



Governo do Estado do Rio de Janeiro

ANNEX XIV

FINANCIAL STATEMENTS OF THE REFERENCE TECHNICAL AND ECONOMIC FEASIBILITY STUDY - TEFS.

1. Objective

The purpose of this Annex is to present the main information of the Technical and Economic Feasibility Study (TEFS/EVTE) that substantiated the AGREEMENT.

Also, part of this Annex are files in Microsoft Excel format entitled "Appendix I - TEFS Tables", which present the tables referenced herein for each BLOCK.

The base date of the values presented here is December 31, 2019 and should be considered as a reference for future comparisons with these results.

Within 30 days from the start of the ASSISTED OPERATION, the REGULATORY AGENCY shall submit to the CONCESSIONAIRE an Excel spreadsheet that must be used by the parties to carry out rebalancing of the AGREEMENT in the cases provided for in subclauses 34.7.2, 34.7.3.1 and 34.7.4.1.

The Excel spreadsheet must contain all the tables, with their respective values, presented in this Annex, and others that are necessary for the full understanding of FETS's accounts and formulas.

The CONCESSIONAIRE shall have a period of 60 (sixty) days to point out any errors and omissions in the spreadsheet presented by the REGULATORY AGENCY.

2. Investments

All investment information can be found in Tables 1 and 2.

3. Initial Data, Operating Assumptions and Revenue

The initial data and operating assumptions used in the model are found in Tables 3 to 14. Information directly related to revenue projection can be found in Tables 15 to 17.

Tables 3 to 17 present the CEDAE billing data, invoiced volume and water/sewage units within the service scope of the concession area, as well as the distributions initially used for the residential and non-residential categories and for social tariff beneficiaries.

With respect to these parameters, it should be noted that:

- i. The projection of the number of water and sewage units is the result of the application of the respective service index over the number of potential units projected for the water and sewage CONCESSION AREA, as the case may be.
- ii. The projection of the number of water and sewage connections is the result of the application of the units/connections ratio over the respective number of units.
- iii. Direct water revenue is projected as the product between the average water tariff of each segment and the invoiced water volume of each segment.
- iv. Direct sewage revenue is projected as the product between the average sewage tariff of each segment (considered equivalent to the water tariff) and the invoiced sewage volume of each segment.

4. Costs and Expenses

The projections of each cost and expense, divided by municipality and by water and sewage systems, as well as the projection of general expenses, are shown in Table 18.

5. Other Assumptions

Projections of direct and indirect taxes and amortization of intangible assets followed the applicable laws and other directives by competent bodies.

The working capital projections were based on market assumptions according to similar companies in the sanitation sector.

6. Financial Statements

Tables 19 and 20 contain the main financial statements with the respective projections of the items that comprise them.

7. APPENDICES

Appendix 1 - TEFS / EVTE Tables.