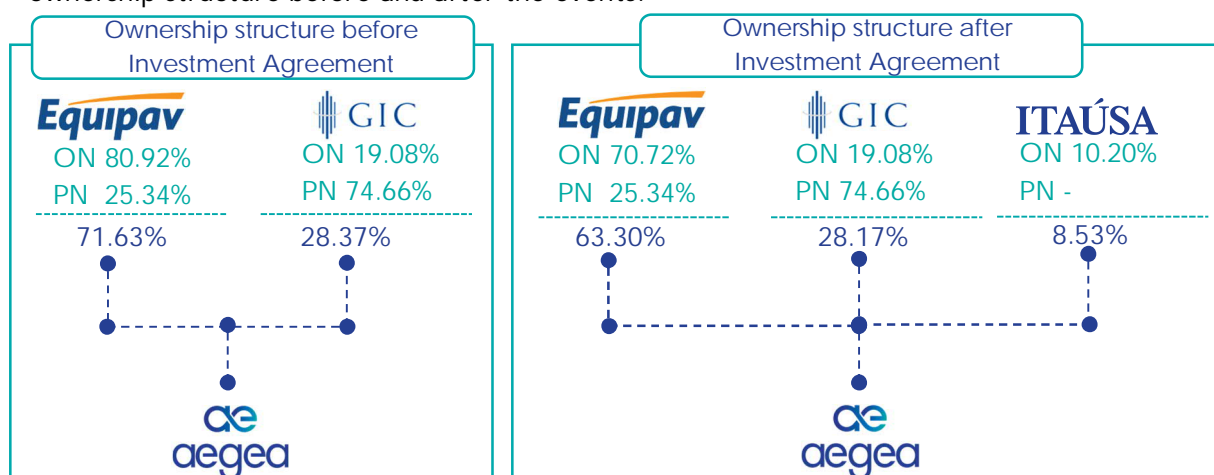
Aegea Saneamento e Participações S.A.
Publicly-Held Company (Category B)
Corporate Taxpayer ID (CNPJ): 08.827.501/0001-58
Company Registry (NIRE): 35.300.435.613
CVM Code: 2339-6

Net operating revenue rises 11.4% to R\$ 646.3 million in 1Q21

São Paulo, May 12, 2021 - Aegea Saneamento e Participações S.A. ("Aegea" or "Company"), which currently operates in 126 cities¹ in 12 states across Brazil, announces today its results for the first quarter of 2021 ("1Q21"). The quarterly information also presents the Company's performance in the first quarter of 2020 ("1Q20") in comparison with 1Q21.

Highlights

- Net Revenue² in 1Q21 grows 11.4% from 1Q20 to R\$ 646.3 million, with water revenue up 5.3% and sewage revenue up 19.6%;
- EBITDA³ of R\$ 352.4 million in 1Q21, advancing 7.1% excluding the non-recurring event⁴ in 1Q20. EBITDA margin expands to 54.5%;
- Financial Leverage, measured by the ratio of Net Debt to EBITDA, of 2.87x;
- A New Shareholder Addition: Acquisition by Itaúsa of 8.32% of the Company's common shares held by the Equipav Group, for the amount of R\$ 1.065 billion. Capital increase: The issuance, of 2.59% of common shares by Aegea, of which 2.09% subscribed by the new shareholder Itaúsa, in the amount of R\$ 274.8 million, and 0.50% subscribed by the shareholder GIC, in the amount of R\$ 64.8 million, totaling R\$ 339.6 million to contribute to the Company's cash. See the ownership structure before and after the events:



¹ Includes municipalities related to the PPPs Ambiental Cariacica/ES and Ambiental MS Pantanal/MS won in October 2020, with the concession contracts signed in December 2020 and February 2021.

² Excludes construction revenue and costs with margins near zero and includes revenue from government payments under Public-Private Partnerships (PPPs) Ambiental Vila Velha, Ambiental Serra, and Ambiental Metrosul.

³ Excludes intangible assets construction revenue and costs with margins near zero and includes revenue from government payments under Public-Private Partnerships (PPPs) and the construction costs of these agreements.

⁴ A successful outcome of the lawsuit related to the inflation adjustment of PIS/COFINS taxes on services provided at Águas de Manaus, which had a positive impact of R\$ 73.1 million on EBITDA in 1Q20.

- 💧 In consortium with the shareholders Equipav Group, GIC, and Itaúsa, Aegea won 2 blocks in the CEDAE auction *that will enable it to* provide quality basic sanitation services to 9.8 million people in the city and state of Rio de Janeiro. Equipav Group, GIC, and Itaúsa will be Aegea's partners in the Special Purpose Entities (SPEs) that will operate the concessions.
- 💧 To support the execution of its Business Plan, Aegea reinforced its cash position with the 7th issue of nonconvertible debentures in the amount of R\$ 400.0 million. Aegea raised additional cash through an ownership restructuring of Prolagos, which was concluded in February, via the subscription and payment of preferred shares in the amount of R\$ 500.0 million, representing an equity interest of 43%. Aegea remains the parent company of Prolagos, holding 100% of the common shares with voting rights.
- 💧 The startup, on April 9, 2020, of the concessionaire Ambiental Cariacica, which is the PPP responsible for providing sewage collection and treatment services in Cariacica, Espírito Santo, serving 402,000 residents.
- 💧 Renewal of ISO 37001:2017-Anti-bribery Management certification, further strengthening Aegea's commitment to transparency and integrity;
- 💧 Valor Grandes Grupos: Aegea was included for the first time in the yearbook, figuring sixth among the fastest growing companies in terms of revenue, in the services category.

Message from Management

Aegea ended the first quarter of 2021 with excellent prospects. The financial and operational results in the period attest to the constant evolution of our business, with Net Revenue advancing 11.4% to R\$ 646.3 million and EBITDA, excluding the non-recurring effect from PIS/COFINS taxes at Manaus in 1Q20, growing 7.1% to R\$ 352.4 million.

We continue to move forward in the execution of our Business Plan and announced, on April 27, the signing of an Investment Agreement for: i) the entry of the new shareholder Itaúsa (Itaú Investimentos S.A.), which acquired 8.32% of the common shares held by the Equipav Group, for the amount of R\$ 1.065 billion; and ii) a capital increase via the issue of 2.59% common shares, of which 2.09% was subscribed by Itaúsa and 0.50% by the existing shareholder GIC (Singapore Sovereign Wealth Fund), in the amount of R\$ 339.6 million to contribute to the Company's cash. Founded 45 years ago, Itaúsa is Brazil's largest holding company. Its solid portfolio of investee companies gives it a presence in over 50 countries and is composed of major brands and leading companies in their industries. Itaúsa focuses on strengthening the management and long-term value creation of its investee companies. Its entry as a relevant shareholder, alongside Equipav Group and GIC, will contribute to reinforce Aegea's capital structure to leverage the execution of its growth plan while identifying new opportunities that maximize value creation for its businesses.

Also in April, we took a major step forward in our growth strategy by winning two blocks in the auction of Public Water Supply and Sewerage Service Concessions in Rio de Janeiro conducted by CEDAE.

Through a consortium, led by Aegea and with the participation of Equipav Group, GIC, and Itaúsa, we placed the winning bids for blocks 1 and 4, paying R\$ 8.2 billion and R\$ 7.2 billion, respectively, under a concession bonus. Aegea will be responsible for the operations of the SPEs, given its capacity to implement its operational model for basic sanitation concessions in Brazil, based on its key strategies of capturing operating efficiency and synergy gains, supported by a well-consolidated business platform. Equipav Group, GIC, and Itaúsa will be Aegea's partners in the SPEs.

This achievement in the country's largest infrastructure project is a major step towards consolidating Aegea's position as the leading private provider of basic sanitation services in Brazil. Working jointly with our shareholders, we will deliver quality services, investments, and health to people in the state of Rio de Janeiro by distributing water and ensuring universal access to sewage collection and treatment in our markets, while contributing to the recovery of the Guandu River Basin and Guanabara Bay, as well as investing in infrastructure in favelas and needy communities and expanding the Social Tariff program to benefit the state's residents. The funds for the investments needed in the Concession will come from cash injections by Aegea and its shareholders, under the terms and conditions of the Association Agreement signed by the parties, as well as from diversified financing sources.

Our growth over the years is made possible by the capacity of our professionals to adapt and transform, which enables us to remain firm in our execution despite challenging scenarios, such as the one imposed by the global pandemic. We continue to maintain all the required protocols and precautions when providing our services, which are essential to the public. As Health Ambassadors, we are committed to caring for people and to taking health and dignity to the many different Brazilian communities where our concessions are located as part of our important contribution to achieving universal access to basic sanitation in Brazil, which is critical to our country's development.

We remain focused on executing our investment plan in our existing concessions, as well as simultaneously expanding our asset base, supported by a well-established business platform, with financial discipline and a firm commitment to creating value for our shareholders and stakeholders, whom we thank for their trust and contribution to improving our operations.

The Management

Disclaimer

Forward-looking statements in this report are related exclusively to the business outlook, estimates of operating, and financial results and growth prospects of the Company. These are merely projections and as such are based solely on the expectations of the Company's management for the future of the business and its continued access to capital to finance its business plan. Such forward-looking statements depend substantially on changes in market conditions and government regulations, competitive pressures, the performance of the industry and the Brazilian economy, and other factors, in addition to the risks already described in the Company's previous reports and, therefore, are subject to change without prior notice. Any and all non-accounting information or information based on non-accounting figures was not reviewed by the independent auditors.

Financial and Operating Performance

Financial Highlights

Aegea consolidated (R\$ '000)	1Q21	1Q20	Δ %
Net operating revenue ¹	646,266	580,004	11.4%
Water revenue	528,108	501,500	5.3%
Sewage revenue ²	153,601	128,407	19.6%
PPP revenue ³	31,034	8,985	245.4%
Deductions from revenue	(66,477)	(58,888)	12.9%
Operating costs and expenses ⁴	(293,840)	(177,856)	65.2%
EBITDA non-recurring effect ⁵	352,426	329,060	7.1%
EBITDA Margin non-recurring effect	54.5%	56.7%	-2.2 p.p.
EBITDA	352,426	402,148	-12.4%
EBITDA Margin	54.5%	69.3%	-14.8 p.p.
Financial Result	(108,030)	(18,082)	497.4%
Net Income non-recurring effect ⁶	95,715	94,792	1.0%
Net Income	95,715	230,740	-58.5%

Net revenue

In 1Q21, net operating revenue¹ amounted to R\$ 646.3 million, increasing 11.4% from 1Q20.

¹ Net operating revenue recorded in the Interim Financial Statements (ITR), Note 17, less construction revenue with close-to-zero margin (OCP05) and no cash balance effect (R\$ 143.9 million).

² Excludes intangible asset construction revenue with a close-to-zero margin.

³ Construction Revenue - Public-Private Partnerships (PPP) of the concessionaires Ambiental Serra, Ambiental Vila Velha, and Ambiental Metrosul (CPC47): sum of the financial asset remuneration lines and financial asset construction revenue from Notes 7 and 17 in the ITR;

⁴ Includes financial asset construction costs related to the PPPs Ambiental Serra, Ambiental Vila Velha, and Ambiental Metrosul and excludes the effects from amortization and depreciation and intangible asset construction costs (OCPC05).

⁵ Excludes the positive effect in 1Q20 related to the successful outcome of the lawsuit in the subsidiary Águas de Manaus related to the inflation adjustment of PIS/COFINS taxes on services provided, in the amount of R\$ 73.1 million in other operating revenue.

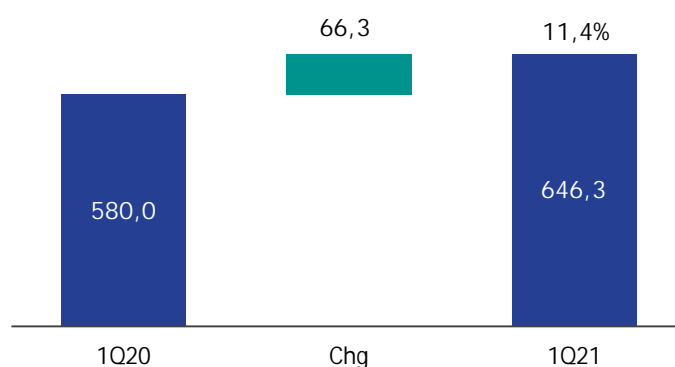
⁶ Excludes the positive effect in 1Q20 related to the successful outcome of the lawsuit in the subsidiary Águas de Manaus related to the inflation adjustment of PIS/COFINS taxes on services provided, in the amount of R\$ 73.1 million in other operating revenue and R\$ 62.9 million in financial income with inflation adjustment.

The main factors driving growth during the first quarter were:

- (i) The 9.1% increase in billed volume;
- (ii) The growth in government payments under Public-Private Partnerships due to the higher CAPEX in the year. Highlights include the PPP Ambiental Metrosul, which started operations in December 2020 and accounted for 92% of the variation;
- (iii) The application, in January 2021, of the last portion of the extraordinary tariff revision at Águas Guariroba, of 3.60%, related to the economic and rebalancing approved in 2018;
- (iv) The ordinary annual tariff adjustment at the Company's concessionaires, especially at Águas Guariroba and Prolagos, which registered increases of 4.77% and 13.98%, respectively; and
- (v) The increase in the parity of the sewage tariff at Águas de Teresina, from 80% to 100%, as of February 2021.

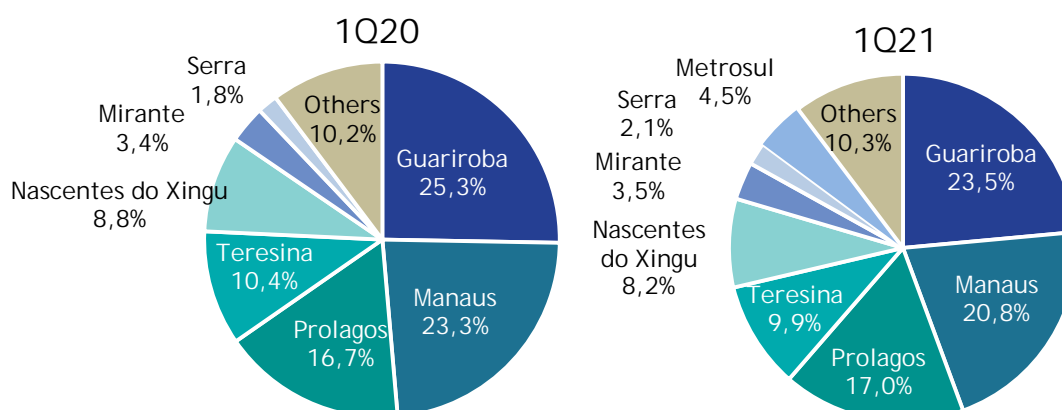
The following charts show net revenue growth in the comparison period:

Net Revenue Growth, 1Q20 vs. 1Q21 (R\$ million)



The following charts present the breakdown of revenue by concessionaire:

Revenue breakdown by company (%)



Consumption Units (Households)¹

Total households served by Aegea reached 3.3 million in 1Q21, an increase of 13.8% from 1Q20.

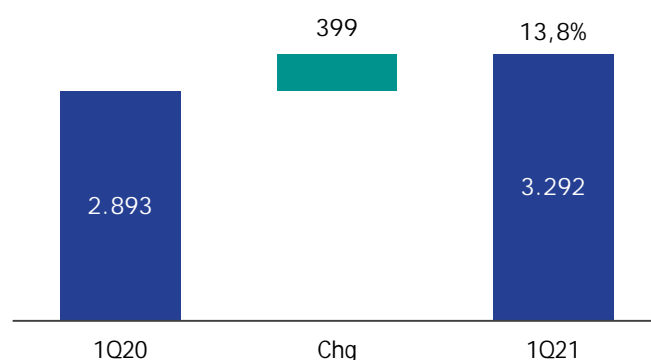
The number of households with water service increased 8.7% from 1Q20 to 2.0 million. The concessions Águas de Teresina, Águas de Manaus, Águas Guariroba, and Prolagos accounted for 76.1% of this growth, while the balance is related to the expansion of the coverage network and the organic growth of other concessions.

The number of households served by sewage collection and treatment services increased 22.1%, to 1.3 million. The growth in the client base is mainly associated with: (i) the startup of the concessionaire Ambiental Metrosul, in December 2020, which added 182,000 new households and accounted for 79.4% of the total increase; and (ii) the network expansion at Águas Guariroba, Águas de Teresina and Prolagos, which jointly accounted for 16.0% of the growth.

Total Active households ('000)	1Q21	1Q20	Δ %
Water	1,950,282	1,794,348	8.7%
Sewage	1,341,631	1,099,051	22.1%
Total	3,291,913	2,893,399	13.8%

The following chart shows the growth in total households in the comparison period:

Growth in households with water and sewage services, 1Q20 vs. 1Q21 ('000)



Billed Volume

Total billed volume in 1Q21 was 118,526 thousand m³, up 9.1% from the same period last year.

Water billed volume increased 5.1%. Of this increase, 78.6% refers to the higher volume at Águas de Teresina, Águas de Manaus, and Prolagos, while the remainder is related to the expansion of the coverage network and the organic growth of other concessions.

Sewage billed volume increased 17.8% compared to 1Q20, due to: (i) the startup of the concessionaire Ambiental Metrosul, which accounted for 83.4% of the growth in sewage billed volume in the quarter; and (ii) the network expansions at the concessions Ambiental Serra, Mirante and Águas de Teresina, which accounted for 14.1% of the growth in sewage billed volume in the quarter.

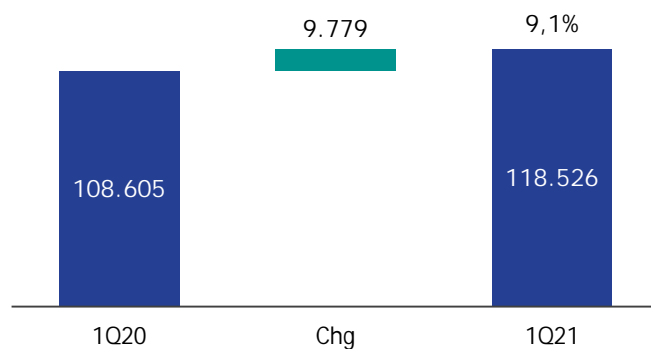
The following table presents a comparison of billed volume between the quarters:

¹Consumption Units (Households): a single occupancy property or a subdivision of a property with independent occupancy, with the purpose of its legal occupancy clearly identifiable, with private or communal facilities for the use of water supply and sewage collection services. E.g.: a building with 10 apartments has one connection and 10 consumption units

Billed volume ('000 m ³)	1Q21	1Q20	Δ %
Water	77,719	73,963	5.1%
Sewage	40,807	34,642	17.8%
Total	118,526	108,605	9.1%

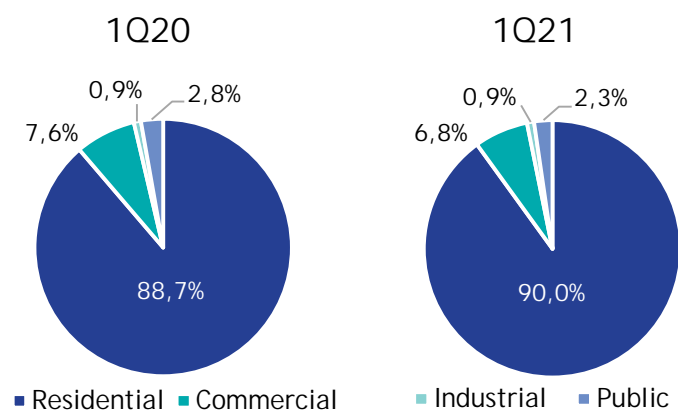
The following charts compare the growth in water and sewage billed volume between the quarters:

Growth in water and sewage billed volume, 1Q20 vs. 1Q21 ('000 m³)



The following chart shows water billed volume by category. Customers remain concentrated in the residential segment, which accounts for 90.0% of billed volume:

Water billed volume by category (%)



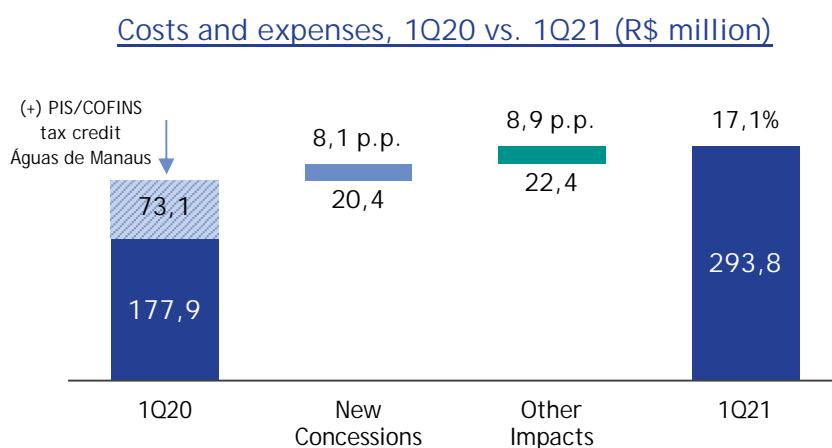
Costs and Expenses

In 1Q21, costs and expenses, excluding the effects of amortization, depreciation, and zero-margin construction costs, came to R\$ 293.8 million, 17.1% higher than in 1Q20, excluding the non-recurring effect at Águas de Manaus. The increase is mainly explained by the initial costs of the PPP Ambiental Metrosul, which started operations in December 2020 and accounted for R\$ 19.1 million, and the mandatory pre-operational expenses with the PPPs Ambiental MS Pantanal and Ambiental Cariacica, amounting to R\$ 1.4 million.

The following table details the changes in costs and expenses in the periods analyzed:

Costs and expenses (R\$ '000)	1Q21	1Q20	Δ %
Labor	(76,857)	(72,490)	6.0%
Outsourced services ¹	(35,845)	(31,196)	14.9%
Outsourced services for sewage treatment	(4,984)	(3,932)	26.8%
Outsourced services for water treatment	(3,365)	(2,148)	56.7%
Maintenance	(9,344)	(10,277)	-9.1%
Materials, equipment and vehicles	(7,112)	(5,839)	21.8%
Concession costs	(10,169)	(8,797)	15.6%
Electricity	(62,706)	(59,196)	5.9%
Chemicals	(12,422)	(13,387)	-7.2%
PDA ²	(32,622)	(25,605)	27.4%
Provision for lawsuits	(2,688)	(3,434)	-21.7%
Lease	(9,168)	(4,768)	92.3%
Construction costs ³	(14,770)	(4,101)	260.2%
Others	(11,788)	(5,774)	104.2%
Subtotal non-recurring effect ⁴	(293,840)	(250,944)	17.1%
PIS/COFINS tax credit Águas de Manaus	-	73,088	-100.0%
Subtotal	(293,840)	(177,856)	65.2%
Depreciation and amortization	(77,516)	(62,744)	23.5%
Total	(371,356)	(240,600)	54.3%

The followings chart show the changes in costs and expenses between the quarters:



¹ Includes technical services, consulting, audit, legal, advisory and other services.

² Estimated Losses with Doubtful Debts, formerly Provision for doubtful accounts (PDA), and Recovery of written-off notes under Other Operating Income.

³ Include financial asset construction costs at PPPs Ambiental Serra, Ambiental Vila Velha and Ambiental Metrosul.

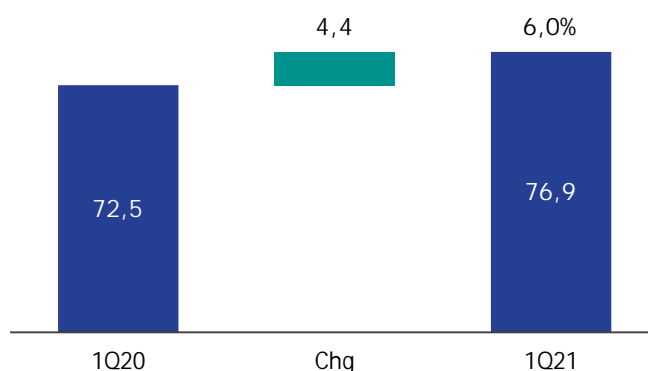
⁴ Excludes the positive effect in 1Q20 related to the successful outcome of the lawsuit in the subsidiary Águas de Manaus related to the inflation adjustment of PIS/COFINS taxes on services provided, in the amount of R\$73.1 million in Operating costs and expenses.

- Labor:

In 1Q21, labor costs and expenses amounted to R\$ 76.9 million, up 6.0% from 1Q20. The increase is mainly due to:

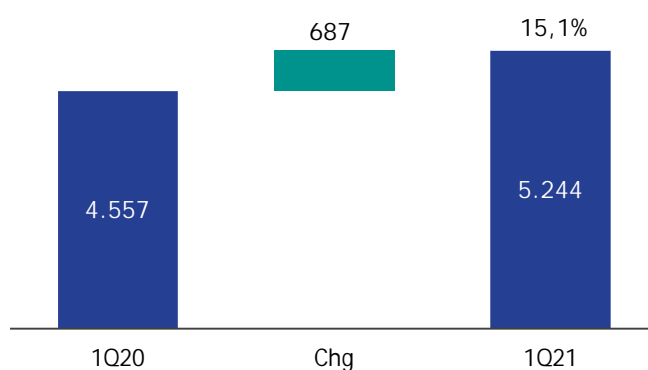
- (i) The Company's new PPPs, which accounted for R\$ 3.3 million or 77.1% of the increase in labor costs in 1Q21, especially Ambiental Metrosul, which started operations in Rio Grande do Sul in December 2020;
- (ii) The wage increases negotiated under collective bargaining agreements, especially at Prolagos and Águas Guariroba.

Labor costs and expenses, 1Q20 vs. 1Q21 (R\$ million)



The Company ended 1Q21 with 5,244 active employees, an increase of 687 from the prior year, reflecting the headcount increases at Águas de Manaus and the PPPs Ambiental Metrosult, Ambiental Cariacica, and Ambiental MS Pantanal.

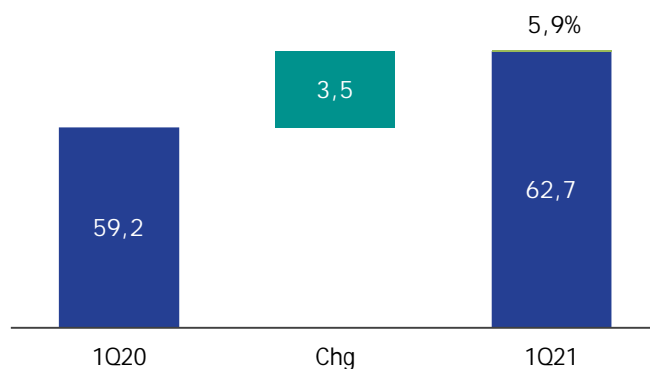
Number of active employees



- Electricity:

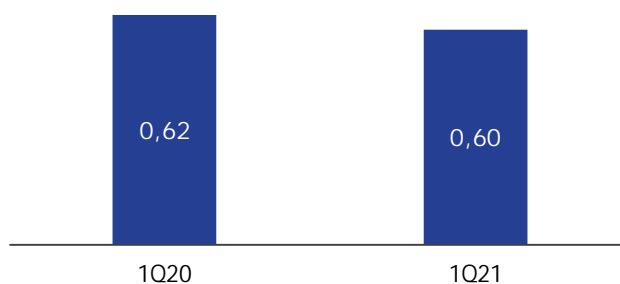
In 1Q21, electricity expenses came to R\$ 62.7 million, increasing 5.9% from 1Q20, mainly due to: (i) the startup of the PPP Ambiental Mercosul in December 2020, which accounted for R\$ 1.5 million or 42.1% of the total increase; (ii) the increase in kWh consumption at other units, due to the higher water and treated sewage production volumes;

Electricity costs and expenses, 1Q20 vs. 1Q21 (R\$ million)



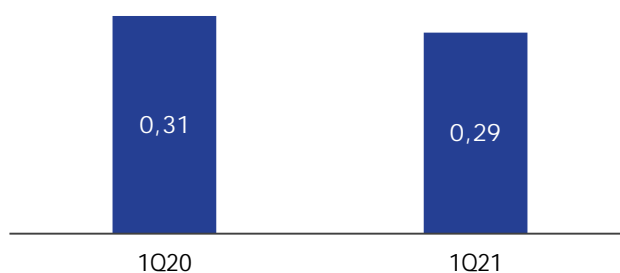
In 1Q21, unit electricity consumption decreased 3.3% from 1Q20, ending the period at 0.60 kWh/m³. The reduction is explained by the implementation of operational improvements to reduce unit electricity consumption at concessions, with the highlight of the performance at Águas de Manaus.

Electricity consumption (Kwh/m³)



No 1Q21, unit electricity costs stood at R\$ 0.29/m³, decreasing 6.9% from 1Q20, reflecting the implementation of measures to reduce unit electricity costs at concessions, especially the electricity purchases in the free market, at lower costs.

Unit electricity costs and expenses (R\$/m³)¹



¹ The calculation base of unit cost (R\$/m³) includes only costs with electricity for water production and sewage treatment, and excludes administrative electricity expenses.

- Outsourced services

In 1Q21, costs and expenses with outsourced services came to R\$ 35.8 million, up 14.9% from 1Q20, mainly due to: (i) higher expenses with consulting services at the holding company; and (ii) the operating costs with the startup of Ambiental Metrosul, which accounted for 41.3% or R\$ 1.9 million of the total.

- Expected Credit Losses (PDA)

In 1Q21, expected credit losses were R\$ 32.6 million, up 27.4% on the prior-year quarter.

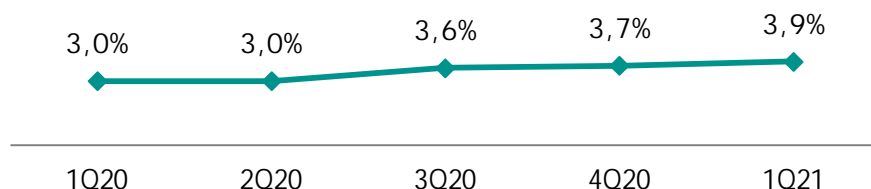
The increase in expected credit losses is mainly due to the reduction in reversals of expected credit losses in 1Q21 compared to 1Q20 when, under the Vem com a Gente Program in Águas de Manaus, there was an increase in negotiations and installment payments for the outstanding balances of clients.

Delinquency Rate

In the 12 months to 1Q21, the delinquency rate was 3.9%, 0.9 percentage points higher than in the prior-year period.

The increase is mainly due to the higher expected credit losses which, as mentioned before, are mainly due to the reduction in reversals of expected credit losses compared to 1Q20.

Delinquency Rate LTM¹ (%)



Water distribution loss rate¹

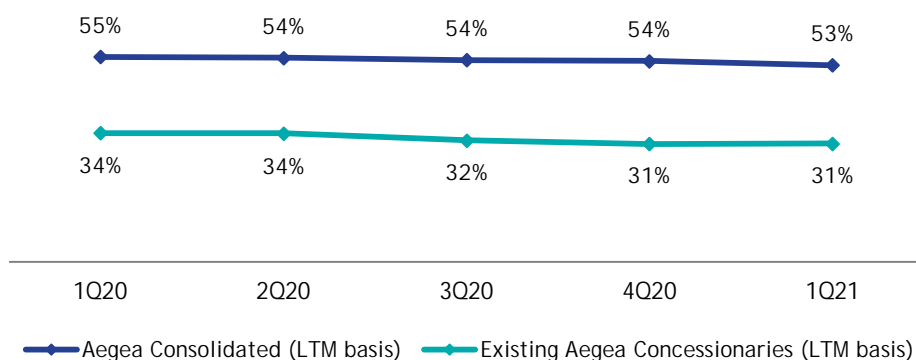
In 1Q21, Aegea's consolidated loss rate reached 52.8%, decreasing 1.8 percentage points from 1Q20, reflecting the Company's efforts to reduce physical and commercial losses in water distribution at its concessions, especially Águas de Teresina and Águas de Manaus.

Considering only more mature concessionaires, the Company's loss rate stood at 31.9% in 1Q21, decreasing 2.3 percentage points from 1Q20.

The following chart shows the evolution in: (i) the consolidated water loss rate; and (ii) the loss rate excluding the subsidiaries Águas de Teresina and Águas de Manaus.

¹ Calculation of delinquency: gross revenue excluding cancelations / costs and expenses of expected credit losses. Excludes PPPs Serra, Vila Velha and Mirante.

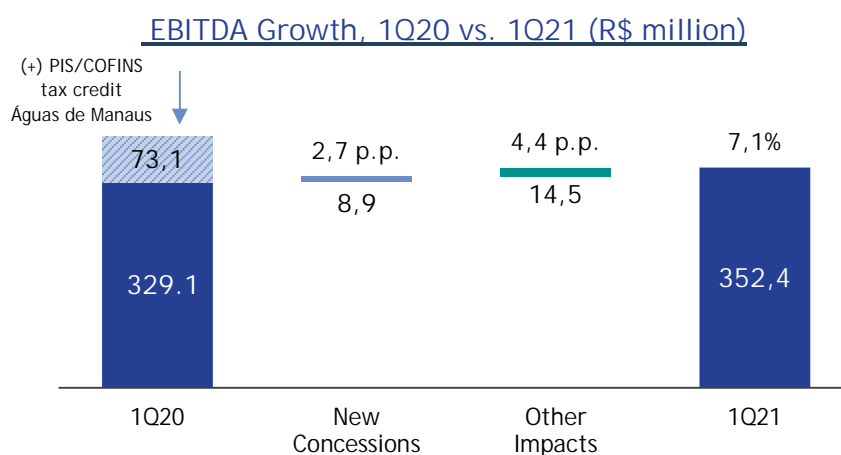
Water distribution loss rate¹



EBITDA

In 1Q21, EBITDA reached R\$ 352.4 million, up 7.1% from 1Q20, excluding the non-recurring effect linked to the successful outcome of the lawsuit related to PIS/COFINS at Águas de Manaus, which had a positive impact of R\$ 73.1 million on EBITDA for 1Q20.

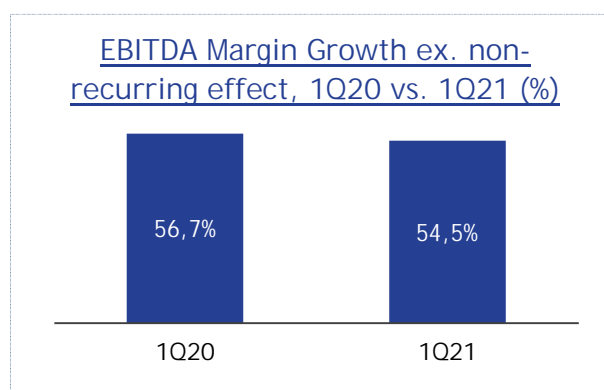
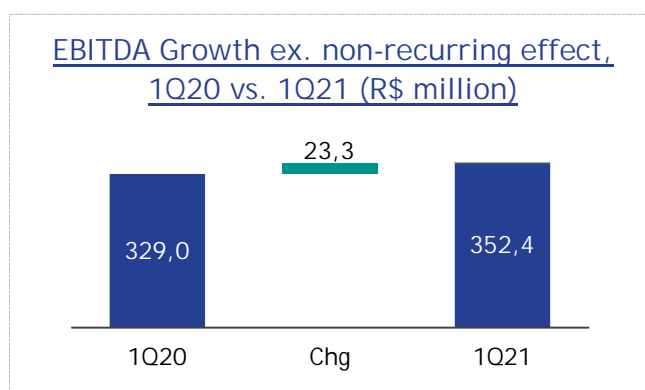
EBITDA growth was driven by the higher revenue in the period, which offset the higher operating and pre-operational costs and expenses with the new PPPs.



¹ IN049 (SNIS) - Calculation of Percentage Loss in Distribution (%): $\frac{\text{Water Production Volume (m}^3\text{)} + \text{Treated Water Imported Volume (m}^3\text{)} - \text{Water Service Volume (m}^3\text{)}}{\text{Water Production Volume (m}^3\text{)} + \text{Treated Water Imported Volume (m}^3\text{)}} \times 100$

EBITDA (R\$ '000)	1Q21	1Q20	Δ %
Net Income non-recurring effect	95,715	94,792	1.0%
(+) PIS/COFINS tax credit Águas de Manaus	-	73,088	-100.0%
(+) Inflation adjustment PIS/COFINS tax credit	-	62,860	-100.0%
Net Income	95,715	230,740	-58.5%
(+) Financial result	108,030	18,082	497.4%
(+) Income taxes	71,165	90,582	-21.4%
(+) Depreciation and amortization	77,516	62,744	23.5%
EBITDA	352,426	402,148	-12.4%
(+) PIS/COFINS tax credit Águas de Manaus	-	73,088	-100.0%
EBITDA non-recurring effect	352,426	329,060	7.1%
EBITDA Margin	54.5%	69.3%	-14.8 p.p.
EBITDA Margin non-recurring effect	54.5%	56.7%	-2.2 p.p.

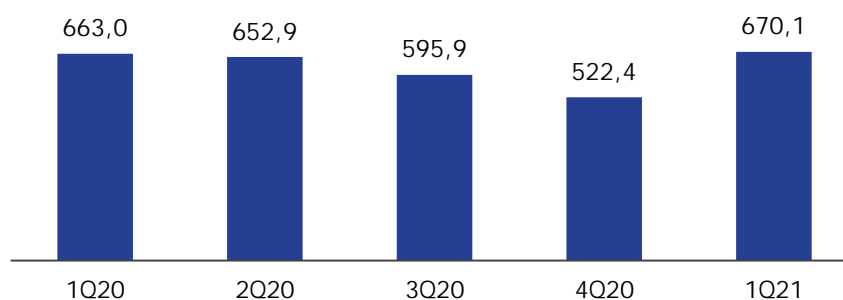
EBITDA Margin in 1Q21 fell 2.2 percentage points from EBITDA Margin excluding non-recurring effects in 1Q20, explained by the higher costs and expenses with initial and pre-operational expenses at the PPPs Ambiental Metrosul, Ambiental MS Pantanal, and Ambiental Cariacica.



CAPEX

In the 12 months to 1Q21, the Company invested R\$ 513.1 million, R\$ 149.9 million less than in the prior-year period. The reduction is related to the temporary postponement of select projects (non-mandatory CAPEX) due to the measures to preserve cash and maintain liquidity, which is necessary to surmount the Covid-19 pandemic.

Total CAPEX in last 12 months (R\$ million)



¹ Excludes the positive effect in 1Q20 related to the successful outcome of the lawsuit in the subsidiary Águas de Manaus related to the inflation adjustment of PIS/COFINS taxes on services provided, in the amount of R\$ 73.1 million in other operating revenue and R\$ 62.9 million in financial income with inflation adjustment.

² Excludes the positive effect in 1Q20 related to the successful outcome of the lawsuit in the subsidiary Águas de Manaus related to the inflation adjustment of PIS/COFINS taxes on services provided, in the amount of R\$ 73.1 million in other operating revenue.

Debt

The Company's gross debt, including derivatives, stood at R\$ 6.5 billion in 1Q21. The R\$ 1.4 billion increase compared to the same period last year was mainly due to the new funding operations.

The balance of cash, cash equivalents, and financial investments stood at R\$ 2.8 billion, up R\$ 1.7 billion from the same period last year, reflecting the Company's strategy to strengthen its liquidity. Besides the aforementioned funding operations, the corporate restructuring of Prolagos carried out in February 2021 helped to further increase the Company's cash position, by R\$ 500.0 million. Net debt stood at R\$ 3.7 billion, down 6.2% on a year earlier.

EBITDA in the 12 months to 1Q21 amounted to R\$ 1.3 billion, down 1.7% from 1Q20, a quarter that was affected by the recognition of non-recurring PIS/COFINS tax effects in Manaus, in the amount of R\$ 73.1 million. The Company's financial leverage, measured by the ratio of Net Debt to EBITDA, stood at 2.87x, down 0.14x from a year earlier.

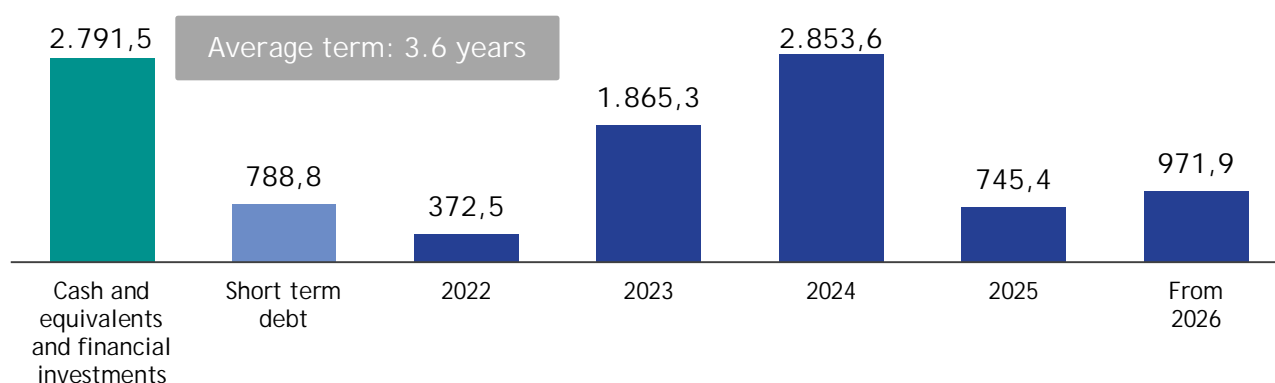
Indebtedness (R\$ thousand)	1Q21	1Q20	Δ %
Net Debt	3,694,995	3,937,319	-6.2%
(+) Gross debt (including derivatives, without MtM impact) ¹	6,486,544	5,077,378	27.8%
(-) Cash and equivalents and financial investments ²	(2,791,549)	(1,140,059)	144.9%
EBITDA (12 months)	1,287,615	1,310,170	4.1%
Net Debt / EBITDA	2.87x	3.01x	-0.14x

¹ The calculation of Gross Debt excludes the mark-to-market effects from the swap operation into Brazilian real, in the amount of R\$ 276.2 million, as explained in note 22 to the Company's Quarterly Financial Statements.

² Includes restricted cash of R\$ 59.0 million on the reporting date of the ITR.

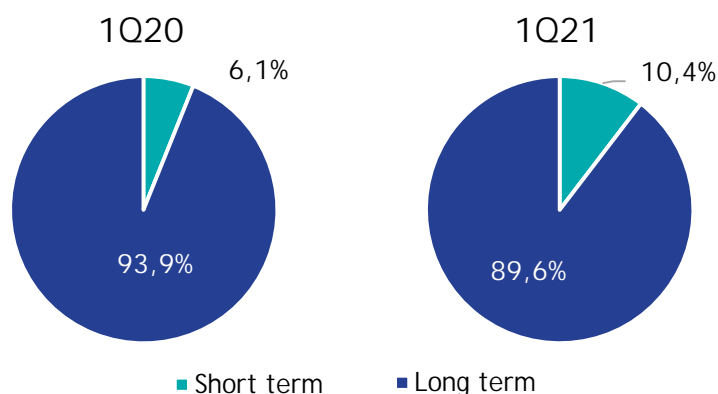
In the period ended March 2021, the average maturity of Aegea's debt was 3.6 years. Short-term debt corresponded to 10.4% of total debt and 28.3% of the balance of cash and financial investments, as shown in the following charts:

Cash and debt maturity schedule¹ (R\$ million)

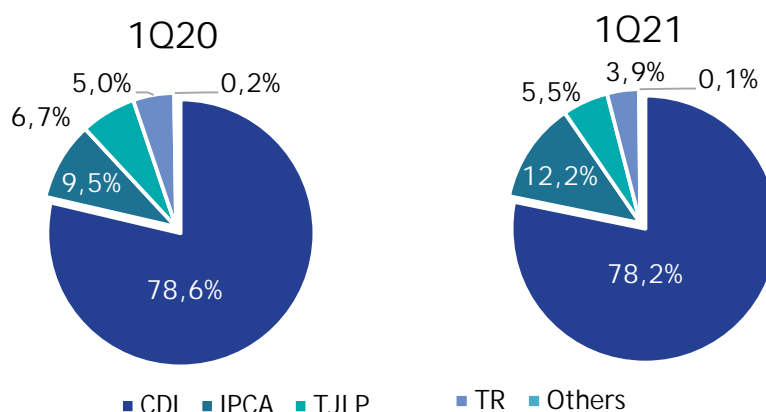


¹ The debt maturity schedule excludes derivative gains and losses and includes the effects from mark-to-market adjustments in the amount of R\$ 276.2 million.

Debt maturity profile (%)



Gross debt by indexer (%)



Financial Result

In 1Q21, the net financial result was an expense of R\$ 108.0 million, R\$ 27.1 million higher than in 1Q20 after excluding the inflation adjustment (SELIC adjustment) of tax credits given the successful outcome of the lawsuit related to PIS/COFINS at Águas de Manaus, which had a positive impact on financial income in 1Q20 of R\$ 62.9 million. The higher net financial expense is mainly explained by the higher expenses with servicing debt, given the increase in the gross debt balance.

Financial Result ('000)	1Q21	1Q20	Δ %
Financial income	270,188	610,365	-55.7%
Financial expense	(378,218)	(628,447)	-39.8%
Total	(108,030)	(18,082)	497.4%
(+) Inflation adjustment PIS/COFINS tax credit	-	62,860	-100.0%
Total non-recurring effect ¹	(108,030)	(80,942)	33.5%

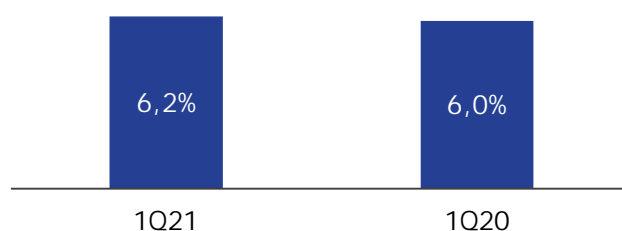
To isolate the effects of derivative operations and exchange variation on debt from the Company's financial result, the following table shows the pro forma financial result, in which the effects of derivative operations are registered net in the financial result:

¹ Excludes the positive effect of R\$ 62.9 million in 1Q20 related to the successful outcome of the lawsuit in the subsidiary Águas de Manaus related to the inflation adjustment of PIS/COFINS taxes on services provided.

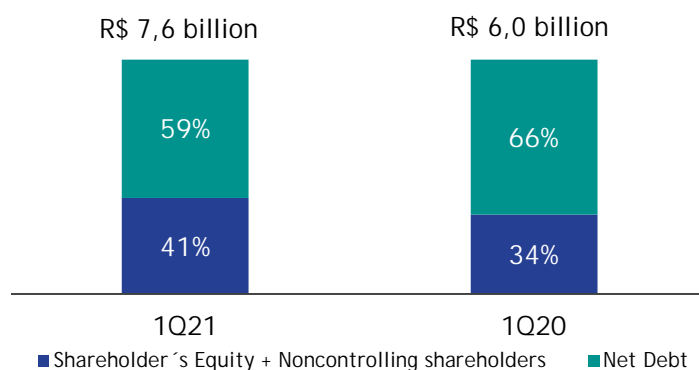
Financial Result PROFORMA ('000)¹	1Q21	1Q20	Δ %
Financial income	23,385	87,069	-72.4%
Financial expense	(131,415)	(105,151)	25.6%
Total	(108,030)	(18,082)	497.4%
(+) Inflation adjustment PIS/COFINS tax credit	-	62,860	-100.0%
Total non-recurring effect ¹	(108,030)	(80,942)	33.5%

The average cost of Aegea's debt was 6.0% p.a., down 0.2 p.p. from the previous year, mainly due to the reduction in the CDI rate.

Average Cost of Debt (% p.a.)



Capital Structure



Managerial Cash Flow

In 1Q21, Operating Cash Generation reached R\$ 211.2 million, up 11.5% from 1Q20. The increase in cash flow is mainly explained by the higher billed volume and lower taxes paid. The reduction in taxes paid is explained by: i) changes in the payment regime at Águas Guariroba, Prolagos, and Águas de Teresina, from annual to quarterly payments; ii) changes in the calculation basis at Águas de Bombinhas, Águas de Penha, and Águas de São Francisco do Sul, from taxable income to presumed income; and iii) the full use of tax credits at Águas de Manaus. The higher costs and expenses in the period are mainly related to the costs stemming from the startup of the PPP Ambiental Metrosul and the mandatory pre-operational expenses with the PPPs Ambiental MS Pantanal and Ambiental Cariacica.

Managerial Cash Flow ('000)	1Q21	1Q20	Δ %
Revenue collected	582,790	561,436	3.8%
Taxes paid	(55,777)	(87,781)	-36.5%
Operating costs and expenses	(315,830)	(284,313)	11.1%
Operacional cash generation	211,184	189,342	11.5%

Financial Statements
Balance Sheet
(R\$ '000)

Aegea consolidated	03/31/2021	12/31/2020
Total current assets	3,814,792	3,679,582
Cash and cash equivalents	30,434	81,948
Short-term investments	2,719,673	2,545,280
Trade accounts receivable	803,071	780,249
Inventories	9,659	12,087
Taxes recoverable	75,675	80,776
Derivative financial instruments	103,136	102,913
Other receivables	73,144	76,329
Total noncurrent assets	7,160,209	6,846,681
Long-term investments	41,442	41,770
Trade accounts receivable	437,429	393,224
Taxes recoverable	127,907	125,612
Deferred tax assets	21,553	22,571
Derivative financial instruments	1,283,119	1,100,786
Judicial deposits	46,393	44,296
Other receivables	26,404	26,635
Investments	36	36
Property, plant and equipment	106,625	109,099
Concession-related assets	380,173	561,223
Intangible assets	4,689,128	4,421,429
TOTAL ASSETS	10,975,001	10,526,263
Total current liabilities	1,212,973	1,366,516
Suppliers and contractors	206,040	195,603
Loans, financing and debentures	788,515	876,205
Labor and social obligations	72,080	85,327
Tax obligations	23,507	24,842
Income and social contribution taxes	47,891	13,929
Taxes payable in installments	815	1,005
Other deferred taxes	11,167	10,560
Other accounts payable	62,958	159,045
Total noncurrent liabilities	7,219,032	7,158,793
Suppliers and contractors	7,848	-
Loans, financing and debentures	6,808,096	6,736,379
Taxes payable in installments	2,744	2,876
Provision for contingencies	34,201	36,334
Deferred tax liabilities	287,171	299,307
Other deferred taxes	13,454	12,086
Other accounts payable	65,518	71,811
Equity	2,542,996	2,000,954
Capital	888,444	888,444
New share issue costs	(22,937)	(22,937)
Capital reserve	833,936	562,588
Income reserves	86,693	86,619
Proposed additional dividends	207,996	207,996
Equity adjustments	182,285	224,688
Translation adjustments	11,649	10,028
Retained earnings	90,752	-
Noncontrolling shareholders	264,178	43,528
TOTAL LIABILITIES	10,975,001	10,526,263

Income Statement

(R\$ '000)

Aegea Consolidated	03/31/2021	03/31/2020
Gross revenue	855,937	794,535
Direct revenue (Water and Sewage)	681,709	629,907
Construction Revenue	174,228	164,628
Deduction from gross revenue	(66,477)	(58,888)
Net operating revenue	789,460	735,647
Cost of services	(401,645)	(375,496)
Operating costs	(243,681)	(215,752)
Construction costs	(157,964)	(159,744)
Operating expenses	(112,905)	(20,747)
General and administrative	(112,009)	(100,991)
Research and development	(1,102)	(771)
Other operating income	206	81,015
Operating income (loss)	274,910	339,404
Financial result	(108,030)	(18,082)
Income tax and social contribution	(71,165)	(90,582)
Net income	95,715	230,740

Statement of Cash Flow

(R\$ '000)

Aegea Consolidated	03/31/2021	03/31/2020
Income before taxes	166,880	321,322
Adjustments:	194,604	20,424
Amortization and depreciation	77,516	62,744
Provision for contingencies	2,688	3,434
Expected loss on allowance for doubtful accounts	29,461	30,110
Write-off (Recovery) of notes from accounts receivable	3,161	(4,505)
P&L from write-off of PP&E	-	97
P&L from write-off of Intangible assets	16	826
PIS/COFINS credits due do legal decision	-	(73,088)
Interest on short-term investments and private debentures	(13,721)	(10,223)
Gains on derivative financial instruments	(246,803)	(523,287)
Monetary restatement of PIS/COFINS credits due do legal decision	-	(62,860)
Interest on loans, financing and debentures	113,201	74,019
Amortization of funding costs	8,864	4,162
Foreign exchange differences	218,384	510,928
Provision for present value adjustment of trade accounts receivable	1,184	1,997
Monetary restatement of contingencies	35	36
PIS/COFINS on finance income	-	3,205
Restatement of other accounts payable	618	2,829
Changes in assets and liabilities	(127,369)	(544,979)
(Increase)/decrease in other assets	(92,357)	(68,047)
Increase/(decrease) in liabilities	(120,061)	(61,487)
Interest paid	(57,062)	(82,914)
Income and social contribution taxes paid	(18,462)	(50,403)
Net cash flow (used in) provided by operating activities	73,542	78,895
Short-term investments and private debentures, net	(167,061)	(161,415)
Income from short-term investments and private debentures, net	5,731	11,762
Portion paid referring to acquisition of subsidiaries	-	(94,901)
Tax incentive reserve	73	70
Acquisition of property and equipment	(480)	(8,124)
Acquisition of concession-related assets	(136,353)	(146,093)
Acquisition of intangible assets	(13,647)	(6,317)
Net cash flow used in investing activities	(311,737)	(405,018)
Loans, financing and debentures raised	381,759	854,479
Borrowing costs of loans, financing and debentures	(1,037)	(15,143)
Loans, financing and debentures paid	(307,145)	(422,338)
Dividends paid out	-	(79,500)
New share issue costs	(8,493)	-
Cash from capital contribution	121,547	4
Net cash flow provided by financing activities	186,631	337,502
Net increase (decrease) in cash and cash equivalents	(51,564)	11,379
Cash and cash equivalents as at January 1	81,948	27,972
Translation adjustments	50	39
Cash and cash equivalents at March 31	30,434	39,390
Net increase (decrease) in cash and cash equivalents	(51,564)	11,379

Appendix 1 - Additional Information

Additional Information	1Q21
Volume produced (m3)	156,963,056
Volume treated (m3)	46,828,145
Active water connections	1,655,301
Active sewage connections	877,733
EBITDA Águas Guariroba (´1000)	R\$ 106,576
EBITDA Prolagos (´1000)	R\$ 80,311
EBITDA Manaus (´1000)	R\$ 69,567
EBITDA Teresina (´1000)	R\$ 27,449

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Aegea Saneamento e Participações S.A.



Aegea Saneamento e Participações S.A.

Quarterly Information (ITR)

Three-month period ended March 31, 2021

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A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly information prepared in Brazilian currency in accordance with NBC TG 21 – Interim Financial Information, issued by the National Association of State Boards of Accountancy (CFC), and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB)

INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY INFORMATION

The Shareholders, Board of Directors and Officers
Aegea Saneamento e Participações S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim financial information of JHSF Participações S.A. ("Company") contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, which comprises the statement of financial position as at March 31, 2021, and the related statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the three-month period then ended, including explanatory information.

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

Scope of review

Except for the matter described in the paragraph below, we conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial 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 auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis for qualified conclusion

Investigation in progress

As disclosed in Note 1 to the Quarterly Information (ITR), the Company's Board of Directors engaged a law firm and an independent investigation company to carry out specific diligence reviews related to the operation launched by the Brazilian Federal Police on May 11, 2017 in the investee Águas Guariroba S.A. Currently, the measures taken by the Board of Directors related to the Federal Police Operation mentioned above have not been fully completed, nor has an analysis of the possible effects on the Company's interim financial information. Accordingly, we were unable to obtain appropriate and sufficient review evidence regarding the potential impacts of this matter on the Company's individual and consolidated interim financial information contained in the Quarterly Information (ITR).

Qualified conclusion

Based on our review, except for the potential effects from the matter described in the "Basis for qualified conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information, included in the Quarterly Information referred to above, was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 issued by the IASB, applicable to the preparation of Quarterly Information (ITR), consistently with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Statement of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the nine-month period ended March 31, 2021, prepared under the responsibility of the Company management, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding 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 Value Added. Based on our review, except for the possible effects on the value added, individual and consolidated, from the matter described in the "Basis for qualified conclusion" paragraph, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, according to this standard and consistently with the individual and consolidated interim financial information taken as a whole.

Campinas, May 12, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP034519/O-6

José Antonio de Andrade Navarrete
Accountant CRC-1SP198698/O-4

Aegea Saneamento e Participações S.A.

Statements of financial position as at March 31, 2021 and December 31, 2020

(In thousands of reais)

Assets	Note	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and cash equivalents	5	2,537	79	30,434	81,948
Short-term investments	6	869,218	498,682	2,719,673	2,545,280
Trade accounts receivable	7	13,553	11,138	803,071	780,249
Inventories		-	-	9,659	12,087
Private debentures - related parties	8	46,608	46,288	-	-
Taxes recoverable		17,541	17,654	75,675	80,776
Dividends and interest on equity receivable	8	224,665	339,420	-	-
Derivative financial instruments	22	51,132	50,489	103,136	102,913
Other receivables		15,550	8,919	73,144	76,329
Total current assets		1,240,804	972,669	3,814,792	3,679,582
Long-term investments	6	-	-	41,442	41,770
Trade accounts receivable	7	-	-	437,429	393,224
Taxes recoverable		299	-	127,907	125,612
Accounts receivable from related parties	8	320,876	311,914	-	-
Deferred tax assets	21 b.	-	-	21,553	22,571
Future capital contribution	8	17,418	17,418	-	-
Derivative financial instruments	22	717,637	616,217	1,283,119	1,100,786
Judicial deposits	15	10,248	10,238	46,393	44,296
Other receivables		20,790	21,022	26,404	26,635
Total long-term assets		1,087,268	976,809	1,984,247	1,754,894
Investments	9	2,703,156	2,640,502	36	36
Property, plant and equipment		33,472	34,274	106,625	109,099
Concession-related assets	10	-	-	380,173	561,223
Intangible assets	11	77,985	78,709	4,689,128	4,421,429
Total noncurrent assets		3,901,881	3,730,294	7,160,209	6,846,681
Total Assets		5,142,685	4,702,963	10,975,001	10,526,263

See accompanying notes.

Aegea Saneamento e Participações S.A.

Statements of financial position as at March 31, 2021 and December 31, 2020

(In thousands of reais)

Liabilities and equity	Note	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Suppliers and contractors	12	15,079	21,651	206,040	195,603
Loans, financing and debentures	13	189,557	197,571	788,515	876,205
Loans payable to related parties	8	41,820	18,069	-	-
Labor and social obligations		18,374	22,005	72,080	85,327
Tax obligations		2,482	2,437	23,507	24,842
Income and social contribution taxes		-	-	47,891	13,929
Taxes payable in installments		-	-	815	1,005
Other deferred taxes		-	-	11,167	10,560
Other accounts payable	14	3,177	6,986	62,958	159,045
Total current liabilities		270,489	268,719	1,212,973	1,366,516
Suppliers and contractors	12	-	-	7,848	-
Loans, financing and debentures	13	1,169,448	1,167,724	6,808,096	6,736,379
Loans payable to related parties	8	1,301,491	1,187,134	-	-
Taxes payable in installments		-	-	2,744	2,876
Provision for contingencies	15	4,522	4,522	34,201	36,334
Deferred tax liabilities	21 b.	69,678	75,057	287,171	299,307
Provision for losses on investments	9	47,699	39,950	-	-
Other deferred taxes		-	-	13,454	12,086
Other accounts payable	14	540	2,431	65,518	71,811
Total noncurrent liabilities		2,593,378	2,476,818	7,219,032	7,158,793
Total liabilities		2,863,867	2,745,537	8,432,005	8,525,309
Equity	16				
Capital		888,444	888,444	888,444	888,444
New share issue costs		(22,937)	(22,937)	(22,937)	(22,937)
Capital reserve		833,936	562,588	833,936	562,588
Income reserves		86,693	86,619	86,693	86,619
Proposed additional dividends		207,996	207,996	207,996	207,996
Equity adjustments		182,285	224,688	182,285	224,688
Translation adjustments		11,649	10,028	11,649	10,028
Retained earnings		90,752	-	90,752	-
Equity attributable to controlling shareholders		2,278,818	1,957,426	2,278,818	1,957,426
Noncontrolling shareholders		-	-	264,178	43,528
Total equity		2,278,818	1,957,426	2,542,996	2,000,954
Total liabilities and equity		5,142,685	4,702,963	10,975,001	10,526,263

See accompanying notes.

Aegea Saneamento e Participações S.A.

Statements of profit or loss

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

		Parent Company		Consolidated	
		Current period to date 01/01/2021 to 03/31/2021	Prior period to date 01/01/2020 to 03/31/2020	'Current period to date 01/01/2021 to 03/31/2021	Prior period to date 01/01/2020 to 03/31/2020
	Note				
Net operating revenue	17	36,596	34,256	789,460	735,647
Costs of services	18	(22,748)	(21,858)	(401,645)	(375,496)
Gross profit		13,848	12,398	387,815	360,151
Selling, general and administrative expenses	18	(19,596)	(14,600)	(112,009)	(100,991)
Expenses with research and development	18	(1,102)	(771)	(1,102)	(771)
Other operating income	19	1	11	284	81,380
Other operating expenses		-	(3)	(78)	(365)
Equity pickup	9	122,655	258,333	-	-
Income before finance income (costs) and taxes		115,806	255,368	274,910	339,404
Finance income	20	136,575	284,338	270,188	610,365
Finance costs	20	(156,637)	(304,630)	(378,218)	(628,447)
Finance income (costs)		(20,062)	(20,292)	(108,030)	(18,082)
Income before taxes		95,744	235,076	166,880	321,322
Income and social contribution taxes	21 a.	(4,992)	(3,892)	(71,165)	(90,582)
Net income for the period		90,752	231,184	95,715	230,740
Income (loss) attributable to:					
Controlling shareholders		90,752	231,184	90,752	231,184
Noncontrolling shareholders		-	-	4,963	(444)
Net income for the period		90,752	231,184	95,715	230,740
Earnings per share					
Earnings per share - Basic (in R\$)	24	0.10	0.25	0.10	0.25
Earnings per share - Diluted (in R\$)	24	0.10	0.25	0.10	0.25
Average number of shares		691,602,245	691,602,245	691,602,245	691,602,245

See accompanying notes.

Aegea Saneamento e Participações S.A.

Statements of comprehensive income

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

	Note	Parent Company		Consolidated	
		Current period to date 01/01/2021 to 03/31/2021	Prior period to date 01/01/2020 to 03/31/2020	'Current period to date 01/01/2021 to 03/31/2021	Prior period to date 01/01/2020 to 03/31/2020
Net income for the period		90,752	231,184	95,715	230,740
Fair value of derivatives	22	(64,247)	171,834	(64,247)	171,834
Income and social contribution taxes on fair value of derivatives	22	21,844	(58,424)	21,844	(58,424)
Translation adjustments		1,621	5,334	1,621	5,334
Total comprehensive income		<u>49,970</u>	<u>349,928</u>	<u>54,933</u>	<u>349,484</u>
Comprehensive income attributable to:					
Controlling shareholders		49,970	349,928	49,970	349,928
Noncontrolling shareholders		-	-	4,963	(444)
Total comprehensive income		<u>49,970</u>	<u>349,928</u>	<u>54,933</u>	<u>349,484</u>

See accompanying notes.

Aegea Saneamento e Participações S.A.

Statements of changes in equity

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

Note	Attributable to controlling shareholders											Noncontrolling shareholders	Total equity
	Capital	Cost of issued shares	Capital reserve	Proposed additional dividends	Income reserves			Equity adjustment	Translation adjustments	Retained earnings	Total		
					Legal	Tax incentive	Retained profits						
Balances at January 1, 2020	888,444	(22,937)	562,584	164,109	59,325	1,036	629	105,708	4,147	-	1,763,046	46,909	1,809,955
Payment of class C preferred shares	-	-	4	-	-	-	-	-	-	-	4	-	4
Fair value of derivatives	-	-	-	-	-	-	-	113,410	-	-	113,410	-	113,410
Tax incentive	-	-	-	-	-	70	-	-	-	-	70	-	70
Translation adjustments	-	-	-	-	-	-	-	-	5,334	-	5,334	-	5,334
Net income (loss) for the period	-	-	-	-	-	-	-	-	-	231,184	231,184	(444)	230,740
Allocation: Interim dividends	-	-	-	(79,500)	-	-	-	-	-	-	(79,500)	(8)	(79,508)
Balances at March 31, 2020	888,444	(22,937)	562,588	84,609	59,325	1,106	629	219,118	9,481	231,184	2,033,548	46,457	2,080,005
Balances at January 1, 2021	888,444	(22,937)	562,588	207,996	84,540	1,417	663	224,688	10,028	-	1,957,427	43,528	2,000,955
Capital increase in cash in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	500,000	500,000
Fair value of derivatives	22	-	-	-	-	-	-	(42,403)	-	-	(42,403)	-	(42,403)
Tax incentive	16 d. (i)	-	-	-	-	73	-	-	-	-	73	-	73
Translation adjustments		-	-	-	-	-	-	-	1,621	-	1,621	-	1,621
Gain on dilution of ownership interest in subsidiaries		-	-	278,738	-	-	-	-	-	-	278,738	(278,738)	-
Cost of issued shares - reflecting subsidiary		-	-	(7,390)	-	-	-	-	-	-	(7,390)	(5,575)	(12,965)
Net income for the period		-	-	-	-	-	-	-	-	90,752	90,752	4,963	95,715
Balances at March 31, 2021	888,444	(22,937)	833,936	207,996	84,540	1,490	663	182,285	11,649	90,752	2,278,818	264,178	2,542,996

See accompanying notes.

Aegea Saneamento e Participações S.A.

Statements of cash flows

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

		Parent Company		Consolidated	
	Note	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cash flows from operating activities					
Income before taxes		95,744	235,076	166,880	321,322
Adjustments:					
Amortization and depreciation	18	3,387	3,341	77,516	62,744
Provision for contingencies	15 e 18	-	-	2,688	3,434
Expected loss on allowance for doubtful accounts	7 e 18	-	-	29,461	30,110
Write-off (Recovery) of notes from accounts receivable	7 e 18	-	-	3,161	(4,505)
P&L from write-off of PP&E		-	2	-	97
P&L from write-off of Intangible assets	11 b.	-	114	16	826
PIS/COFINS credits due do legal decision	19	-	-	-	(73,088)
Equity pickup	9 c.	(122,655)	(258,333)	-	-
Interest on short-term investments and private debentures	20	(4,007)	(2,911)	(13,721)	(10,223)
Gains on derivative financial instruments	20	(132,564)	(281,342)	(246,803)	(523,287)
Monetary restatement of PIS/COFINS credits due do legal decision	20	-	-	-	(62,860)
Interest on loans, financing and debentures	13 e 20	16,493	11,786	113,201	74,019
Interest on intercompany loans	8 e 20	21,532	18,046	-	-
Amortization of funding costs		1,451	575	8,864	4,162
Foreign exchange differences		116,576	272,917	218,384	510,928
Provision for present value adjustment of trade accounts receivable	7 e 20	-	-	1,184	1,997
Monetary restatement of contingencies	15	-	-	35	36
PIS/COFINS on finance income		-	-	-	3,205
Restatement of other accounts payable	14	-	76	618	2,829
		(4,029)	(653)	361,484	341,746
Changes in assets and liabilities					
(Increase)/decrease in other assets					
Trade accounts receivable		(2,415)	(2,388)	(100,922)	(75,779)
Inventories		-	-	2,428	1,104
Taxes recoverable		131	7,181	2,797	25,005
Judicial deposits		(10)	(10,001)	(2,097)	(12,520)
Other receivables		(6,399)	(2,973)	5,437	(5,857)
Increase/(decrease) in liabilities					
Suppliers and contractors		(6,572)	1,485	7,092	(22,873)
Labor and social obligations		(3,631)	(7,517)	(13,247)	(25,583)
Tax obligations		45	(449)	(1,387)	(3,835)
Taxes payable in installments		-	-	(322)	(275)
Payment of litigation - related amounts	15	-	-	(6,877)	(5,640)
Other deferred taxes		-	-	1,975	(386)
Other accounts payable		(6,048)	3,366	(107,295)	(2,895)
Interest paid	13	(24,116)	(18,343)	(57,062)	(82,914)
Income and social contribution taxes paid	21 a.	-	-	(18,462)	(50,403)
Net cash flow (used in) provided by operating activities		(53,044)	(30,292)	73,542	78,895
Cash flow from investing activities					
Short-term investments and private debentures, net		(367,785)	(259,152)	(167,061)	(161,415)
Income from short-term investments and private debentures, net		726	941	5,731	11,762
Investment in funds for future investments		-	(15)	-	-
Future capital contribution		(60,090)	-	-	-
Dividends and interest on equity received		115,366	70,000	-	-
Portion paid referring to acquisition of subsidiaries		-	-	-	(94,901)
Capital contribution in subsidiaries		(752)	(17,821)	-	-
Checking account, net - related parties		(8,962)	-	-	-
Tax incentive reserve		73	70	73	70
Acquisition of property and equipment		(376)	(6,695)	(480)	(8,124)
Acquisition of concession-related assets	10	-	-	(136,353)	(146,093)
Acquisition of intangible assets	11	(1,151)	(759)	(13,647)	(6,317)
Net cash flow used in investing activities		(322,951)	(213,431)	(311,737)	(405,018)
Cash flow from financing activities					
Loans, financing and debentures raised	13	378,453	305,000	381,759	854,479
Borrowing costs of loans, financing and debentures	13	-	(5,974)	(1,037)	(15,143)
Loans, financing and debentures paid	13	-	-	(307,145)	(422,338)
Dividends paid out		-	(79,500)	-	(79,500)
New share issue costs		-	-	(8,493)	-
Cash from capital contribution		-	4	121,547	4
Checking account, net - related parties		-	24,383	-	-
Net cash flow provided by financing activities		378,453	243,913	186,631	337,502
Net increase (decrease) in cash and cash equivalents		2,458	190	(51,564)	11,379
Cash and cash equivalents as at January 1	5	79	56	81,948	27,972
Translation adjustments		-	-	50	39
Cash and cash equivalents at March 31	5	2,537	246	30,434	39,390
Net increase (decrease) in cash and cash equivalents		2,458	190	(51,564)	11,379

See accompanying notes.

Aegea Saneamento e Participações S.A.

Statements of value added

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues	41,236	38,609	815,756	836,559
Services	41,235	38,598	670,705	620,660
Revenue from construction	-	-	174,228	164,628
Other income	1	11	284	81,381
Allowance for expected credit loss	-	-	(29,461)	(30,110)
Bought-in inputs	(16,438)	(13,106)	(365,804)	(347,572)
(Include ICMS, IPI, PIS and COFINS)				
Construction cost	-	-	(157,964)	(159,744)
Costs of services	(6,540)	(7,877)	(130,338)	(122,906)
Materials, electricity, third-party services and other	(9,898)	(5,229)	(77,502)	(64,922)
Gross value added	24,798	25,503	449,952	488,987
Amortization and depreciation	(3,387)	(3,341)	(77,516)	(62,744)
Net value added produced by the Company	21,411	22,162	372,436	426,243
Value added received in transfer	259,230	542,671	270,188	610,365
Equity pickup	122,655	258,333	-	-
Finance income	136,575	284,338	270,188	610,365
Total value added to be distributed	280,641	564,833	642,624	1,036,608
Distribution of value added	280,641	564,833	642,624	1,036,608
Personnel	21,099	18,910	64,999	61,267
Direct compensation	17,781	15,480	48,486	45,834
Benefits	2,558	2,684	13,409	12,432
Unemployment compensation fund (FGTS)	760	746	3,104	3,001
Taxes, charges and contributions	13,875	11,672	139,552	156,006
Federal taxes	12,569	10,357	135,608	152,437
State taxes	-	-	279	368
Local taxes	1,306	1,315	3,665	3,201
Debt remuneration	154,915	303,067	342,358	588,595
Interest	154,686	302,753	333,190	583,827
Rent	229	314	9,168	4,768
Equity remuneration	90,752	231,184	95,715	230,740
Retained profits	90,752	231,184	90,752	231,184
Noncontrolling interests in retained profits	-	-	4,963	(444)

See accompanying notes.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

1. Operations

Aegea Saneamento e Participações S.A. ("Company") is a holding corporation registered as a publicly-held company in category "B" with the Brazilian Securities and Exchange Commission ("CVM"), located in the city of São Paulo, state of São Paulo (SP).

The Company's business purpose is to hold interests in other companies as a partner or shareholder, as well as to provide consulting, technical assistance, maintenance and management services for companies related to the business in which the Company is directly or indirectly involved, especially regarding sanitation concession activities at the local, state and/or federal levels.

The Company has an administrative center (Centro Administrativo Aegea, or CAA) in Santa Bárbara d'Oeste (SP), which combines accounting, tax and tax audit, financial, human resources, personnel administration, revenue security center, information technology and administrative services. The CAA aims to ensure business uniformity, allowing greater synergy between the existing group companies and future acquisitions.

Operating segment

The Management of the Company and its subsidiaries evaluated the nature of the regulated environment in which it operates and identified that its performance is intended to provide sanitation services (public utility), which is also used to manage operations and take strategic decisions, being the only source of operating cash flows. Therefore, it concluded that it operates only in this single operating segment.

COVID-19

On March 11, 2020, the World Health Organization (WHO) declared a pandemic for the new Coronavirus (COVID-19). With the dissemination of cases in Brazil and preventive health policies, some states have adopted the quarantine measure, requiring non-essential businesses and services to be closed. In this context, Company Management has been adopting, together with its subsidiaries, monitoring and prevention measures to protect its employees and the communities in which they operate. Considering the dissemination of the virus in Brazil and the implications for the Company's and its subsidiaries' operations, Aegea immediately called its Crisis Committee to ensure the safety of its employees, service providers and the entire population served, ensuring provision of its water and sewage services, essential for the society.

In this regard, the Company implemented the following measures:

- Restrictions regarding the circulation and crowding of people on its premises, as a way to prevent the spread of the virus, making only essential trips to maintain operations;

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

1. Operations--Continued

COVID-19--Continued

- Suspension of on-site training and participation in events for all employees;
- Orientation of the home office regime for employees whose function enables this type of work, and isolation of all employees classified as at risk (over 60 years of age and with chronic diseases, as recommended by public entities);
- Intensification in internal communications of preventive measures, provision of 24-hour medical assistance channels to support employees and family members and provision of internal communication channels to employees, focused on the care related to the pandemic;
- Optimization of the use of technology to ensure virtual service to its customers, impacting as little as possible their administrative and operational activities; and
- Implementation of the contingency plans necessary to ensure water supply and sewage treatment in the municipalities where the Company operates, which are still in full operation.

The Company is also monitoring potential effects on working capital resulting from an eventual increase in the stock of accounts receivable, due to the restriction of the circulation of people in some locations, and is taking measures aimed at preserving and optimizing the use of resources.

Regarding all the analyzes carried out on aspects related to the impacts of COVID-19 on the Company's and its subsidiaries' business for the period ended March 31, 2021, the Company concluded that there are no material effects on its quarterly information. The Company and its subsidiaries will continue to monitor the effects of the crisis and related impacts on their operations and quarterly information. Company management is confident that will overcome the impact of COVID-19, ensuring the quality of services provided to the population.

Investigations

Campo Grande

On May 11 and November 14, 2017, subsidiary Águas Guariroba S.A. was served search warrants and court orders for the disclosure of tax and bank records, in the face of preliminary decisions issued by the 3rd Federal Court of Campo Grande, Mato Grosso do Sul (MS), because of investigations by the Federal Police in the scope of Operation "Lama Asfáltica" and its developments.

This investigation results from acts performed by authorities in public offices and/or political positions, and persons related to them, in the state of Mato Grosso do Sul, in order to seek and seize documents potentially interesting to the investigation, relating to potential irregular payments made by subsidiary Águas Guariroba S.A. to certain companies and law firms.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

1. Operations--Continued

During the authorities investigation, no former or current representative or manager and employee of subsidiary Águas Guariroba S.A. was indicted, much less denounced; and subsidiary Águas Guariroba S.A. was cited for having had business relationships with investigated individuals and companies.

The latest development of Operation “Lama Asfáltica” was the tax administrative proceedings filed by the Federal Revenue Service. In connection with them, the Company decided to pay, through its subsidiaries, the taxes shown as due. In the year ended December 31, 2018, these taxes totaled R\$27,563, which resulted in the termination of the punishment and in the dismissal of the proceedings.

The Operation Lama Asfáltica and its developments continues being monitored directly by Company’s Board of Directors, under the independent supervision of such part. The Company maintains its intention of assisting the authorities to clarify the facts and take any measures that may be required.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

2. Group Entities

The table below shows the Company's interests in its subsidiaries, as well as its activities:

Subsidiaries	Business purpose	Concession contract or Bid document No.	End date of concession	% Ownership interest			
				03/31/2021		12/31/2020	
				Direct	Indirect	Direct	Indirect
AE Contact Call Center Ltda. ("AE Contact")	Call center	-	-	99.99%	0.01%	99.99%	0.01%
Aegea Desenvolvimento S.A. ("Aegea Desenvolvimento")	Holding	-	-	100%	-	100%	-
Aegea Finance S. à R. L. ("Aegea Finance")	Holding	-	-	100%	-	100%	-
AESAN Engenharia e Participações Ltda. ("AESAN Engenharia")	Engineering services	-	-	99.99%	0.01%	99.99%	0.01%
Águas de Ariqueles Saneamento SPE Ltda. ("Ariqueles")	Water and sewage utility	194/2016	04/2046	99.99%	0.01%	99.99%	0.01%
Águas de Bombinhas Saneamento SPE S.A. ("Bombinhas")	Water and sewage utility	06/2016	08/2051	99.99%	0.01%	99.99%	0.01%
Águas de Buritis Saneamento S.A. ("Buritis")	Water and sewage utility	001/2013	04/2045	99.99%	0.01%	99.99%	0.01%
Águas de Camboriú Saneamento SPE S.A. ("Camboriú")	Water and sewage utility	016/2015	11/2050	99.99%	0.01%	99.99%	0.01%
Águas de Guarantã Ltda. ("Guarantã")	Water and sewage utility	45/2001	05/2031	99.99%	0.01%	99.99%	0.01%
Águas de Holambra Saneamento SPE Ltda. ("Holambra")	Water and sewage utility	001/2015	01/2046	99.99%	0.01%	99.99%	0.01%
Águas de Matão S.A. ("Matão")	Water and sewage utility	002/2013	02/2044	99.99%	0.01%	99.99%	0.01%
Águas de Matupá Ltda. ("Matupá")	Water and sewage utility	001/2001	01/2032	99.99%	0.01%	99.99%	0.01%
Águas de Novo Progresso - Tratamento e Distribuição Ltda. ("Novo Progresso")	Water and sewage utility	001/2003	07/2034	99.99%	0.01%	99.99%	0.01%
Águas de Paranatinga S.A. ("Paranatinga")	Water and sewage utility	001/2014	03/2045	51%	-	51%	-
Águas de Penha Saneamento SPE S.A. ("Penha")	Water and sewage utility	194/2015	11/2050	99.81%	-	99.81%	-
Águas de Pimenta Bueno Saneamento SPE Ltda. ("Pimenta Bueno")	Water and sewage utility	001/2015	09/2045	99.99%	0.01%	99.99%	0.01%
Águas de Porto Esperidião Saneamento e Distribuição Ltda. ("Porto Esperidião")	Water and sewage utility	48/2012	12/2042	99.91%	-	99.91%	-
Águas de Rolim de Moura Saneamento SPE Ltda. ("Rolim de Moura")	Water and sewage utility	2497/2012	07/2046	99.99%	0.01%	99.99%	0.01%
Águas de São Francisco Concessionária de Saneamento S.A. ("São Francisco")	Water and sewage utility	02.117/2014	02/2044	100%	-	100%	-
Águas de São Francisco do Sul SPE S.A. ("São Francisco do Sul")	Water and sewage utility	056/2014	01/2050	99.99%	0.01%	99.99%	0.01%
Águas de Sinop S.A. ("Sinop")	Water and sewage utility	002/2014	11/2044	99.99%	0.01%	99.99%	0.01%
Águas de Teresina Saneamento SPE S.A. ("Teresina")	Water and sewage utility	001/2016	06/2047	100%	-	100%	-
Águas de Timon Saneamento S.A. ("Timon")	Water and sewage utility	004/2014	04/2045	99.99%	0.01%	99.99%	0.01%
Águas do Mirante S.A. ("Mirante")	Sewage utility	48/2012	06/2042	99.99%	-	99.99%	-
Águas Guariroba S.A. ("Guariroba")	Water and sewage utility	104/2000	08/2060	99.99%	0.01%	99.99%	-
Ambiental Cariacica Concessionária de Saneamento SPE S.A. ("Cariacica")	Sewage utility	001/2020	04/2051	99.90%	0.10%	99.90%	0.10%
Ambiental Metrosul Concessionária de Saneamento SPE S.A. ("Metrosul")	Sewage utility	001/2019	11/2055	99%	1%	99%	1%
Ambiental MS Pantanal SPE S.A. ("MS Pantanal")	Sewage utility	001/2020	-	100%	-	100%	-
Ambiental Vila Velha Concessionária de Saneamento SPE S.A. ("Vila Velha")	Sewage utility	008/2017	06/2047	99.99%	-	99.99%	-

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

2. Group Entities--Continued

Subsidiaries	Business purpose	Concession contract or Bid document No.	End date of concession	% Ownership interest			
				03/31/2021	12/31/2020	03/31/2021	12/31/2020
				Direct	Indirect	Direct	Indirect
Camastra Participações e Administração S.A. ("Camastra")	Holding	-	-	99.99%	0.01%	99.99%	0.01%
Concessionária Águas de Meriti Ltda. ("Meriti")	Water and sewage utility	86/98	07/2045	51%	-	51%	-
GSS - Gestão de Sistemas de Saneamento Ltda. ("GSS")	Information technology	-	-	85.99%	14.01%	85.99%	14.01%
Guaíba Fundo de Investimento em Participações em Infraestrutura ("Fundo Guaíba")	Investment fund	-	-	40%	60%	40%	60%
JSLA Consultoria e Participações S.A. ("JSLA")	Holding	-	-	99.94%	0.06%	99.94%	0.06%
LVE - Locadora de Veículos e Equipamentos Ltda. ("LVE")	Lease of vehicles	-	-	99.99%	0.01%	99.99%	0.01%
R3 Engenharia S.A. ("R3 Engenharia")	Engineering services	-	-	100%	-	100%	-
Regional 1 Engenharia e Participações Ltda. ("R1 Engenharia")	Engineering services	-	-	99.99%	0.01%	99.99%	0.01%
Regional 2 Engenharia e Participações Ltda. ("R2 Engenharia")	Engineering services	-	-	99.93%	0.07%	99.93%	0.07%
Santense Fundo de Investimento em Participações em Infraestrutura ("Fundo Santense")	Investment fund	-	-	40%	60%	40%	60%
AE Consultoria Administrativa S.A. ("AE Consultoria")	Holding	-	-	99.99%	0.01%	99.99%	0.01%
Sonel Engenharia S.A. ("Sonel")	Engineering services	-	-	-	100%	-	100%
Ambiental Serra Concessionária de Saneamento S.A. ("Serra")	Sewage utility	034/2014	01/2045	-	100%	-	100%
Mauá Participações Estruturadas em Saneamento Ltda. ("Mauá")	Holding	-	-	-	100%	-	100%
Igarapé Participações S.A. ("Igarapé Participações")	Holding	-	-	100%	-	100%	-
Igarapé Sustentabilidade S.A. ("Igarapé Sustentabilidade")	Holding	-	-	-	100%	-	100%
Companhia de Saneamento de Manaus ("CSM")	Holding	-	-	-	100%	-	100%
Manaus Ambiental S.A. ("Manaus")	Water and sewage utility	02/2000	07/2045	-	100%	-	100%
Companhia de Saneamento de Norte ("CSN")	Holding	-	-	-	100%	-	100%
Rio Negro Ambiental, Captação, Tratamento e Distribuição de Águas SPE S.A. ("Rio Negro")	Water utility	001/2016	07/2045	-	100%	-	100%
Nascentes do Xingu Investimentos S.A. ("Nascentes do Xingu Investimentos")	Holding	-	-	51%	-	51%	-
Águas de Confresa S.A. ("Confresa")	Water and sewage utility	03/2013	01/2044	-	51%	-	51%
Águas de Diamantino S.A. ("Diamantino")	Water and sewage utility	002/2013	05/2044	-	51%	-	51%

Aegee Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

2. Group Entities--Continued

Subsidiaries	Business purpose	Concession contract or Bid document No.	End date of concession	% Ownership interest			
				03/31/2021		12/31/2020	
				Direct	Indirect	Direct	Indirect
Nascentes do Xingu Participações e Administração S.A. ("Nascentes do Xingu Participações")	Holding	-	-	99.99%	0.01%	99.99%	0.01%
Águas de Barra do Garças Ltda. ("Barra do Garças")	Water and sewage utility	090/2003	09/2033	0.01%	99.99%	0.01%	99.99%
Águas de Campo Verde S.A. ("Campo Verde")	Water and sewage utility	01/2001	11/2031	-	51%	-	51%
Águas de Carlinda S.A. ("Carlinda")	Water utility	001/04	01/2034	-	51%	-	51%
Águas de Cláudia S.A. ("Cláudia")	Water and sewage utility	033/2004	03/2034	-	51%	-	51%
Águas de Jaurú Abastecimento e Distribuição S.A. ("Jaurú")	Water and sewage utility	013/2012	01/2042	-	51%	-	51%
Águas de Marcelândia S.A. ("Marcelândia")	Water and sewage utility	001/2003	06/2033	-	51%	-	51%
Águas de Nortelândia S.A. ("Nortelândia")	Water utility	001/2002	01/2052	-	51%	-	51%
Águas de Poconé S.A. ("Poconé")	Water utility	146/2008	06/2024	-	51%	-	51%
Águas de Primavera S.A. ("Primavera")	Water and sewage utility	001/05/2000	08/2030	-	51%	-	51%
Águas de Santa Carmem S.A. ("Santa Carmem")	Water utility	001/2001	11/2031	-	51%	-	51%
Águas de São José S.A. ("São José")	Water and sewage utility	01/2008	03/2038	-	51%	-	51%
Águas de Sorriso S.A. ("Sorriso")	Water and sewage utility	001/2000	06/2030	-	51%	-	51%
Águas de União do Sul S.A. ("União do Sul")	Water and sewage utility	001/2000	08/2030	-	51%	-	51%
Águas de Vera S.A. ("Vera")	Water and sewage utility	001/2003	04/2041	-	51%	-	51%
APA - Águas de Peixoto de Azevedo S.A. ("Peixoto")	Water and sewage utility	001/1998	08/2030	-	51%	-	51%
Saneamento Básico de Jangada S.A. ("Jangada")	Water and sewage utility	031/2004	06/2034	-	51%	-	51%
Saneamento Básico de Pedra Preta S.A. ("Pedra Preta")	Water and sewage utility	098/2003	12/2032	-	51%	-	51%
Tertúlia Participações e Administração S.A. ("Tertúlia")	Holding	-	-	57%	-	100%	-
Prolagos S.A. - Concessionária de Serviços Públicos de Água e Esgoto ("Prolagos")	Water and sewage utility	CN 04/96	05/2041	-	57%	99.99%	0.01%

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

3. Basis of preparation

a) Statement of compliance

The parent company and consolidated Quarterly Information (ITR) was prepared in accordance with Accounting Pronouncement CPC 21 (R1) Interim Financial Reporting, pursuant to the accounting practices adopted in Brazil, and in accordance with International Accounting Standard 34 (IAS 34 – Interim Financial Reporting), issued by the International Accounting Standards Board (IASB).

The issuance of the parent company and consolidated Quarterly Information (ITR) was authorized by Management on May 12, 2021.

All relevant information pertaining to the Quarterly Information (ITR), and only such information, is being disclosed, and corresponds to that used by Management in managing the Company.

The basis of preparation of the functional currency and reporting currency, use of estimates, judgments and basis of measurement, as described in Note 3 items "b" to "d", remained unchanged in relation to the related disclosures in the parent company and consolidated financial statements for the year ended December 31, 2020.

Therefore, this Quarterly Information (ITR) should be read together with the financial statements for that year.

4. Summary of significant accounting policies

The Group's Quarterly Information (ITR) was prepared based on the accounting policies described in Note 4 items "a" to "v" disclosed in the parent company and consolidated financial statements for the year ended December 31, 2020.

5. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash	26	26	97	94
Bank checking account	2,511	53	30,337	81,854
	<u>2,537</u>	<u>79</u>	<u>30,434</u>	<u>81,948</u>

The balances of cash and checking accounts basically comprise cash in kind and available bank deposits, respectively.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
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6. Short-term investments

Type	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Investments at future spot rates	752,854	484,384	2,128,330	2,050,769
Safira Investment Fund	116,364	14,298	433,276	316,617
CEF Topázio Investment Fund	-	-	2,461	23,460
CEF Safira Investment Fund	-	-	130,369	129,747
FI BRL REF DI Investment Fund	-	-	2,744	2,924
BB Investment Fund	-	-	60,609	60,343
Deposit SocGen	-	-	3,326	3,190
	<u>869,218</u>	<u>498,682</u>	<u>2,761,115</u>	<u>2,587,050</u>
Current	869,218	498,682	2,719,673	2,545,280
Noncurrent	-	-	41,442	41,770

The average return for the period ended March 31, 2021 linked to the CDI of post-fixed investments and investment funds, is on average 93.52% of the CDI (91.79% of the CDI at December 31, 2020).

Short-term investments at future spot rates shown in current and noncurrent assets refer to Bank Deposit Certificates (CDBs), repurchase agreements, which can be redeemed at any time, not affecting recorded yields. The amount stated in noncurrent assets, despite having daily liquidity, is held to meet the subsidiaries' obligations. With regard to financing, the contractual provision determines that the Company's subsidiaries must maintain a reserve account or present a letter of guarantee, for the entire term of the agreement, with a balance that corresponds to the equivalent of 3 monthly installments.

The shares acquired from Safira Investment Fund, managed by Capitania S.A., correspond to investments in a non-exclusive private credit multimarket investment fund. The fund's portfolio consists of Bank Deposit Certificates ("CDB"), Repurchase Agreements, Financial Bills and Government Securities as provided for in its investment policy. The other funds are respectively managed by the Federal Savings and Loans Bank (CEF), BRL Trust Investimentos and Banco do Brazil, corresponding to investments in non-exclusive investment fund. All of the funds are registered with the Brazilian Securities and Exchange Commission (CVM) and the shares may be redeemed at any time based on the Group's liquidity requirements.

The Deposit SocGen investment in the amount of R\$3,326 (equivalent to US\$584 considering PTAX of R\$5.6973 at March 31, 2021) at Banco Société Generale has no defined maturity and daily liquidity.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in Note 22 - Financial Instruments.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
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7. Trade accounts receivable

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Services receivable – related parties (Note 8)	13,553	11,138	-	-
Billed water and wastewater services	-	-	1,332,133	1,245,631
Unbilled revenue from water and wastewater services	-	-	91,086	94,755
Concession financial assets (a)	-	-	215,941	202,286
(-) Expected credit losses	-	-	(398,660)	(369,199)
	<u>13,553</u>	<u>11,138</u>	<u>1,240,500</u>	<u>1,173,473</u>
Current	13,553	11,138	803,071	780,249
Noncurrent	-	-	437,429	393,224

Changes in concession financial assets	03/31/2021
Opening balance	202,286
Revenue from construction – financial assets (Note 17)	29,226
Remuneration of financial assets (Note 17)	1,808
(-) Receipt from concession agreement for the period	(16,397)
(-) Withholding taxes	(982)
Closing balance	<u>215,941</u>

- (a) This refers to accounts receivable that have not yet been billed, as revenue is recognized on the accrual basis and the appropriation method is the percentage of completion of the work through costs incurred.

Accounts receivable from billed water and sewage services as at March 31, 2021 mature as follows:

Type of consumer	Falling due	Consolidated Overdue balances				Total	Balance in 03/31/2021
		Within 180 days	181 to 365 days	366 to 730 days	More than 731 days		
Residential	149,753	206,199	87,717	77,999	74,812	446,727	596,480
Commercial	22,019	34,524	19,691	20,703	14,090	89,008	111,027
Industrial	1,600	2,136	1,306	1,393	1,422	6,257	7,857
Public sector	15,254	22,840	9,448	19,662	10,121	62,071	77,325
Subtotal consumers	<u>188,626</u>	<u>265,699</u>	<u>118,162</u>	<u>119,757</u>	<u>100,445</u>	<u>604,063</u>	<u>792,689</u>
Renegotiations (i)	<u>440,444</u>	<u>47,297</u>	<u>24,296</u>	<u>18,558</u>	<u>8,849</u>	<u>99,000</u>	<u>539,444</u>
	<u>629,070</u>	<u>312,996</u>	<u>142,458</u>	<u>138,315</u>	<u>109,294</u>	<u>703,063</u>	<u>1,332,133</u>

- (i) As at March 31, 2021, the balance of renegotiations is net of the present value adjustment totaling R\$67,108 calculated individually for each invoice based on a rate of 5.51% p.a. As at March 31, 2021, the amount of R\$1,184 was recognized in P&L for the period referring to present value adjustment.

Company management has adopted a number of measures to identify the reasons for default and has been implementing several efforts aimed at reducing it. These measures include payment of debts in installments and a recurring cut program.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

7. Trade accounts receivable--Continued

Changes in expected credit losses as at March 31, 2021 are shown below:

Nature	Balance at 12/31/2020	Consolidated P&L		Balance in 03/31/2021
		Additions	Reversals	
Private (ii)	(175,544)	(31,269)	17,995	(188,818)
Public	(9,986)	(1,691)	1,294	(10,383)
Renegotiations	(183,669)	(32,034)	16,244	(199,459)
	<u>(369,199)</u>	<u>(64,994)</u>	<u>35,533</u>	<u>(398,660)</u>

Changes in write-offs and recoveries of notes in P&L at March 31, 2021 are shown below:

Nature	Consolidated P&L		Total in 03/31/2021
	Write-offs	Recoveries (iii)	
Private (ii)	(22,696)	22,688	(8)
Public	(463)	113	(350)
Renegotiations	(16,121)	13,318	(2,803)
	<u>(39,280)</u>	<u>36,119</u>	<u>(3,161)</u>

(ii) The group covers the residential, commercial and industrial categories.

(iii) Notes previously written down to P&L were recovered as a result of measure adopted by the Company subsidiaries through collection and agreements that gave rise to new installment payment plans or cash receipts.

As at March 31, 2021, based on the foregoing, Management determined that the allowance for expected credit loss is measured as the expected future loss based on historical default rates, according to the provisions matrix.

8. Transactions with related parties

Key management personnel remunerations

The fixed and variable remunerations of key management personnel, including Executive Officers and members of the Board of Directors, are recorded in the P&L for the period, on an accrual basis, and includes salaries and direct and fringe benefits. As at March 31, 2021, the remunerations totaled R\$10,853 (R\$4,218 as at March 31, 2020) and R\$20,892 (R\$14,768 as at March 31, 2020) for the parent company and consolidated, respectively.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
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8. Transactions with related parties--Continued

Parent Company

The Company's ultimate parent is Arcos Saneamento e Participações Ltda. and its direct parent is Grua Investimento S.A., which hold 58.90% of the common shares representing Company capital.

Other transactions with related parties

The main balances of assets and liabilities relating to transactions with related parties as at March 31, 2021 and December 31, 2020, as well as the transactions that impacted profit and loss for the periods ended March 31, 2021 and 2020, derive from transactions with shareholders and companies that belong to the same economic group.

Transactions carried out in the period are as follows:

	Parent Company	
	03/31/2021	12/31/2020
Current assets		
Receivables from related parties (a) (Note 7)		
Guariroba	2,657	2,331
Manaus	4,122	2,675
Metrosul	373	-
Mirante	401	500
Prolagos	1,537	1,354
Teresina	2,029	1,758
Timon	150	144
Vila Velha	245	298
Other related parties	2,039	2,078
	<u>13,553</u>	<u>11,138</u>
Dividends and interest on equity receivable		
AE Consultoria	7,858	7,858
Bombinhas	7,630	7,630
Camboriú	5,634	5,634
Guariroba	45,294	45,294
Igarapé Participações	74,908	74,908
Mirante	3,250	3,250
Prolagos	-	115,366
São Francisco do Sul	14,426	14,426
Teresina	59,079	59,079
Other related parties	6,586	5,975
	<u>224,665</u>	<u>339,420</u>

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
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8. Transactions with related parties--Continued

Other transactions with related parties--Continued

	Parent Company	
	03/31/2021	12/31/2020
Other receivables (b)		
Aegea Desenvolvimento	-	2,200
Cariacica	1,649	-
MS Pantanal	5,994	-
Prolagos	686	117
Teresina	533	526
Other related parties	542	397
	<u>9,404</u>	<u>3,240</u>
Private debentures (c)		
Teresina	<u>46,608</u>	<u>46,288</u>
Noncurrent assets		
Current accounts receivable – related parties (d)		
AESAN Engenharia	3,936	2,492
Ariquemes	2,743	2,743
Buritis	9,620	9,391
Camboriú	21,684	22,033
Guarantã	2,345	2,345
Holambra	7,791	8,307
Igarapé Participações	2,498	10
Matão	23,976	23,949
Mirante	27,094	27,094
Matupá	2,412	2,412
Novo Progresso	4,427	4,427
Nascentes do Xingú Investimentos	11,906	11,906
Nascentes do Xingú Participações	31,405	31,404
Paranatinga	2,545	2,545
Penha	30,323	26,263
Pimenta Bueno	6,068	6,369
Porto Esperidião	2,974	2,974
Primavera	15,967	15,967
São Francisco	23,311	22,738
São Francisco do Sul	53,742	53,742
Sinop	28,365	28,365
Other related parties	5,744	4,438
	<u>320,876</u>	<u>311,914</u>
Future capital contribution		
Nascentes do Xingú Investimentos	17,395	17,395
Paranatinga	23	23
	<u>17,418</u>	<u>17,418</u>
	<u>632,524</u>	<u>729,418</u>

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
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8. Transactions with related parties--Continued

Other transactions with related parties--Continued

	Parent Company	
	03/31/2021	12/31/2020
Current liabilities		
Trade accounts payable (b) (Note 12)		
Aesan Engenharia	447	-
Igarapé Sustentabilidade	-	188
Manaus	180	-
Rio Negro	147	-
Other related parties	189	49
	<u>963</u>	<u>237</u>
Intercompany loans payable (e)		
Aegea Finance	<u>41,820</u>	<u>18,069</u>
Noncurrent liabilities		
Intercompany loans payable (e)		
Aegea Finance	<u>1,301,491</u>	<u>1,187,134</u>
	<u>1,344,274</u>	<u>1,205,440</u>
	Parent Company	
	03/31/2021	03/31/2020
Profit or loss for the period		
Gross revenue from services (a) (Note 17)		
Guariroba	8,294	8,321
Manaus	12,003	8,861
Metrosul	1,102	-
Mirante	1,269	1,746
Prolagos	4,821	4,844
Serra	943	1,278
Sinop	588	622
Teresina	6,212	6,075
Timon	465	505
Vila Velha	766	1,041
Other related parties	4,772	5,305
	<u>41,235</u>	<u>38,598</u>
Cost of services rendered (f)		
LVE	<u>(32)</u>	<u>(91)</u>
Selling, administrative and general expenses (f)		
LVE	<u>(24)</u>	<u>(31)</u>
Finance income (c)		
Teresina	<u>320</u>	<u>647</u>
Finance costs		
Interest on intercompany loans (e) (Note 21)		
Aegea Finance	<u>(21,532)</u>	<u>(18,046)</u>
	<u>19,967</u>	<u>21,077</u>

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Notes to Quarterly Information (ITR)
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8. Transactions with related parties--Continued

Other transactions with related parties--Continued

- (a) The nature of these balances is linked to the provision of services by the Company to its subsidiaries through the shared services center ("CAA" - AEGEA Administrative Center) located in the city of Santa Bárbara d'Oeste, state of São Paulo. The services in question basically comprise accounting, tributary and tax audit, financial, human resources, personnel administration, revenue security center, information technology and administrative services that are calculated by means of billing points and billed monthly, falling due in 30 days.
- (b) The balances with related parties classified in the group of other receivables and trade accounts payable refer substantially to support in obtaining loans, financing and debentures from financial institutions and to the transfer of administrative and operating expenses.
- (c) The amounts refer to issue of simple non-convertible debentures for private placement without the intermediation of institutions operating in the securities trading system, issued by subsidiary Teresina with maturity on September 19, 2021.
- (d) The amounts referring to these transactions are recorded in assets and refer to financial transactions due to cash pooling, with no maturity or adjustments.
- (e) The amounts referring to these transactions refer to the nationalization of funds raised in October 2017 through subsidiary Aegea Finance (Note 13 letter "e") maturing in October 2024, at a rate of 6.7647% p.a.
- (f) This refers to vehicle lease services.

9. Investments and provision for losses on investments

a) Balance breakdown

	Parent Company	
	03/31/2021	12/31/2020
Investments in subsidiaries	2,703,153	2,640,498
Other investments	3	4
Total investments	<u>2,703,156</u>	<u>2,640,502</u>
Provision for losses on investments	<u>(47,699)</u>	<u>(39,950)</u>

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

9. Investments and provision for losses on investments--Continued

b) Breakdown of investments

	Capital and issue costs	Equity interest	Total assets of subsidiaries	Total liabilities of subsidiaries	P&L of subsidiaries	Equity of investees as at March 31, 2021	Investments	Other	Investment as at March 31, 2021
AE Consultoria	151,713	100.00%	181,020	(11,105)	680	169,915	169,915	-	169,915
AE Contact	17	100.00%	1	(1)	(1)	-	-	-	-
Aegea Desenvolvimento	200,000	100.00%	192,030	(814)	656	191,216	191,216	-	191,216
Aegea Finance	13,003	100.00%	2,347,224	(2,326,225)	4,167	20,999	20,999	1,689	22,688
Ariquemes	7,283	100.00%	42,181	(35,878)	(509)	6,303	6,303	-	6,303
Bombinhas	2,988	100.00%	93,389	(82,630)	1,903	10,759	10,759	-	10,759
Buritís	6,535	100.00%	9,972	(9,930)	31	42	42	-	42
Camastira	10	100.00%	10	-	-	10	10	-	10
Camboriú	2,692	100.00%	37,765	(30,717)	848	7,048	7,048	-	7,048
Cariacica	25,000	99.90%	27,738	(2,933)	(195)	24,805	24,780	-	24,780
Fundo Guaíba	3,000	40.00%	2,632	(28)	(36)	2,604	1,042	-	1,042
Fundo Santense	500	40.00%	338	(29)	(78)	309	124	-	124
GSS	34,307	85.99%	53,090	(8,725)	1,549	44,365	38,149	(2,998)	35,151
Guarantã	5,344	100.00%	12,116	(4,440)	(158)	7,676	7,676	2,717	10,393
Guariroba	124,427	100.00%	1,697,960	(1,329,411)	46,444	368,549	368,549	-	368,549
Holambra	872	100.00%	16,710	(9,870)	751	6,840	6,840	-	6,840
Igarapé Participações	433,156	100.00%	2,957,804	(2,139,515)	12,016	818,289	818,289	-	818,289
JSLA	2	100.00%	-	-	-	-	-	-	-
LVE	25,602	99.99%	43,286	(14,858)	(768)	28,428	28,425	-	28,425
Matão	37,433	100.00%	114,153	(80,306)	2,713	33,847	33,847	-	33,847
Matupá	2,139	100.00%	8,115	(3,034)	240	5,081	5,081	3,582	8,663
Meriti	19,783	51.00%	5,242	-	(53)	5,242	2,673	2,387	5,060
Metrosul	18,000	99.00%	36,440	(16,463)	7,147	19,977	19,777	-	19,777
Mirante	48,897	99.99%	360,250	(296,884)	4,204	63,366	63,360	35,254 (i)	98,614
MS Pantanal	36,615	100.00%	42,144	(6,562)	(1,033)	35,582	35,582	-	35,582
Nascentes do Xingú Participações	187,554	100.00%	519,483	(338,159)	(6,833)	181,324	181,324	-	181,324
Novo Progresso	1,460	100.00%	8,418	(5,276)	202	3,142	3,142	2,847	5,989
Paranatinga	3,240	51.00%	11,872	(5,803)	139	6,069	3,095	-	3,095

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
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9. Investments and provision for losses on investments--Continued

b) Breakdown of investments--Continued

	Capital and issue costs	Equity interest	Total assets of subsidiaries	Total liabilities of subsidiaries	P&L of subsidiaries	Equity of investees as at March 31, 2021	Investments	Other	Investment as at March 31, 2021
Penha	3,360	99.81%	44,313	(35,898)	678	8,415	8,399	-	8,399
Pimenta Bueno	2,228	100.00%	14,301	(6,811)	453	7,490	7,490	-	7,490
Porto Esperidião	446	99.91%	6,190	(5,081)	67	1,109	1,108	-	1,108
R3 Engenharia	2,498	100.00%	3,832	(888)	3	2,944	2,944	(2,732)	212
Rolim de Moura	5,663	100.00%	12,532	(1,339)	674	11,193	11,193	-	11,193
São Francisco	39,376	100.00%	63,508	(62,252)	282	1,256	1,256	-	1,256
São Francisco do Sul	3,091	100.00%	112,569	(95,772)	5,438	16,797	16,797	-	16,797
Sinop	18,480	100.00%	132,552	(84,448)	4,150	48,104	48,104	-	48,104
Teresina	12,988	100.00%	858,549	(729,104)	14,403	129,445	129,445	-	129,445
Tertúlia	1,675	57.00%	522,446	-	34,236	522,446	297,794	-	297,794
Timon	15,573	100.00%	148,587	(127,335)	939	21,252	21,252	-	21,252
Vila Velha	60,000	100.00%	79,120	(12,542)	1,066	66,578	66,578	-	66,578
						Investment amount at March 31, 2021			2,703,153

(i) Other business combinations

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
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9. Investments and provision for losses on investments--Continued

c) Change in investments

	Investment amount as at December 31, 2020	Equity pickup	Unrealized income between companies	Capital increase and future capital contribution (f)	Dividends and interest on equity	Share in equity adjustments (g)	Other (h)	Investment amount as at March 31, 2021
AE Consultoria	169,235	680	-	-	-	-	-	169,915
AE Contact	1	(1)	-	-	-	-	-	-
Aegea Desenvolvimento	190,559	657	-	-	-	-	-	191,216
Aegea Finance	17,018	4,167	-	-	-	1,621	(118)	22,688
Ariquemes	6,812	(509)	-	-	-	-	-	6,303
Bombinhas	8,856	1,903	-	-	-	-	-	10,759
Buritís	11	31	-	-	-	-	-	42
Camastira	10	-	-	-	-	-	-	10
Camboriú	6,200	848	-	-	-	-	-	7,048
Cariacica	24,975	(195)	-	-	-	-	-	24,780
Fundo Guaíba	1,056	(14)	-	-	-	-	-	1,042
Fundo Santense	155	(31)	-	-	-	-	-	124
GSS	33,671	1,333	147	-	-	-	-	35,151
Guarantã	10,620	(227)	-	-	-	-	-	10,393
Guariroba	322,529	46,444	-	-	-	(456)	32	368,549
Holambra	6,089	751	-	-	-	-	-	6,840
Igarapé Participações	766,160	12,015	-	60,090	-	(19,976)	-	818,289
LVE	29,193	(768)	-	-	-	-	-	28,425
Matão	31,948	2,713	-	-	-	(814)	-	33,847
Matupá	8,515	148	-	-	-	-	-	8,663
Meriti	5,132	(72)	-	-	-	-	-	5,060
Metrosul	12,701	7,076	-	-	-	-	-	19,777
Mirante	94,817	3,797	-	-	-	-	-	98,614
MS Pantanal	36,615	(1,033)	-	-	-	-	-	35,582
Nascentes do Xingú Participações	184,920	(3,140)	-	-	-	(456)	-	181,324
Novo Progresso	5,841	148	-	-	-	-	-	5,989
Paranatinga	3,024	71	-	-	-	-	-	3,095

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Notes to Quarterly Information (ITR)
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9. Investments and provision for losses on investments--Continued

c) Changes in investments--Continued

		Equity pickup		Capital increase and future capital contribution (f)	Dividends and interest on equity	Share in equity adjustments (g)	Other (h)	Investment amount as at March 31, 2021
	Investment amount as at December 31, 2020	Equity pickup	Unrealized income between companies					
Penha	7,722	677	-	-	-	-	-	8,399
Pimenta Bueno	7,037	453	-	-	-	-	-	7,490
Porto Esperidião	1,041	67	-	-	-	-	-	1,108
Prolagos	378,866	-	-	-	-	-	(378,866)	-
R3 Engenharia	200	3	9	-	-	-	-	212
Rolim de Moura	10,519	674	-	-	-	-	-	11,193
São Francisco	1,543	282	-	-	-	(569)	-	1,256
São Francisco do Sul	11,359	5,438	-	-	-	-	-	16,797
Sinop	43,954	4,150	-	-	-	-	-	48,104
Teresina	115,042	14,403	-	-	-	-	-	129,445
Tertúlia	10	25,304	-	1,165	-	-	271,315	297,794
Timon	20,313	939	-	-	-	-	-	21,252
Vila Velha	66,229	1,066	-	-	(717)	-	-	66,578
	<u>2,640,498</u>	<u>130,248</u>	<u>156</u>	<u>61,255</u>	<u>(717)</u>	<u>(20,650)</u>	<u>(107,637)</u>	<u>2,703,153</u>

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
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9. Investments and provision for losses on investments--Continued

d) Breakdown of provision for losses on investments

	Capital	Equity interest	Total assets of subsidiaries	Total liabilities of subsidiaries	P&L of subsidiaries	Equity of investees as at March 31, 2021	Investments	(-) Unrealized income between subsidiaries	Provision for loss on investment as at March 31, 2021
AESAN Engenharia Nascentes do Xingú	35,738	100.00%	27,026	(11,657)	(8,088)	15,369	15,369	(58,021)	(42,652)
Investimentos	3,657	51.00%	39,618	(48,281)	(651)	(8,663)	(4,418)	-	(4,418)
R1 Engenharia	520	100.00%	1,238	(92)	(1)	1,146	1,146	(1,768)	(622)
R2 Engenharia	1	100.00%	4	(11)	(7)	(7)	(7)	-	(7)
Allowance for investment loss as at March 31, 2021									(47,699)

e) Changes in provision for losses on investments

	Investment amount as at December 31, 2020	Equity pickup	Unrealized income between companies	Capital increase and future capital contribution (f)	Dividends and interest on equity	Share in equity adjustments (g)	Other (h)	Provision for loss on investment amount as at March 31, 2021
AESAN Engenharia Nascentes do Xingú	(35,238)	(8,088)	674	-	-	-	-	(42,652)
Investimentos	(4,086)	(332)	-	-	-	-	-	(4,418)
R1 Engenharia	(626)	(1)	5	-	-	-	-	(622)
R2 Engenharia	-	(7)	-	-	-	-	-	(7)
	(39,950)	(8,428)	679	-	-	-	-	(47,699)

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9. Investments and provision for losses on investments--Continued

f) Capital increase and future capital contributions in subsidiaries

<u>Date</u>	<u>Approval</u>	<u>Parent Company</u>	<u>Type of Payment</u>	<u>Value</u>
01/28/2021	AGE	Tertúlia	Net assets contributed - Tertúlia	1,165
02/03/2021	Instrument for Future Capital Contribution	Igarapé Participações	Future capital contribution	60,090
				<u>61,255</u>

g) Share in equity adjustments

The Company recognized its share in the equity valuation adjustment, in line with its cash flow hedge policy, as well as its direct subsidiaries Guariroba, São Francisco, Matão, Igarapé Participações, and its indirect subsidiary Barra do Garças as described in Note 22.

The Company recognized share in the translation adjustment, due to the translation of asset and liability accounts of the balances of its foreign subsidiary Aegea Finance.

h) Other

In the period ended March 31, 2021, the balance to be amortized of borrowing costs for the subsidiary Aegea Finance is R\$1,689, with the amount of R\$118 being recorded in the P&L for the period.

On January 28, 2021, the Company transferred the totality of its equity interest in the subsidiary Prolagos in the amount of R\$378,865, represented by 221,673,063 common shares, through the payment of capital in its subsidiary Tertúlia.

On February 3, 2021, PROJETO LAKE S.A. joined Prolagos as an indirect minority shareholder, through the subscription and payment of preferred shares in Tertúlia in the amount of R\$500,000, equivalent to a proportional 43% stake. This transaction resulted in a gain for the Company due to the dilution of the equity interest in the amount of R\$278,706.

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10. Concession-related assets

	Consolidated	
	03/31/2021	12/31/2020
Concession-related assets	380,173	56,223

These refer to the contractual right of the concessionaire to charge from users of water distribution and sewage treatment utility services, when the respective assets become operational, and are measured at cost.

	Consolidated		
	Balance in 12/31/2020	Additions (i)	Transfers (ii)
Concession-related assets	561,223	143,194	(324,244)
			Balance in 03/31/2021
			380,173

(i) Interest on loans, financing and debentures that are capitalized on qualifying assets. In the period ended March 31, 2021, the amount of R\$6,841 was capitalized at an average rate of 8.55% p.a.

(ii) This balance refers to the transfer of concession assets to intangible assets as the works are completed and become operational.

11. Intangible assets

The figures shown as intangible assets refer to the concession to operate the infrastructure and are broken down as follows:

a) Balance breakdown

	Useful life (years)	Average annual rate	03/31/2021			12/31/2020
Assets			Cost	(-) Amortization	Net	Net
Infrastructure exploration right						
Grant/Concession agreement	19 to 60	3.1%	1,110,353	(214,031)	896,322	896,716
Technical sanitation facilities	2 to 48	4.3%	3,166,009	(971,515)	2,194,494	2,049,658
Treatment plant buildings	3 to 47	4.1%	1,881,725	(600,547)	1,281,178	1,153,963
Machinery and equipment	3 to 48	6.5%	325,477	(146,731)	178,746	183,177
Other components	3 to 48	5.6%	9,577	(3,518)	6,059	6,162
			6,493,141	(1,936,342)	4,556,799	4,289,676
Software						
Software licenses	3 to 10	10%	189,825	(57,496)	132,329	131,753
			189,825	(57,496)	132,329	131,753
			6,682,966	(1,993,838)	4,689,128	4,421,429

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
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11. Intangible assets--Continued

b) Changes in cost

Assets	12/31/2020	03/31/2021			Cost
	Cost	Additions	Write-offs	Transfers	
Infrastructure exploration right					
Grant/Concession agreement	1,100,777	9,576	-	-	1,110,353
Technical sanitation facilities	2,986,479	179,556	(16)	(10)	3,166,009
Treatment plant buildings	1,737,766	143,954	-	5	1,881,725
Machinery and equipment	324,743	734	-	-	325,477
Other components	9,572	-	-	5	9,577
	<u>6,159,337</u>	<u>333,820</u>	<u>(16)</u>	<u>-</u>	<u>6,493,141</u>
Software					
Software licenses	185,754	4,071	-	-	189,825
	<u>185,754</u>	<u>4,071</u>	<u>-</u>	<u>-</u>	<u>189,825</u>
	<u>6,345,091</u>	<u>337,891</u>	<u>(16)</u>	<u>-</u>	<u>6,682,966</u>

c) Changes in amortization expenses

Assets	12/31/2020	03/31/2021			Accumulated amortization
	Accumulated amortization	Additions	Transfers		
Infrastructure exploration right					
Grant/Concession agreement	(204,061)	(9,972)	2		(214,031)
Technical sanitation facilities	(936,821)	(34,693)	(1)		(971,515)
Treatment plant buildings	(583,803)	(16,741)	(3)		(600,547)
Machinery and equipment	(141,566)	(5,167)	2		(146,731)
Other components	(3,410)	(108)	-		(3,518)
	<u>(1,869,661)</u>	<u>(66,681)</u>	<u>-</u>		<u>(1,936,342)</u>
Software					
Software licenses	(54,001)	(3,495)	-		(57,496)
	<u>(54,001)</u>	<u>(3,495)</u>	<u>-</u>		<u>(57,496)</u>
	<u>(1,923,662)</u>	<u>(70,176)</u>	<u>-</u>		<u>(1,993,838)</u>

12. Suppliers and contractors

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Services and contractors payable	14,116	21,414	213,888	195,603
Trade accounts payable – related parties (Note 8)	963	237	-	-
	<u>15,079</u>	<u>21,651</u>	<u>213,888</u>	<u>195,603</u>
Current	15,079	21,651	206,040	195,603
Noncurrent	-	-	7,848	-

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Notes to Quarterly Information (ITR)--Continued
Three-month period ended March 31, 2021
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13. Loans, financing and debentures

Type	Charges	Final contract maturity	Amount contracted	Amount raised	Parent Company		Consolidated	
					03/31/2021	12/31/2020	03/31/2021	12/31/2020
Debentures (a) - CDI	CDI + 0.65% to 3.0% p.a.	April/21 to July/26	2,344,400	2,344,400	1,129,771	1,139,319	2,301,982	2,572,140
Debentures (a) - IPCA	IPCA + 4.40% to 7.08% p.a.	August/24 to July/29	807,600	807,600	78,137	75,045	891,612	862,990
Loan Proparco (b)	Libor + 3.25% p.a.	December/26	136,232	136,232	-	-	144,825	129,026
Project BNDES (c)	Pre 3% to 6% p.a. SELIC + 1.94% to 3.13% p.a. TJLP + 1.94% p.a. to 3.44% p.a. and IPCA + 5.10% to 5.50% p.a.	January/22 to February/39	961,976	688,618	-	-	477,555	492,363
Project CEF (d)	TR + 8.5% to 8.7% p.a.	February/39 to February/43	494,558	239,403	-	-	288,730	288,259
Senior Notes (Bonds) (e)	USD + 5.75% p.a.	October/24	1,266,920	1,266,920	-	-	2,323,849	2,088,508
Finisa and Finame	Pre 3.50% to 6% p.a.	November/24	5,086	5,086	-	-	1,850	2,011
Working capital (f)	SELIC + 2.53% p.a.	August/23	30,000	30,000	-	-	26,349	28,930
Promissory notes (g)	CDI + 1.50% to 1.70% p.a.	January/23 to March/23	500,000	500,000	-	-	498,164	514,005
Project BNB (h)	IPCA + 1.17% p.a.	September/38	73,718	33,631	-	-	34,011	33,853
Bank Credit Note (i)	CDI + 3.50% to 4.65% p.a.	November/21 to October/23	600,000	600,000	151,097	150,931	607,684	600,499
					<u>1,359,005</u>	<u>1,365,295</u>	<u>7,596,611</u>	<u>7,612,584</u>
Current					189,557	197,571	788,515	876,205
Noncurrent					1,169,448	1,167,724	6,808,096	6,736,379

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13. Loans, financing and debentures--Continued

Debt amortization schedule

The portions classified in noncurrent liabilities have the following payment schedule as at March 31, 2021:

	Parent Company	Consolidated
	03/31/2021	03/31/2021
Debt amortization schedule – loans and financing		
2022	75,000	198,782
2023	-	846,629
2024	-	2,358,277
2025	-	79,225
2026	-	73,321
2027 onwards	-	488,060
	<u>75,000</u>	<u>4,044,294</u>
Debt amortization schedule - debentures		
2022	160,050	193,390
2023	566,750	1,032,123
2024	189,725	505,096
2025	189,725	671,042
2026	-	151,950
2027 onwards	-	299,056
	<u>1,106,250</u>	<u>2,852,657</u>
Borrowing cost (noncurrent)	<u>(11,802)</u>	<u>(88,855)</u>
Total	<u><u>1,169,448</u></u>	<u><u>6,808,096</u></u>
Change in debts	Parent Company	Consolidated
	03/31/2021	03/31/2021
Opening balance	1,365,295	7,612,584
Funding	378,453	381,759
(-) Payment of principal	-	(307,145)
(-) Payment of interest	(24,116)	(57,062)
Provision for interest (Note 22)	16,493	113,201
Interest capitalized in concession assets (Note 10, item “f”)	-	6,841
Translation adjustment - asset and liability accounts (i)	-	202,650
(-) Borrowing costs for the period	-	(1,037)
Amortization of borrowing cost for the period	1,333	8,864
Exchange differences	-	14,409
Contribution to subsidiary (ii) – no cash effect	<u>(378,453)</u>	<u>(378,453)</u>
Closing balance	<u><u>1,359,005</u></u>	<u><u>7,596,611</u></u>

(i) Translation adjustments of assets and liabilities refer to translation of the currency of subsidiary Aegea Finance into the Company's functional currency.

(ii) The Company transferred the ownership of the debt referring to the 6th issuance of simple, non-convertible debentures in a single series, with no preference rights, to subsidiary Tertúlia. At a subsequent time, the minority shareholder, Projeto Lake S.A., paid up the

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capital amount of Tertúlia by capitalizing on the 6th issue of debentures.

13. Loans, financing and debentures--Continued

As at March 31, 2021, the borrowing cost balance totals R\$107,855 (R\$114,256 as at December 31, 2020), considering the translation adjustment to asset and liability accounts amounting to R\$1,426 (R\$4,291 as at December 31, 2020), which were recognized in accordance with the definitions in IAS 32 and Accounting Pronouncement CPC 08 (R1) - Transaction Costs and Premium on Issue of Marketable Securities, issued by Brazil's Financial Accounting Standards Board (CPC).

a) Debentures

The Group issued simple, non-convertible debentures, with no preference rights, as follows:

	Issuance	Date of issuance	Value of issuance	Payment dates	
				Principal	Interest
Nascentes do Xingú - IPCA	3 rd issuance	July/2017	155,000	2 installments - August 2023 and 2024	Semiannual from issuance
Prolagos	3 rd issuance	September/2017	100,000	3 installments - September 2020, 2021 and 2022	Semiannual from issuance
Aegea Saneamento	3 rd issuance – 1 st series	July/2018	533,500	3 installments – July 2020, 2021 and 2022	Semiannual from issuance
Aegea Saneamento - IPCA	3 rd issuance – 2 nd series	July/2018	66,500	2 installments – July 2024 and 2025	Annual from issuance
Prolagos	4 th issuance	June/2019	100,000	2 installments - June 2023 and 2024	Semiannual from issuance
Guariroba	4 th issuance – 1 st series	July/2019	303,900	2 installments – July 2025 and 2026	Semiannual from issuance
Guariroba - IPCA	4 th issuance – 2 nd series	July/2019	276,100	3 installments – July 2027, 2028 and 2029	Annual from issuance
Manaus	2 nd issuance	July/2019	100,000	July/2021	Quarterly from issuance
Aegea Saneamento	4 th issuance	July/2018	305,000	2 installments - February 2024 and 2025	Semiannual from issuance
Teresina	2 nd issuance	April/2020	102,000	April/2021	April/2021
Manaus - IPCA	3 rd issuance	May/2020	310,000	June/2025	Semiannual from issuance
Aegea Saneamento	5 th issuance	September/2020	300,000	September/2023	Semiannual from issuance
Guariroba	5 th issuance	October/2020	350,000	2 installments – October 2023 and 2024	Semiannual from issuance
Prolagos	5 th issuance	October/2020	150,000	October/2023	Annual from issuance
Guariroba	3 rd issuance	September/2017	400,000	Operation fully settled on March 2021	

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Notes to Quarterly Information (ITR)
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13. Loans, financing and debentures--Continued

b) Loan Proparco

In December 2014, Company's subsidiaries took out a credit facility from Societe de Promotion Et De Participation Pour La Cooperation Economique S.A. (PROPARCO), already fully settled as follows:

	Amount contracted (U\$)	Rate on hiring (R\$)	Hiring date	Amount raised	Payment dates	
					Principal	Interest
Guariroba	8,000	R\$3.48	June/16	27,814		
Matão	14,000	R\$3.27	July/16	45,836		
São Francisco	10,000	R\$3.48	June/16	34,768	Semiannual from December/17	Semiannual from issuance
Barra do Garças	8,000	R\$3.48	June/16	27,814		

In order to eliminate foreign currency exposure, the subsidiaries obtained from Banco Santander a Cross Currency Swap derivative instrument, with its final cost at CDI + 2.70% p.a. This derivative instrument is effective for the same period and cash flow as the debt, in order to hedge the instrument against currency rate fluctuations over the life of the financing arrangement.

At March 31, 2021, the subsidiaries recorded mark-to-market timing events of derivatives of R\$(6,509), recognized as equity adjustment, in equity. More information is provided under derivative financial instruments in Note 22.

c) Projects BNDES

Company's subsidiaries entered into contracts with the National Bank for Economic and Social Development ("BNDES") for the implementation, expansion, optimization and modernization of the water supply and sewage treatment systems in the cities where they operate:

	Hiring date	Total face value	Amount raised	Maturities
Manaus	November/2014	177,599	177,599	Between December/2024 to June/2029
Prolagos	January/2012 to November/2015	461,686	390,915	Between January/2022 and November/2035
Serra	November/2018	230,132	97,661	Between July/2021 and December/2037
Guarantã	August/2018	25,495	1,443	Between October/2021 and September/2030
São Francisco do sul	February/2019	67,064	21,000	Between March/2022 and February/2039

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13. Loans, financing and debentures--Continued

c) Projects BNDES--Continued

Financings are amortized in monthly installments until the final maturity of the contracts.

In May 2009, indirect subsidiary Manaus entered into contracts with the National Bank for Economics and Social Development ("BNDES"), in the total face value of R\$60,064. This operation was settled in February 2021 according to the amortization schedule defined in contract.

d) Projects CEF

Company's subsidiaries entered into long-term financing agreements with CEF to cover its investment program, as follows:

	<u>Hiring date</u>	<u>Total face value</u>	<u>Amount raised</u>	<u>Maturities</u>
Mirante	February/2015	195,568	195,568	Between April/2019 to February/2039
Sinop	December/2015	269,540	40,529	Between February/2020 to December/2039
Confresa (i)	February/2021	29,450	3,306	Between February/2033 and February/2043

Financings are amortized in monthly installments until the final maturity of the contracts.

(i) Subsidiary Confresa provided guarantees related to this operation, among which the most important are: (a) lien of Confresa shares held by Nascentes do Xingú Investimentos; (b) bond of revenue and assignment in trust of rights arising from the concession; (c) promissory notes in the contract value; and (iv) personal guarantee assumed by the Company.

e) Senior Notes (Bonds)

In October 2017, subsidiary Aegea Finance completed a Reg S/144a offer of notes (issue of Bonds) in the foreign market for a total of US\$400,000 (R\$1,266,920, rate of R\$3.1673), maturing in October 2024, subject to interest rate of 5.75% p.a. payable semiannually. This operation has the Company's endorsement.

In order to eliminate foreign currency exposure, the Company and subsidiary Igarapé Participações obtained from Bank of America Merrill Lynch a Cross Currency Swap derivative instrument, with its final cost between 141.95% and 142.80% p.a. This derivative instrument has the same period and cash flow as the Bond, in order to hedge the instrument against currency rate fluctuations during the entire financing period.

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13. Loans, financing and debentures--Continued

e) Senior Notes (Bonds)--Continued

In order to reduce the leverage of exposure to the Interbank Deposit Certificate (CDI) rate with Bank of America Merrill Lynch, the Company entered into an interest rate Swap agreement (a derivative instrument) with BTG Pactual, the final cost of which is CDI + 2.86% p.a. for a national value of R\$316,730. This derivative instrument has the same period and cash flow as the Bond, in order to hedge the instrument from changes in the CDI during the entire financing period.

As at March 31, 2021, the Company and subsidiary Igarapé Participações recorded R\$(269,679) of temporary mark-to-market events of its derivatives, recognized in Equity adjustments under Equity. See Note 22 – Financial instruments.

f) Working capital

In July 2018, indirect subsidiary Manaus entered into a Working Capital agreement with BNDES for the total face value of R\$30,000. This financing matures between September 2020 and August 2023.

g) Promissory notes

Company's subsidiaries issued non-privileged promissory notes, as follows:

	Issuance	Date of issuance	Total face value	Payment of Principal and Interest
Manaus	2 nd issuance – 3 series	January/2020	300,000	Between January/2021 and January/2023
Teresina	2 nd issuance – 3 series	March/2020	200,000	Between March/2021 and March/2023

h) BNB Project

In August 2018, subsidiary Timon and Banco do Nordeste do Brazil S.A. ("BNB") entered into an agreement in the total face value of R\$73,718 of which R\$33,631 have already been disbursed. This financing matures between October 2022 and September 2038 and has the purpose of investing in the expansion and improvement of the water supply system and implementing a sewage system in the city of Timon - MA.

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13. Loans, financing and debentures--Continued

i) Bank Credit Bill

The Group took out a credit facility (Bank Credit Bill), already fully disbursed, as follows:

	Bank	Hiring date	Total face value	Payment dates	
				Principal	Interest
Aegea Saneamento	BTG Pactual	April/2020	150,000	2 installments – April 2021 and 2022	Quarterly from July 2020
Ariquemes	Santander	May/2020	30,000	November 2021	Semiannual from November 2020
Bombinhas	Santander	May/2020	70,000	November 2021	Semiannual from November 2020
Guariroba	Santander	June/2020	100,000	5 semiannual installments from December 2020	Semiannual from December 2020
Teresina	Santander	September/2020	200,000	2 installments - April 2023 and October 2023	Semiannual from April 2021
Timon	Santander	September/2020	50,000	2 installments - April 2023 and October 2023	Semiannual from April 2021

The Group has qualitative and quantitative guarantees, restrictions and covenants, usually available in the market, for their loans, financings and debentures. The Group complied with all covenants referring to loans, financing and debentures as at March 31, 2021.

The guarantees related to loans, financing and debentures are detailed in the notes to financial statements for December 31, 2020.

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14. Other accounts payable

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Grant right payable to Guariroba (i)	-	-	26,577	26,671
Provision for social fund payable	-	-	293	271
Amount payable for acquisition of Mauá Participações Estruturadas em Saneamento Ltda.				
Saneamento Ltda.	-	-	852	848
Advances from customers	-	-	18,084	21,118
Earn-out arising from business combination (ii)	-	-	35,771	126,947
Provision for bonuses	114	3,938	114	3,938
Leases CPC 06 (R2)	1,657	1,605	36,834	38,744
Acquisition of aircraft	1,946	3,874	1,947	3,874
Other accounts payable	-	-	8,004	8,445
	<u>3,717</u>	<u>9,417</u>	<u>128,476</u>	<u>230,856</u>
Current	3,177	6,986	62,958	159,045
Noncurrent	540	2,431	65,518	71,811

- (i) The amount payable as at March 31, 2021 is broken down as follows: (a) R\$13,009 (R\$12,939 at December 31, 2020) payable to the city of Campo Grande - MS, and (b) R\$13,568 payable to the State of Mato Grosso do Sul (R\$13,732 at December 31, 2020), which will be paid in monthly installments until October 2030, annually restated at the same index as the contract price.

The amount of the monthly payment due to the city of Campo Grande - MS is suspended according to the agreement between the parties until definition of the request made by subsidiary Guariroba in maintaining the financial and economic balance of the contract due to PAC (Programa de Aceleração do Crescimento) early work requested by the Local Granting Authority in 2013.

- (ii) As a result of the res judicata decision in tax proceeding No. 0003477-15.2013.4.01.3200, as provided for in the Purchase and Sale Agreement of indirect subsidiary Manaus, indirect subsidiary Igarapé Sustentabilidade assumed a commitment to pay the success fee to the seller, the first one paid on June 3, 2020 in the amount of R\$92,503 and the second one paid on March 2, 2021 in the amount of R\$91,790. The remaining balance to be paid refers to contractual withholdings.

15. Judicial deposits and provision for contingencies

The Group is party to legal and administrative proceedings arising in the ordinary course of business, in matters of a tax, civil, labor and environmental nature. Currently, the Group is defendant in all delinquency notices, administrative proceedings, labor claims and notifications in which they are involved.

Based on the assessment of the Group's internal and external legal advisors, management set up a provision in an amount considered sufficient to cover probable losses expected on ongoing proceedings and judicial deposits, as follows:

Nature	Parent Company			
	Judicial deposits		Contingencies	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Civil	<u>10,248</u>	<u>10,238</u>	<u>4,522</u>	<u>4,522</u>

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15. Judicial deposits and provision for contingencies--Continued

Nature	Consolidated			
	Judicial deposits		Contingencies	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Civil	15,570	14,473	16,016	17,675
Labor	3,578	3,491	9,026	8,983
Tax	27,245	26,332	7,850	7,815
Environmental	-	-	1,309	1,861
	46,393	44,296	34,201	36,334

Changes in provision for contingencies

	Consolidated						
	P&L						
Nature	Balance in 12/31/2020	Additions	Reversals	Payments	Indemnification assets (i)	Monetary restatement	Balance in 03/31/2021
Civil	17,675	3,967	(1,473)	(5,925)	1,772	-	16,016
Labor	8,983	768	(22)	(952)	249	-	9,026
Tax	7,815	-	-	-	-	35	7,850
Environmental	1,861	-	(552)	-	-	-	1,309
Total	36,334	4,735	(2,047)	(6,877)	2,021	35	34,201

(i) Provisions to be reimbursed as established in the purchase and sale instrument of the business combination.

Contingencies - possible

The unrecognized contingent liabilities referring to legal proceedings whose likelihood of loss was assessed as possible by Company legal advisors totaled R\$50,873 at March 31, 2021 (R\$47,827 at December 31, 2020), therefore, no provision was recorded to cover losses, if any, from these proceedings, considering that the accounting practices adopted in Brazil do not require their accounting.

In the period ended March 31, 2021, there were no significant changes to the possible lawsuits described in Note 15 to the parent company and consolidated financial statements for the year ended December 31, 2020.

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16. Equity

a) Capital

As at March 31, 2021 and December 31, 2020 paid-in capital amounts to R\$888,444 and shareholders, number of shares and respective interest held are as follows:

	Common shares	Preferred shares		
		Class A	Class B	Class C
Grua Investimentos S.A.	407,330,200	-	1,000	-
Saneamento 100% Investimento e Participações S.A.	152,331,113	35,178,760	-	-
Angelo Investment Private Limited	131,940,932	103,653,713	-	-
Verona Saneamento e Investimentos S.A.	-	-	-	1,000
	<u>691,602,245</u>	<u>138,832,473</u>	<u>1,000</u>	<u>1,000</u>

	Common shares	Preferred shares		
		Class A	Class B	Class C
Grua Investimentos S.A.	58.90%	-	100.00%	-
Saneamento 100% Investimento e Participações S.A.	22.02%	25.34%	-	-
Angelo Investment Private Limited	19.08%	74.66%	-	-
Verona Saneamento e Investimentos S.A.	-	-	-	100.00%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

There was no change in the capital reserve, equity valuation adjustment, tax incentive reserve, legal reserve and retained profit reserve described in Note 16 to the parent company and consolidated financial statements for the year ended December 31, 2020.

17. Net operating revenue

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenue from services rendered				
Water supply services	-	-	487,377	451,088
Other indirect water services	-	-	40,731	50,412
Sewage services	-	-	142,705	123,013
Other indirect sewage services	-	-	10,896	5,394
Revenue from services - related parties (Note 8)	41,235	38,598	-	-
Revenue from financial assets (Note 7)	-	-	1,808	1,365
Revenue from construction - financial assets (Note 7)	-	-	29,226	7,620
Revenue from construction - intangible assets	-	-	143,194	155,643
Total gross revenue	<u>41,235</u>	<u>38,598</u>	<u>855,937</u>	<u>794,535</u>
Deductions from gross revenue				
(-) Cancellations and rebates	-	-	(11,004)	(9,247)
(-) Taxes on services	(4,639)	(4,342)	(55,473)	(49,641)
Total operating revenue, net	<u>36,596</u>	<u>34,256</u>	<u>789,460</u>	<u>735,647</u>

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18. Costs and expenses by nature

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Personnel	(24,779)	(21,386)	(76,857)	(72,490)
Maintenance and upkeep	(147)	(165)	(9,344)	(10,277)
Third-party services	(12,178)	(8,451)	(35,845)	(31,196)
Materials, equipment and vehicles	(610)	(394)	(7,112)	(5,839)
Amortization and depreciation	(3,387)	(3,341)	(77,516)	(62,744)
Concession cost	-	-	(10,169)	(8,797)
Third-party services for wastewater treatment	-	-	(4,984)	(3,932)
Third-party services for water treatment	-	-	(3,365)	(2,148)
Construction cost - financial assets	-	-	(14,770)	(4,101)
Construction cost - intangible assets	-	-	(143,194)	(155,643)
Expected loss on allowance for doubtful accounts	-	-	(29,461)	(30,110)
(Write-off) Recovery of notes from accounts receivable	-	-	(3,161)	4,505
Provision for contingencies	-	-	(2,688)	(3,434)
Taxes, charges and social contributions	(341)	(465)	(1,263)	(1,635)
Electric power	(14)	(68)	(62,706)	(59,196)
Chemical products	-	-	(12,422)	(13,387)
Leases	(229)	(314)	(9,168)	(4,768)
Other	(1,761)	(2,645)	(10,731)	(12,066)
	<u>(43,446)</u>	<u>(37,229)</u>	<u>(514,756)</u>	<u>(477,258)</u>
Cost of services	(22,748)	(21,858)	(401,645)	(375,496)
Selling, general and administrative expenses	(19,596)	(14,600)	(112,009)	(100,991)
Expenses with research and development	(1,102)	(771)	(1,102)	(771)

19. Other operating income

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
PIS/COFINS credits based on court decision (i)	-	-	-	73,088
Other operating income	1	11	284	8,292
	<u>1</u>	<u>11</u>	<u>284</u>	<u>81,380</u>

- (i) As a result of the favorable res judicata decision to indirect subsidiary Manaus relating to proceeding No. 0003477-15.2013.4.01.3200 on March 2, 2020, regarding the unenforceability of PIS and COFINS on the rendering of services, the respective indirect subsidiary recognized the amounts of PIS and COFINS credits in P&L for the period, amounting to R\$73,088, referring to the amounts paid in the period of 5 years prior to filing the lawsuit.

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20. Finance income (costs)

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues				
Short-term investment yield (i)	4,007	2,911	13,760	10,270
Interest and fine received or earned	-	-	8,871	10,567
Monetary restatement of PIS/COFINS credits based on court decision (ii)	-	-	-	62,860
Gains from derivative financial instruments (Note 22)	132,564	281,342	246,803	523,287
Other finance income	4	85	754	3,381
Finance income	<u>136,575</u>	<u>284,338</u>	<u>270,188</u>	<u>610,365</u>
Costs				
Charges and monetary variation on loans and financing and debentures (Note 13)	(16,493)	(11,786)	(113,201)	(74,019)
Interest on intercompany loan (Note 8)	(21,532)	(18,046)	-	-
Discounts granted	-	-	(25,622)	(23,701)
Bank charges and commissions	(245)	(609)	(7,494)	(6,655)
Present value adjustment of trade accounts receivable (Note 7)	-	-	(1,184)	(1,997)
Exchange losses	(116,576)	(272,917)	(218,384)	(509,581)
Other finance costs	(1,791)	(1,272)	(12,333)	(12,494)
Finance costs	<u>(156,637)</u>	<u>(304,630)</u>	<u>(378,218)</u>	<u>(628,447)</u>
Finance income (costs)	<u>(20,062)</u>	<u>(20,292)</u>	<u>(108,030)</u>	<u>(18,082)</u>

(i) Income from short-term investment yield in the consolidated financial statements comprises interest incurred on cash and cash equivalents amounting to R\$39 (R\$47 at March 31, 2020).

(ii) As a result of the favorable res judicata decision to indirect subsidiary Manaus relating to proceeding No. 0003477-15.2013.4.01.3200 on March 2, 2020, regarding the unenforceability of PIS and COFINS on the rendering of services, the respective indirect subsidiary recognized the amounts of PIS and COFINS credits in P&L for the period referring to the monetary restatement of amounts paid in the period of 5 years prior to filing the lawsuit.

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21. Income and social contribution taxes (IRPJ and CSLL)

a) Current income and social contribution taxes

Reconciliation of income and social contribution taxes, calculated at the rates provided for in tax legislation, and corresponding amounts in the statement of profit or loss, for the periods ended March 31, 2021 and 2020, is as follows:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Book income before income and social contribution taxes	95,744	235,076	166,880	321,322
Equity pickup	(122,655)	(258,333)	-	-
Adjusted net income	(26,911)	(23,257)	166,880	321,322
Combined tax rate	34%	34%	34%	34%
Income and social contribution taxes at combined rate	9,150	7,907	(56,739)	(109,249)
Non-deductible expenses	(3,849)	(11)	(6,289)	(13,000)
Interest on equity received	(244)	(1,643)	-	-
Deferred income and social contribution taxes on temporary differences not recognized (i)	4,403	1,131	5,768	2,516
Deferred income and social contribution taxes on income and social contribution tax losses not recognized (i)	(14,452)	(11,276)	(25,530)	(18,791)
Decrease in rate – Profit from tax incentive activities (ii)	-	-	10,758	47,810
Workers' Meal Program (PAT)	-	-	883	551
Amortization of goodwill on acquisition of investments	-	-	(1,596)	(1,633)
Rate difference – subsidiary abroad	-	-	1,417	1,177
Other permanent differences	-	-	163	37
Income and social contribution taxes:				
Current	-	-	(69,219)	(59,536)
Deferred	(4,992)	(3,892)	(10,726)	(42,984)
Profit from tax incentive activities	-	-	8,780	11,938
Income and social contribution taxes on P&L for the period	(4,992)	(3,892)	(71,165)	(90,582)
Effective rate	(19%)	(17%)	43%	28%

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21. Income and social contribution taxes (IRPJ and CSLL)--Continued

a) Current income and social contribution taxes--Continued

<u>Changes in income and social contribution taxes paid</u>	<u>Consolidated 03/31/2021</u>
Total current income and social contribution taxes net of profit from tax incentive activities	(60,439)
Balance paid referring to prior years	(13,929)
Prepaid income and social contribution taxes	(132)
Non-cash items (breakdown below)	56,038
Total income and social contribution taxes paid as per statement of cash flow	<u>(18,462)</u>
Non-cash transactions that affected the taxes:	
Offsets referring to withholding taxes	8,147
Income and social contribution taxes payable	47,891
Total	<u>56,038</u>

- (i) Deferred tax assets are not recorded to the extent that future taxable profits are not likely to be available against which unused tax losses may be used.
- (ii) The Superintendence for the Development of the Amazon (SUDAM) or the Superintendence for the Development of the Northeast (SUDENE), depending on the area of activity, in order to modernize infrastructure ventures in its area of activity, issued a Certificate of Tax Reduction providing for decrease of 75% income tax and additional charges not recoverable calculated on profit from tax-incentive activities of indirect subsidiary Manaus up to calendar year 2021, and its indirect subsidiaries Diamantino, Poconé, São José, Cláudia, Nortelândia, Pedra Preta, Sorriso and Vera and direct subsidiaries Paranatinga, Timon, Teresina, Sinop, Guarantã and Novo Progresso up to calendar year 2027.

b) Breakdown of and change in deferred taxes

Deferred income and social contribution taxes are recorded to reflect the future tax effects attributable to: temporary differences between the tax base of P&L accounts and their respective accounting records on an accrual basis.

	<u>12/31/2020</u>	<u>Parent Company</u>		<u>03/31/2021</u>
		<u>P&L</u>	<u>Equity</u>	
Borrowing costs of loans, financing and debentures	(5,774)	452	-	(5,322)
Gains or losses on swap transactions	(5,485)	(5,444)	-	(10,929)
Derivative financial instrument	(63,798)	-	10,371	(53,427)
Deferred tax liabilities	<u>(75,057)</u>	<u>(4,992)</u>	<u>10,371</u>	<u>(69,678)</u>

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21. Income and social contribution taxes (IRPJ and CSLL)--Continued

b) Breakdown of and change in deferred taxes--Continued

	12/31/2020	Consolidated		03/31/2021
		P&L	Equity	
Expected allowance for doubtful accounts (iii)	72,028	4,396	-	76,424
Provision for profit sharing	6,899	(4,360)	-	2,539
Provision for contingencies (ii) and (iii)	4,682	(737)	-	3,945
Fair value of assets acquired in business combinations	2,713	(45)	-	2,668
Present value adjustment (iii)	15,492	236	-	15,728
Deferred grants – prior years	4,775	(30)	-	4,745
Foreign exchange gains	285,120	74,036	-	359,156
Leases CPC 06 (R2)	847	(973)	-	(126)
Loss on trade accounts receivable	2,927	(230)	-	2,697
Income and social contribution tax losses (iii)	25,858	1,445	-	27,303
to be offset	(398,770)	(74,756)	-	(473,526)
Deferred tax assets	22,571	(1,018)	-	21,553
Fair value of assets acquired in business combinations	(22,019)	493	-	(21,526)
Interest capitalized in concession assets (iii)	(51,470)	53	-	(51,417)
Borrowing costs of loans, financing and debentures (iii)	(27,261)	2,770	-	(24,491)
Amortization of intangible assets (i)	(100,067)	725	-	(99,342)
Derivative financial instruments	(404,496)	(83,523)	21,844	(466,175)
Deferred profit – government entities	(23,659)	(1,644)	-	(25,303)
Write-off of notes in accounts receivable	(69,105)	(3,338)	-	(72,443)
to be offset	398,770	74,756	-	473,526
Deferred tax liabilities	(299,307)	(9,708)	21,844	(287,171)
Deferred tax liabilities, net	(276,736)	(10,726)	21,844	(265,618)

In order to analyze the recording of deferred tax assets on tax losses, in the year, the subsidiaries prepared studies on future profitability. The carrying amount of tax assets is reviewed from time to time and the projections are reviewed annually. If significant events that may change the projections are identified, such projections are reviewed in the period by the subsidiaries.

- (i) In accordance with article 69 of Law No. 12973/14, the difference as at December 31, 2014 between total depreciation for accounting and tax purposes will be added back to income and social contribution tax base, in fixed monthly portions and over the remaining term of the agreement. As at March 31, 2021, the amount realized is R\$2,132 (R\$2,132 as at March 31, 2020).
- (ii) The balance in provisions for contingencies as at March 31, 2021 is net of asset amounts pending settlement in the amount of R\$2,877 and in the amount of R\$ 487 related to tax indemnity.

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21. Income and social contribution taxes (IRPJ and CSLL)--Continued

b) Breakdown of and change in deferred taxes--Continued

(iii) The amounts presented are net of the reduced deferred income tax rate accumulated up to March 31, 2021 and December 31, 2020 in the amounts below:

	Consolidated	
	03/31/2021	12/31/2020
Expected allowance for doubtful accounts	57,121	51,985
Provision for contingencies	2,733	2,824
Present value adjustment	7,034	6,885
Income and social contribution tax losses	12,660	11,539
Other temporary differences	1,024	1,992
Deferred tax assets	80,572	75,225
Borrowing costs of loans, financing and debentures	(4,554)	(4,959)
Interest capitalized in concession assets	(15,801)	(15,335)
Deferred tax liabilities	(20,355)	(20,294)
Deferred tax assets, net	60,217	54,931

Unrecorded deferred tax assets

Deferred tax assets were not recorded on the following items:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Expected allowance for doubtful accounts	-	-	1,999	1,515
Provision for contingencies	1,537	1,537	1,586	1,562
Provision for profit sharing	1,548	4,658	3,119	7,380
Present value adjustment	-	-	55	37
Income and social contribution tax losses	136,506	122,054	230,516	204,986
Foreign taxes	5,604	5,604	5,604	5,604
Other temporary differences	41	43	133	138
Borrowing costs of loans, financing and debentures	-	-	(941)	(6,627)
	145,236	133,896	242,071	214,595

Deductible temporary differences and accumulated tax losses may be carried indefinitely in accordance with tax legislation currently in force. Deferred tax assets were not recorded on these items since future taxable profits are not likely to be available so that these benefits may be used.

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22. Financial instruments

Overview

The Group is subject to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information on the Group's exposure to each of aforementioned risks, its objectives, and its policies and processes for measuring and managing risks and managing capital.

Risk management structure

Management is responsible for establishing and monitoring the Company's risk management policies and the professionals in charge of each area regularly report on their activities to management.

The Group's risk management policies are established in order to identify and analyze the risks faced by the Group, with a view to establishing appropriate risk limits and controls as well as monitoring risks and adherence to the limits. Systems and risk policies are reviewed from time to time in order to reflect changes in market conditions and activities of the Group. The Group, by means of their rules and training and management procedures, seek to develop a controlled disciplined environment in which all employees are aware of their duties and obligations.

Credit risk

In order to mitigate credit risks linked to financial institutions, management seeks to diversify operations using top-tier institutions.

The book value of financial assets represents maximum credit risk exposure, as follows.

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22. Financial instruments--Continued

Risk management structure--Continued

Credit risk--Continued

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Bank checking account (Note 5)	2,511	53	30,337	81,854
Short-term investments	869,218	498,682	2,761,115	2,587,050
Trade accounts receivable	13,553	11,138	1,240,500	1,173,473
Private debentures - related parties	46,608	46,288	-	-
Dividends and interest on equity receivable	224,665	339,420	-	-
Accounts receivable from related parties	320,876	311,914	-	-
Derivative financial instruments	768,769	666,706	1,386,255	1,203,699
	<u>2,246,200</u>	<u>1,874,201</u>	<u>5,418,207</u>	<u>5,046,076</u>

Guarantees

The Group provides financial guarantees only to Aegea Group companies.

Liquidity risk

This is the risk that the Group will face difficulties in satisfying the obligations associated with their financial liabilities that are settled by cash payments or other financial assets. The liquidity management approach adopted by the Group is to ensure, to the highest possible level, that the Group always has sufficient liquidity to honor their obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or damaging the Group's reputation.

In addition, periodically, mechanisms and tools that could allow funds to be raised in order to reverse positions that could harm the Group's liquidity are analyzed.

Liquidity risk by aging list, reflecting the financial flow of the Group at March 31, 2021 is as follows:

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22. Financial instruments--Continued

Risk management structure--Continued

Liquidity risk--Continued

Parent Company							
03/31/2021	Book value	Projected financial (including interest)	Up to 12 months	13 to 24 months	25 to 36 months	37 to 48 months	49 months onwards
Liabilities							
Trade accounts payable and contractors	15,079	15,079	15,079	-	-	-	-
Loans, financing and debentures	1,359,005	1,610,844	252,577	315,282	776,894	226,789	39,302
Loans payable to related parties	1,343,311	1,653,659	88,042	88,042	88,042	1,389,533	-
Other accounts payable	3,717	3,904	3,344	511	49	-	-
	<u>2,721,112</u>	<u>3,283,486</u>	<u>359,042</u>	<u>403,835</u>	<u>864,985</u>	<u>1,616,322</u>	<u>39,302</u>
Consolidated							
03/31/2021	Book value	Projected financial (including interest)	Up to 12 months	13 to 24 months	25 to 36 months	37 to 48 months	49 months onwards
Liabilities							
Trade accounts payable and contractors	213,888	213,888	206,040	7,848	-	-	-
Loans, financing and debentures	7,596,611	9,938,949	1,071,107	1,362,612	1,958,110	3,181,428	2,365,692
Other accounts payable	128,476	142,440	65,398	15,258	6,075	6,016	49,693
	<u>7,938,975</u>	<u>10,295,277</u>	<u>1,342,545</u>	<u>1,385,718</u>	<u>1,964,185</u>	<u>3,187,444</u>	<u>2,415,385</u>

Cash flows included in maturity analyses of the Group are not expected to occur at significantly earlier dates or significantly different amounts.

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22. Financial instruments--Continued

Risk management structure--Continued

Interest rate risk

The Group is exposed to risks and oscillations in interest rates and short-term investments, private debentures related parties, derivative financial instruments, loans, financing and debentures, loans payable to related parties and other accounts payable.

At the parent company and consolidated quarterly information date, the profile of financial instruments remunerated at floating rates was as follows:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Instruments subject to floating rate				
Financial assets				
Short-term investments	869,218	498,682	2,761,115	2,587,050
Private debentures - related parties	46,608	46,288	-	-
Derivative financial instruments	768,769	666,706	1,386,255	1,203,699
	<u>1,684,595</u>	<u>1,211,676</u>	<u>4,147,370</u>	<u>3,790,749</u>
Instruments subject to floating rate				
Financial liabilities				
Loans, financing and debentures	1,359,005	1,365,295	7,596,611	7,612,584
Intercompany loans payable	1,343,311	1,205,203	-	-
Other accounts payable	3,603	5,479	66,053	70,112
	<u>2,705,919</u>	<u>2,575,977</u>	<u>7,662,664</u>	<u>7,682,696</u>

The Group conducted a sensitivity analysis of major risks to which their financial instruments are exposed. To analyze sensitivity of interest rate variations, management adopted for the probable scenario over the next 12 months the same rates used at the quarterly information reporting date. Scenarios II and III were estimated considering additional appreciation of 25% and 50% respectively over the next 12 months whereas scenarios IV and V estimate an additional devaluation of 25% and 50% respectively over the next 12 months of the rates used in the probable scenario.

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22. Financial instruments--Continued

Risk management structure--Continued

Interest rate risk--Continued

Potential impacts on P&L and equity in the hypotheses of the scenarios presented are as follows:

Parent Company				Scenarios				
Equity exposure	Exposure	Risk	Effective interest rate p.a. at 03/31/2021	I Probable	II 25%	III 50%	IV -25%	V -50%
1- Financial assets								
Short-term investments	869,218	CDI variation	2.65%	23,034	28,793	34,551	17,276	11,517
Private debentures	46,608	CDI variation	2.65%	1,235	1,544	1,853	926	618
2- Financial liabilities								
Loans and debentures	(1,280,868)	CDI variation	2.65%	(33,943)	(42,429)	(50,915)	(25,457)	(16,972)
Debentures	(78,137)	IPCA variation	2.05%	(1,602)	(2,003)	(2,403)	(1,202)	(801)
1 + 2 – Net expose	<u>(443,179)</u>			<u>(11,276)</u>	<u>(14,095)</u>	<u>(16,914)</u>	<u>(8,457)</u>	<u>(5,638)</u>
Consolidated				Scenarios				
Equity exposure	Exposure	Risk	Effective interest rate p.a. at 03/31/2021	I Probable	II 25%	III 50%	IV -25%	V -50%
1- Financial assets								
Short-term investments	2,757,879	CDI variation	2.65%	73,084	91,355	109,626	54,813	36,542
2- Financial liabilities								
Debentures and loans	(3,407,830)	CDI variation	2.65%	(90,307)	(112,884)	(135,461)	(67,730)	(45,154)
Debentures and loans	(926,502)	IPCA variation	2.05%	(18,993)	(23,741)	(28,490)	(14,245)	(9,497)
Loans and financing	(88,540)	SELIC variation	2.65%	(2,346)	(2,933)	(3,519)	(1,760)	(1,173)
Financing	(408,494)	TJLP variation	4.39%	(17,933)	(22,416)	(26,900)	(13,450)	(8,967)
1 + 2 – Net exposure	<u>(2,073,487)</u>			<u>(56,495)</u>	<u>(70,619)</u>	<u>(84,744)</u>	<u>(42,372)</u>	<u>(28,249)</u>

The financing restated at the Reference Rate (TR) was not subject to interest rate variation. As such, the Company did not conduct sensitivity test for this financial instrument.

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22. Financial instruments--Continued

Risk management structure--Continued

Foreign exchange rate risk

This risk derives from the possibility that the exchange rates of foreign currencies used by the Group in taking out financial instruments will fluctuate. In order to mitigate currency risk, the Group engages in hedging transactions involving derivative financial instruments such as swap transactions.

Summarized quantitative data on currency risk exposure of the Group, as provided to shareholders, is based on their risk management policy, as follows:

Consolidated				Scenarios				
Currency risk	Exposure in (US\$ thousand)	Currency	Currency rate in 03/31/2020	I Probable scenario	II 25%	III 50%	IV -25%	V -50%
1- Derivatives instruments								
Loans and financing	(436,779)	USD	R\$5.6973	(218,652)	(273,315)	(327,978)	(163,989)	(109,326)
Swap - receivables	438,480	USD	R\$5.6973	219,503	274,379	329,255	164,627	109,752
Net exposure	<u>1,701</u>			<u>851</u>	<u>1,064</u>	<u>1,277</u>	<u>638</u>	<u>426</u>

Market risk

This is the risk that variation in market prices such as exchange rates and interest rates will affect the gains of the Group or the amount of their investment in financial instruments. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters and, at the same time, optimize return.

Capital management

Capital of the Group is managed in order to balance own and third-party sources of funds, return for members and risk for members and creditors.

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22. Financial instruments--Continued

Classification of financial Instruments

Classification of financial instruments is presented below and there are no financial instruments classified in categories other than the ones informed:

		Parent Company				
	Note	Fair value through profit or loss	Fair value through other comprehensive results	Assets at amortized cost	Liabilities at amortized cost	Total em 03/31/2021
Assets						
Cash and cash equivalents	5	-	-	2,537	-	2,537
Short-term investments	6	869,218	-	-	-	869,218
Trade accounts receivable	7	-	-	13,553	-	13,553
Dividends and interest on equity receivable	8	-	-	224,665	-	224,665
Private debentures - related parties	8	-	-	46,608	-	46,608
Accounts receivable from related parties	8	-	-	320,876	-	320,876
Derivative financial instruments		611,630	157,139	-	-	768,769
Total		<u>1,480,848</u>	<u>157,139</u>	<u>608,239</u>	<u>-</u>	<u>2,246,226</u>
Liabilities						
Suppliers and contractors	12	-	-	-	15,079	15,079
Loans, financing and debentures	13	-	-	-	1,359,005	1,359,005
Loans payable to related parties	8	-	-	-	1,343,311	1,343,311
Other accounts payable	14	-	-	-	3,717	3,717
Total		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,721,112</u>	<u>2,721,112</u>

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22. Financial instruments--Continued

Classification of financial Instruments--Continued

	Note	Fair value through profit or loss	Consolidated			Total in 03/31/2021
			Fair value through other comprehensive results	Assets at amortized cost	Liabilities at amortized cost	
Assets						
Cash and cash equivalents	5	-	-	30,434	-	30,434
Short-term investments	6	2,719,673	-	41,442	-	2,761,115
Trade accounts receivable	7	-	-	1,240,500	-	1,240,500
Accounts receivable from related parties		1,110,066	276,189	-	-	1,386,255
Total		<u>3,829,739</u>	<u>276,189</u>	<u>1,312,376</u>	<u>-</u>	<u>5,418,304</u>
Liabilities						
Suppliers and contractors	12	-	-	-	213,888	213,888
Loans, financing and debentures	13	-	-	-	7,596,611	7,596,611
Other accounts payable	14	-	-	-	128,476	128,476
Total		-	-	-	7,938,975	7,938,975

Derivative financial instruments

In a meeting, the shareholders approved contracting of a swap agreement, in order to replace the US dollar fluctuation for Bank Deposit Certificates (CDI).

As at March 31, 2021 and December 31, 2020, the Company maintains derivative financial instruments – swap for covering rate risk, as follows:

Parent Company						Assets	
Derivative	Notional	Assets	Liabilities	Market	Maturity	03/31/2021	12/31/2020
Swap - Senior Notes	USD 230,000	USD + 6.7647% p.a.	CDI + 142.80% p.a.	CETIP	Oct/10/24	767,381	674,080
Swap - Senior Notes	R\$ 316,730	CDI + 142.80% p.a.	CDI + 2.86% p.a.	CETIP	Oct/10/24	1,388	(7,374)
						<u>768,769</u>	<u>666,706</u>
Current						51,132	50,489
Noncurrent						717,637	616,217

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22. Financial instruments--Continued

Derivative financial instruments--Continued

Consolidado						Assets	
Derivative	Notional	Assets	Liabilities	Market	Maturity	03/31/2021	12/31/2020
Swap - Senior Notes	USD 400,000	USD + 6.7647% p.a.	CDI 141.95% to 142.80% p.a.	CETIP	Oct/10/24	1,319,378	1,157,277
Swap - Senior Notes	R\$ 316,730	CDI + 142.80% p.a.	CDI + 2.86% p.a.	CETIP	Oct/10/24	1,388	(7,374)
Swap - Loan Proparco	USD 25,263	USD + 4.89% p.a.	CDI + 2.70% p.a.	CETIP	Dec/15/26	65,489	53,796
						<u>1,386,255</u>	<u>1,203,699</u>
Current						103,136	102,913
Noncurrent						1,283,119	1,100,786

The Group recorded gains and losses from derivative financial instruments designated as cash flow hedges on March 31, 2021 and 2020. The impacts on the P&L for the period were:

Derivative	Market	Risk	Parent Company		Consolidated	
			03/31/2021	03/31/2020	03/31/2021	03/31/2020
Swap	CETIP	CDI	<u>132,564</u>	<u>281,342</u>	<u>246,803</u>	<u>523,287</u>
Net effect on P&L (Note 20)			132,564	281,342	246,803	523,287

Hedge Accounting

The Group assess the need to adopt Hedge Accounting for the operations used in its financial risk management. As such, based on CPC 48/IFRS 9, the Group designated the operations presented below for cash flow hedge accounting, which presents a hedge index equivalent to 1.0. Unrealized gains and losses deriving from changes in fair value of derivative financial instruments designated for cash flow hedge are recorded in equity and the accrual amount recorded in P&L, as follows:

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22. Financial instruments--Continued

Hedge Accounting--Continued

	Parent Company		
	Equity 12/31/2020	Variation	Equity 03/31/2021
Derivative financial instruments designated as cash flow hedge			
Currency risk	187,640	(30,501)	157,139
Deferred IR/CS	(63,798)	10,371	(53,427)
Net gains recorded in other comprehensive income	123,842	(20,130)	103,712
	P&L 03/31/2020		P&L 03/31/2021
Derivative financial instruments designated as cash flow hedge			
Gains recorded in P&L for the period (Note 20)	281,342		132,564
	Consolidated		
	Equity 12/31/2020	Variation	Equity 03/31/2021
Derivative financial instruments designated as cash flow hedge			
Currency risk	340,436	(64,247)	276,189
Deferred IR/CS	(115,748)	21,844	(93,904)
Net gains recorded in other comprehensive income	224,688	(42,403)	182,285
	P&L 03/31/2020		P&L 03/31/2021
Derivative financial instruments designated as cash flow hedge			
Gains recorded in P&L for the period (Note 20)	523,287		246,802

To test the hedge effectiveness, the Group uses the hypothetical derivative method and compare changes in fair value of hedging instruments with changes in the fair value of the hedged items attributable to the hedged risks.

The sources of hedge ineffectiveness may derive from:

- Different indexes (and, consequently, different curves) associated with the hedged risk of the hedged items and hedging instruments;
- The counterparty's credit risk has a different impact on changes in the fair value of hedging instruments and hedged items;
- Changes in the expected amount of cash flows from hedged items and hedging instruments.

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22. Financial instruments--Continued

Fair value

Sensitivity analysis of derivative financial instruments

The Group, in addition to the provisions of item 40 of CPC 40 (R1) - Financial Instruments: Disclosure, discloses a table showing a sensitivity analysis for each type of market risk considered significant by management, derived from financial instruments, to which the Group is exposed at the statement of financial position date, including all transactions with derivatives.

Management considers the base scenario dollar of R\$5.6973/US\$. Scenario I is a dollar rate at R\$4.5578/US\$, scenario II is a dollar rate at R\$3.2556/US\$ and scenario III is a dollar rate at R\$2.8487/US\$.

In addition, in other assessment, the risk of increase in Interbank Deposit Certificate (CDI) is taken into consideration. The Group considers the DI vs. Fixed reference rate curve disclosed by B3 as at March 31, 2021 as the base scenario. The Group estimates Scenario I with a 25% impact over the entire curve, Scenario II with a 75% impact and Scenario III with a 100% impact.

Management also considers the risk of increased forex coupon rates. The Group considers the DI vs. Fixed (Clean Coupon) reference rate curve disclosed by B3 as at March 31, 2021 as the base scenario. The estimated Scenario I with a 25% impact over the entire curve, Scenario II with a 75% impact and Scenario III with a 100% impact.

Therefore, the sensitivity analysis is as follows:

Parent Company - 03/31/2021					
Instrument	Exposure	Risk	Scenario		
			I	II	III
Swap	768,769	USD variation	452,520	91,093	(21,853)
		Increase in CDI curve	760,490	745,514	738,728
		Increase in exchange coupon curve	753,336	723,502	709,146
Consolidated - 03/31/2021					
Instrument	Exposure	Risk	Scenario		
			I	II	III
Swap	1,386,255	USD variation	804,501	139,640	(68,129)
		Increase in CDI curve	1,366,335	1,330,273	1,313,922
		Increase in exchange coupon curve	1,357,071	1,300,742	1,273,644

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22. Financial instruments--Continued

Fair value--Continued

Nonderivative financial instruments

For certain operations, management considers that fair value equals book value since, for such operations, book value reflects the settlement amount at that date, by virtue of their short-term maturity. As such, book value recorded in the statement of financial position referring to short-term investments, accounts receivable, trade accounts payable and other accounts payable does not differ from fair value at March 31, 2021 and December 31, 2020.

Comparison between book value and fair value of loans, financing and debentures at March 31, 2021 and December 31, 2020 is as follows:

Liabilities	Parent Company			
	03/31/2021		12/31/2020	
	Book value	Fair value	Book value	Fair value
Bank credit note	151,965	154,675	152,003	156,580
Debentures	1,144,753	1,152,714	1,155,432	1,180,530
Debentures benefitting from incentives	78,137	90,166	75,045	85,815
	<u>1,374,855</u>	<u>1,397,555</u>	<u>1,382,480</u>	<u>1,422,925</u>
Liabilities	Consolidated			
	03/31/2021		12/31/2020	
	Book value	Fair value	Book value	Fair value
Bank credit note	612,736	623,727	606,450	634,476
Debentures (bridge)	2,335,334	2,355,411	2,610,177	2,662,548
Debentures benefitting from incentives	903,587	1,086,413	875,700	940,480
Finame and Finisa	1,887	1,887	2,051	2,051
Loan - Proparco	147,195	152,702	131,500	142,600
Promissory notes	502,349	502,464	518,782	524,488
BNDES project	497,202	498,543	512,178	544,732
CEF project	301,264	306,144	300,249	339,772
BNB project	35,030	35,030	34,843	48,934
Senior Notes (Bonds)	2,341,163	2,659,697	2,105,573	2,466,204
Other	26,719	26,719	29,334	29,338
	<u>7,704,466</u>	<u>8,248,737</u>	<u>7,726,837</u>	<u>8,335,623</u>

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22. Financial instruments--Continued

Fair value--Continued

Fair value of loans, financing and debentures was calculated by projecting cash flows until operation maturity based on future rates obtained from public sources, such as BM & F Bovespa and Bloomberg, plus contractual spreads and adjusted to present value at the risk-free rate (pre DI), and for foreign currency loans the Clean Coupon curve is also used.

Fair value hierarchy

The different levels were defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 - Inputs, except quoted prices, included in Level 1 that are not observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 - Inputs, assumptions for assets or liabilities that are not based on observable market data (non-observable inputs).

Fair value measurement

Short-term investments at fair value through profit or loss and disclosed for derivative financial instruments, loans, financing and debenture are classified in level 2.

The Group had no operation to be classified in levels 1 and 3 as at the base dates.

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23. Insurance coverage

The Group takes out insurance coverage for assets subject to risks at amounts deemed sufficient by management to cover claims, if any, considering the nature of their activity.

The major insurance policies taken out at March 31, 2021 and December 31, 2020 are as follows:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Property damage	124,000	124,000	124,000	124,000
Civil liability	100,000	100,000	100,000	100,000
Contractual performance	10,263	158,778	910,997	1,079,735
Equipment and vehicles	199,601	199,601	208,676	204,486
D&O - Directors and Officers Liability Insurance	80,000	80,000	80,000	80,000
Engineering risks	-	-	464,497	457,929

24. Earnings per share

Basic and diluted earnings per share

Basic earnings per share were calculated based on net profit attributed to holders of common shares and on the weighted average of common shares outstanding whereas diluted earnings per share were calculated based on net profit attributed to holders of common shares and on the weighted average of common shares outstanding after adjustments for all potentially diluted common shares, as follows:

<u>Basic and diluted earnings per share</u>	Consolidated	
	03/31/2021	03/31/2020
Profit attributable to holders of common shares (i)	69,196	171,277
Weighted average of common shares (in thousands)	691,602	691,602
Basic earnings per share - R\$	0.10	0.25

(i) This balance does not include interests in P&L for the period intended for preferred shares or non-controlling interests.

As at March 31, 2021, for the calculation of diluted earnings per share, 138,834,473 preferred shares and respective effects were excluded from the calculation of the weighted average of common shares, since their effect would have been anti-dilutive.

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25. Commitments linked to concession agreements

In addition to the commitments mentioned in Note 14 – Other accounts payable, the subsidiaries below have the following obligations:

Matão, Ariquemes, Rolim de Moura, Diamantino, Confresa, Buritis, Timon, São Francisco, Guarantã, Carlinda, Sorriso, Vera, Holambra, Peixoto, Camboriú, Bombinhas, Barra do Garças, União do Sul, Pimenta Bueno, Matupá, Campo Verde, Primavera, Marcelândia and Sinop have monthly commitments referring to the regulation rate, which corresponds to 1% to 4% of monthly collection depending on each municipality.

Penha and São Francisco do Sul have monthly commitments referring to the regulation rate, which corresponds to R\$0.10 per inhabitant of the municipality as annually informed by the Brazilian Institute of Geography and Statistics (IBGE).

Jangada has a commitment referring to the regulation rate, which corresponds to R\$50 divided into 30 annual installments, restated by reference to IGP-M.

Guariroba has a grant payment obligation payable to the state of Mato Grosso do Sul (MS), which will be paid by October 2030 and is annually restated at the same index as the contract price. The amounts due to the city of Campo Grande (MS) are temporarily suspended, as mentioned in Note 14 - Other accounts payable. Monthly, Guariroba shall allocate 0.5% of billing to implement works and actions of social interest, focused on the population in need, at the locations and for the families indicated by the Campo Grande government authority. The subsidiary also has a monthly commitment to the Granting Authority referring to the regulation rate, which corresponds to 1% of gross revenue from water supply and sewage services.

Prolagos has a monthly commitment to the Granting Authority referring to the regulation rate, which corresponds to 0.5% of water supply services billed less taxes on sales (PIS and COFINS). This subsidiary also has a commitment to transfer the amounts charged from users referring to use rate of water resources, which corresponds to 0.4108% calculated on water monthly billing.

Teresina assumed Águas e Esgoto de Piauí S.A. - AGESPISA commitment to transfer 3% of net income to that city. This subsidiary also has a monthly commitment to the Regulating Authority referring to the regulation rate, which corresponds to 1.1% of gross revenue. It also has a commitment to grant a discount of 1.0% upon payment of tariffs referring to services provided to direct and indirect Public Administration agencies. This subsidiary has a commitment to capitalize the amount of R\$86,579 within 120 months as from concession start date. As at March 31, 2021, R\$12,988 have already been paid.

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25. Commitments linked to concession agreements--Continued

Manaus has a monthly commitment payable to the Granting Authority referring to the regulation rate, corresponding to 1% of billing.

Metrosul has a commitment to pay up capital amounting to R\$180,000. As at March 31, 2021, R\$18,000 have already been paid in. Out of the remaining amount of R\$162,000, R\$82,000 will be paid in 2022 and R\$80,000 in 2023.

Cariacica has a commitment to pay up capital amounting to R\$70,000. As at March 31, 2021, R\$25,000 have already been paid in. Out of the remaining amount of R\$45,000, R\$15,000 will be paid in 2023, R\$15,000 in 2024 and R\$15,000 in 2025.

26. Environment-related aspects

The Group considers that their facilities and activities are subject to environmental regulations. The Group mitigates the risks associated with environment-related matters by adopting operational procedures and investing in pollution control equipment and systems. Management of the Group believes that no additional provision for losses relating to environmental matters is currently required, based on legislation and regulations now in force.

27. Subsequent events

On April 13, 2021, subsidiary Teresina made the 3rd issuance of simple, non-convertible debentures, with no preference rights, with additional personal guarantee, in the total amount of R\$200,000, with a unit face value of R\$ 1 (one thousand reais), in a single series, maturing on March 30, 2026.

On April 20, 2021, the Company made the 7th issuance of simple, non-convertible debentures, with no preference rights, with additional personal guarantee, in the total amount of R\$ 400,000, with a unit face value of R\$ 1 (one thousand reais), in a single series, maturing on April 12, 2027.

On April 27, 2021, investment contracts were entered into the Company, which, among other measures, provide for the entry of a new shareholder and an increase in the Company's capital, as follows:

- Entry of new shareholder: acquisition by Itaúsa S.A. ("Itaúsa") of 8.32% of the Company's common shares held by the Equipav Group, for the amount of R\$ 1.065 billion

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27. Subsequent events--Continued

Increase in share capital: issuance by the Company of 2.59% of common shares, of which 2.09% subscribed by the new shareholder Itaúsa, in the amount of R\$ 274.8 million, and 0.50% subscribed by the shareholder GIC (Government of Singapore), in the amount of R\$ 64.8 million, totaling R\$ 339.6 million to be paid in the Company's cash.

Itaúsa's stake in the Company at the conclusion of the transaction will be 10.20% of the voting capital and 8.53% of the total capital, as provided for in the Investment Agreement, with Equipav group with 70.72% of the voting capital and 63.30% of the total capital and the GIC with 19.08% of the voting capital and 28.17% of the total capital.

The conclusion of the Investment Agreement is subject to compliance with certain applicable conditions for such transactions.

On April 21, 2021, the dissolution and liquidation of Sanitation 100% Investimento e Participações S.A., until then a shareholder of the Company, was carried out, and, as a consequence, the remaining assets were shared and, with this, 100% Investment Fund in Shares – *Multiestratégia* was received a total of 152,331,113 common shares and 35,178,760 preferred shares A class, equivalent to 22.02% and 25.34%, respectively, of participation in the Company, thus being its direct shareholder.

On April 28, 2021, the conversion of 1,000 preferred shares, Class B, nominative and without nominal value of GRUA Investimentos S.A., was approved at the General Meeting without alteration of the share capital, in 1,000 common shares, nominative and without nominal value.

On April 28, 2021, the allocation of interim dividends in the amount of R\$ 207,996 for the proposed additional dividends of December 31, 2020 was approved at the Annual General Meeting. On the same date, the Company paid R\$ 15,000 of this amount to the shareholder holding the class C preferred shares.

On April 30, 2021, Aegea Consortium, in which the Company, as consortium leader, Equipav Group, GIC (Fundo Soberano de Singapura) and Itaúsa figured as parties, won the offers presented for blocks 1 and 4, for the amount of R\$ 8,200,000 and R\$ 7,203,000, respectively, as Grants, in accordance with the bid conducted on this date in B3, subject to International Invitation to Bid No. 001/2020 – Process No. 120207/000707/2020, aimed at regional concession of water supply and sewage utility services in the municipalities located in the state of Rio de Janeiro ("Concessions"), currently provided by Companhia Estadual de Águas e Esgotos do Rio de Janeiro (CEDAE). The Concessions resulting from this bid will have a term of 35 years.

Aegea Saneamento e Participações S.A.

Notes to Quarterly Information (ITR)
Three-month period ended March 31, 2021
(In thousands of reais)

Executive Board

Radamés Andrade Casseb

André Pires de Oliveira Dias

Guillermo Deluca

Renato Médicis Maranhão Pimentel

Leandro Marin Ramos da Silva

Yaroslav Memrava Neto

Accountant

Hugo Rafael Mitz
CRC PR 050369/O-4