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## **ITR - QUARTERLY INFORMATION FIRST QUARTER OF 2020**

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

**Interim financial information  
As at March 31, 2020**

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

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter 03/31/2020</b>	<b>Prior year 12/31/2019</b>
1	Total Assets	12,565,720	11,939,604
1.01	Current assets	1,668,790	1,170,743
1.01.01	Cash and cash equivalents	789,641	274,059
1.01.01.01	Cash and banks	15,311	16,878
1.01.01.02	Financial investments	774,330	257,181
1.01.03	Accounts receivable	792,557	809,736
1.01.03.01	Trade accounts receivable	792,557	809,736
1.01.04	Inventories	42,778	46,146
1.01.06	Recoverable taxes	308	305
1.01.06.01	Current recoverable taxes	308	305
1.01.08	Other current assets	43,506	40,497
1.01.08.03	Others	43,506	40,497
1.01.08.03.01	Restricted deposits	3,755	2,855
1.01.08.03.02	Derivative financial instruments	2,587	0
1.01.08.03.03	Other accounts receivable	37,164	37,642
1.02	Noncurrent assets	10,896,930	10,768,861
1.02.01	Long-term assets	3,261,176	3,244,914
1.02.01.04	Accounts receivable	19,356	19,826
1.02.01.04.01	Trade accounts receivable	19,356	19,826
1.02.01.07	Deferred taxes	659,228	629,063
1.02.01.07.01	Deferred Income and Social Contribution Taxes	659,228	629,063
1.02.01.10	Other noncurrent assets	2,582,592	2,596,025
1.02.01.10.03	Restricted deposits	56,305	55,748
1.02.01.10.04	Derivative financial instruments	0	2,040
1.02.01.10.05	Court deposits	278,768	297,755
1.02.01.10.06	Contractual financial assets	430,780	435,209
1.02.01.10.07	Contract of asset	1,768,649	1,756,714
1.02.01.10.08	Other receivables	48,090	48,559
1.02.02	Investments	2,567	2,671
1.02.03	Fixed assets	292,934	297,716
1.02.04	Intangible assets	7,340,253	7,223,560

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

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter 03/31/2020</b>	<b>Prior year 12/31/2019</b>
2	Total Liabilities	12,565,720	11,939,604
2.01	Current liabilities	1,279,106	1,291,383
2.01.01	Payroll and social charges	138,070	119,454
2.01.01.02	Labor liabilities	138,070	119,454
2.01.02	Trade accounts payable	186,231	214,445
2.01.03	Tax liabilities	95,613	100,770
2.01.04	Loans and financing	372,465	357,213
2.01.04.01	Loans and financing	138,903	138,322
2.01.04.02	Debentures	172,055	160,754
2.01.04.03	Lease	61,507	58,137
2.01.05	Other liabilities	298,246	323,640
2.01.05.02	Others	298,246	323,640
2.01.05.02.01	Dividends and interest on equity capital payable	230,896	229,341
2.01.05.02.04	Concession contracts	0	31,414
2.01.05.02.05	Collaterals and contractual retentions	2,085	2,189
2.01.05.02.06	Unearned revenue	4,200	4,200
2.01.05.02.07	Derivative financial instruments	2,091	0
2.01.05.02.08	Other accounts payable	58,974	56,496
2.01.06	Provisions	188,481	175,861
2.01.06.02	Other provisions	188,481	175,861
2.01.06.02.04	Provisions for pension plan and health insurance	83,554	82,440
2.01.06.02.05	Labor provisions	104,927	93,421
2.02	Noncurrent liabilities	4,856,675	4,474,307
2.02.01	Loans and financing	3,077,954	2,723,218
2.02.01.01	Loans and financing	1,302,186	1,266,244
2.02.01.02	Debentures	1,467,940	1,139,780
2.02.01.03	Financing from finance lease	307,828	317,194
2.02.02	Other liabilities	42,036	50,255
2.02.02.02	Others	42,036	50,255
2.02.02.02.03	Taxes and contributions	488	596
2.02.02.02.04	Unearned revenue	3,850	4,900
2.02.02.02.05	Derivative financial instruments	0	2,065
2.02.02.02.06	Other accounts payable	37,698	42,694
2.02.04	Provisions	1,736,685	1,700,834
2.02.04.02	Other provisions	1,736,685	1,700,834
2.02.04.02.04	Provisions for pension plan and health insurance	1,169,755	1,154,162
2.02.04.02.05	Provisions	566,930	546,672
2.03	Equity	6,429,939	6,173,914
2.03.01	Realized capital stock	3,996,137	2,851,089
2.03.01.01	Paid-in capital stock	3,996,137	2,851,089
2.03.03	Revaluation surplus	68,208	69,559
2.03.03.01	Own assets	68,208	69,559
2.03.04	Profit reserves	2,161,719	3,306,767
2.03.04.01	Legal reserve	0	336,909
2.03.04.07	Tax incentive reserve	10,332	10,332
2.03.04.08	Additional proposed dividend	73,932	73,932
2.03.04.10	Investment plan	2,077,455	2,885,594
2.03.05	Retained earnings/(Accumulated losses)	257,429	0
2.03.06	Asset and liability valuation adjustments	5,143	5,196
2.03.08	Other comprehensive income	-58,697	-58,697

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

Code of Account	Account description	Current quarter		Prior quarter	
		01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
3.01	Revenue from sales of goods and/or services	1,246,136	1,098,581		
3.02	Cost of goods sold and/or services rendered	-461,545	-429,657		
3.03	Gross result	784,591	668,924		
3.04	Operating expenses/revenues	-350,543	-298,687		
3.04.01	Selling expenses	-95,715	-84,826		
3.04.02	General and administrative expenses	-157,209	-131,934		
3.04.05	Other operating expenses	-96,374	-80,676		
3.04.05.01	Provision for contingencies	-20,258	-40,780		
3.04.05.02	Pension plan and health insurance	-16,707	-14,952		
3.04.05.04	Profit sharing program	-25,371	-22,940		
3.04.05.05	Other operating expenses (revenues)	-34,038	-2,004		
3.04.06	Equity in earnings (losses) of controlled companies	-1,245	-1,251		
3.05	Income (loss) before financial income (loss) and taxes	434,048	370,237		
3.06	Financial income (loss)	-52,787	-45,782		
3.06.01	Financial revenues	15,119	12,796		
3.06.02	Financial expenses	-67,906	-58,578		
3.07	Income (loss) before taxes	381,261	324,455		
3.08	Income and Social Contribution Taxes	-125,236	-106,907		
3.09	Net income (loss) from continuing operations	256,025	217,548		
3.11	Income/Loss for the period	256,025	217,548		
3.99	Earnings per share – (Reais/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Preferred shares	0.17471	0.44536		
3.99.01.02	Common shares	0.15883	0.40488		
3.99.02	Diluted earnings per share				
3.99.02.01	Preferred shares	0.17471	0.44536		
3.99.02.02	Common shares	0.15883	0.40488		

**Individual financial statements/ Statements of comprehensive income**

**(In thousands of Brazilian reais)**

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter</b>	<b>Prior quarter</b>
		<b>01/01/2020 to 03/31/2020</b>	<b>01/01/2019 to 03/31/2019</b>
4.01	Net income for the period	256,025	217,548
4.02	Other comprehensive income	-1,404	-1,588
4.02.01	Realization of revaluation surplus	-2,046	-2,137
4.02.02	Taxes on Realization of Revaluation Surplus	695	727
4.02.03	Realization of Deemed Cost	-81	-270
4.02.04	Taxes on Realization of Deemed Cost	28	92
4.03	Comprehensive income for the period	254,621	215,960

**Individual financial statements/Statements of cash flows - indirect method**

Code of account	Account description	Accumulated in	Accumulated in
		current year	prior year
		01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
6.01	Net cash from operating activities	426,014	284,324
6.01.01	Cash from operations	433,582	393,801
6.01.01.01	Net income for the period	256,025	217,548
6.01.01.02	Depreciation and amortization	86,895	82,404
6.01.01.03	Costs of fixed and intangible assets write-offs	3,082	1,857
6.01.01.04	Impairment	-850	-1,600
6.01.01.06	Discount to present value of financial assets	6,968	-3,849
6.01.01.07	Allowance for doubtful accounts	11,627	5,928
6.01.01.08	Deferred Income and Social Contribution Taxes, net	-30,165	-28,149
6.01.01.09	Provision for contingencies	20,258	40,780
6.01.01.10	Pension plan and medical insurance	16,707	14,952
6.01.01.11	Interest on financing	47,787	47,808
6.01.01.12	Monetary variations on financing	4,735	6,001
6.01.01.13	Interest and monetary restatements Leasing	8,757	8,764
6.01.01.14	Exchange rate, net	538	0
6.01.01.15	Exchange on derivative financial instrments	-520	0
6.01.01.16	Equity in earnings (losses) of controlled companies	1,245	1,251
6.01.01.17	Appropriation of costs of funds raised from third parties	189	169
6.01.01.18	Adjustment to Fair Value – Investments	304	-63
6.01.02	Changes in assets and liabilities	-7,568	-109,477
6.01.02.01	Trade accounts receivable	6,022	-11,012
6.01.02.02	Recoverable taxes and contributions	-3	-55
6.01.02.03	Inventories	3,368	134
6.01.02.04	Court deposits	18,987	-51,703
6.01.02.05	Other receivables and accounts receivable	947	-4,938
6.01.02.06	Contractors and Suppliers	-28,214	-28,465
6.01.02.07	Concession contracts	-31,414	-29,824
6.01.02.08	Taxes and contributions	117,817	14,909
6.01.02.09	Salaries and social charges	30,122	16,653
6.01.02.10	Collaterals and contractual retentions	-104	-267
6.01.02.11	Unearned revenues	-1,050	-1,050
6.01.02.12	Income and social contribution taxes paid	-121,528	0
6.01.02.13	Other accounts payable	-2,518	-13,859
6.02	Net cash from investing activities	-212,588	-212,674
6.02.01	Investments in fixed and intangible assets	-211,439	-212,674
6.02.02	Investments	-1,149	0
6.03	Net cash from financing activities	302,156	-46,455
6.03.01	Financing	418,826	61,208
6.03.02	Amortization of financing	-49,308	-50,204
6.03.03	Payments of interest on financing	-37,494	-41,243
6.03.04	Payments of Mercantile Leases	-19,121	-20,213
6.03.05	Costs of funds raised with third parties	-9,290	0
6.03.06	Restricted deposits	-1,457	3,997
6.05	Increase (decrease) in cash and equivalents	515,582	25,195
6.05.01	Beginning balance of cash and cash equivalents	274,059	326,624
6.05.02	Ending balance of cash and cash equivalents	789,641	351,819

**Individual financial statements/ Statement of changes in equity - 01/01/2020 to 03/31/2020**

Code of account	Account description	Capital reserves, Granted		Income reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
		Paid-in capital stock	options and Treasury shares				
5.01	Initial balances	2,851,089	0	3,306,767	0	16,058	6,173,914
5.03	Adjusted beginning balances	2,851,089	0	3,306,767	0	16,058	6,173,914
5.04	Capital transactions with partners	1,145,048	0	0	0	0	1,145,048
5.04.01	Increase capital stock	1,145,048	0	0	0	0	1,145,048
5.05	Total comprehensive income	0	0	0	257,429	-1,404	256,025
5.05.01	Net income for the period	0	0	0	256,025	0	256,025
5.05.02	Other comprehensive income	0	0	0	1,404	-1,404	0
5.05.02.06	Realization of revaluation surplus	0	0	0	2,046	-2,046	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-695	695	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	81	-81	0
5.05.02.09	Taxes on realization of adjustment to attributed cost	0	0	0	-28	28	0
5.06	Internal Changes in Stockholders' Equity	0	0	-1,145,048	0	0	-1,145,048
5.06.04	Constitution of Legal Reserve	0	0	-336,909	0	0	-336,909
5.06.05	Profit Retention	0	0	-808,139	0	0	-808,139
5.07	Ending balances	3,996,137	0	2,161,719	257,429	14,654	6,429,939



**Individual financial statements/ Statement of changes in equity - 01/01/2019 to 03/31/2019**

Code of account	Account description	Capital reserves, Granted		Income reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
		Paid-in capital stock	options and Treasury shares				
5.01	Initial balances	2,851,089	0	2,689,041	0	177,058	5,717,188
5.03	Adjusted beginning balances	2,851,089	0	2,689,041	0	177,058	5,717,188
5.05	Total comprehensive income	0	0	0	219,136	-1,588	217,548
5.05.01	Net income for the period	0	0	0	217,548	0	217,548
5.05.02	Other comprehensive income	0	0	0	1,588	-1,588	0
5.05.02.06	Realization of revaluation surplus	0	0	0	2,137	-2,137	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-727	727	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	270	-270	0
5.05.02.09	Taxes on realization of adjustment to attributed cost	0	0	0	-92	92	0
5.07	Ending balances	2,851,089	0	2,689,041	219,136	175,470	5,934,736

<b>Individual financial statements/ Statements of value added</b>		<b>Accumulated in</b>	<b>Accumulated in</b>
<b>Code of account</b>	<b>Account description</b>	<b>current year</b>	<b>prior year</b>
		<b>01/01/2019 to 03/31/2020</b>	<b>01/01/2019 to 03/31/2019</b>
7.01	Revenues	1,296,123	1,173,322
7.01.01	Sales of merchandise, products and services	1,341,788	1,181,254
7.01.02	Other revenues	-34,038	-2,004
7.01.04	Reversal of/allowance for doubtful accounts	-11,627	-5,928
7.02	Inputs acquired from third parties	-386,621	-362,884
7.02.01	Costs of products, merchandise and services sold	-142,953	-128,202
7.02.02	Materials, energy, third-party services and others	-201,644	-186,035
7.02.04	Others	-42,024	-48,647
7.03	Gross value added	909,502	810,438
7.04	Withholdings	-86,895	-82,404
7.04.01	Depreciation, amortization and depletion	-86,895	-82,404
7.05	Net generated value added	822,607	728,034
7.06	Value added received by transfer	13,874	11,545
7.06.01	Equity in earnings (losses) of controlled companies	-1,245	-1,251
7.06.02	Financial revenues	15,119	12,796
7.07	Total value added to be distributed	836,481	739,579
7.08	Value added distribution	836,481	739,579
7.08.01	Personnel	247,370	230,192
7.08.01.01	Direct compensation	164,946	155,194
7.08.01.02	Benefits	71,288	64,134
7.08.01.03	Severance Pay Fund (FGTS)	11,136	10,864
7.08.02	Taxes, fees and contributions	264,133	231,809
7.08.02.01	Federal	261,378	229,081
7.08.02.02	State	425	443
7.08.02.03	Municipal	2,330	2,285
7.08.03	Return on debt capital	68,953	60,030
7.08.03.01	Interest	67,906	58,578
7.08.03.02	Rents	1,047	1,452
7.08.04	Return on equity capital	256,025	217,548
7.08.04.03	Retained earnings/ Accumulated losses for the period	256,025	217,548

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

We present below the contracts in % of Total Revenue of the Company, as of March 31, 2020:

Contracts (% of Total Revenue)*					Coverage index		Total active units (in thousands)	
Municipalities	Total revenue %	Remaining period of concession	Type of contract	Type of concession	Water	Sewage collections	Water	Sewage collections
Curitiba	23.0%	28.3 years	Program	Water & Sewage	100%	95.8%	827.8	793.9
Londrina	6.9%	26.3 years	Program	Water & Sewage	100%	95.8%	251.0	237.3
Maringá	5.2%	20.4 years	Concession	Water & Sewage	100%	100.0%	165.5	179.7
Foz Do Iguaçu	3.6%	23.9 years	Program	Water & Sewage	100%	78.2%	112.5	89.4
Ponta Grossa	3.6%	6.0 years	Concessão	Water & Sewage	100%	91.5%	145.6	131.8
Cascavel	3.4%	4.7 years	Concession	Water & Sewage	100%	100.0%	127.9	131.3
São José dos Pinhais	2.8%	23.8 years	Program	Water & Sewage	100%	73.7%	115.7	86.4
Colombo	1.8%	28.1 years	Program	Water & Sewage	100%	66.1%	85.2	57.5
Guarapuava	1.7%	22.6 years	Program	Water & Sewage	100%	85.3%	65.5	54.5
Toledo	1.4%	5.4 years	Concession	Water & Sewage	100%	82.4%	58.4	46.2
Other	46.6%						2,065.2	1,231.6
<b>Total</b>					<b>100.0%</b>	<b>74.4%</b>	<b>4,020.3</b>	<b>3,039.6</b>

\* Information not reviewed by independent auditors.

The current rate of delivery with treated water is of 100.0% and the coverage of sewage collection is of 74.4% of the urban population within the concession area, with a treatment rate of 100% as per the Corporate Information System.

Revenues stem mainly from residential water connections, representing 90.8% of the total water connections existing at March 31, 2020.

The number of water connections in March 2020 is 1.8% higher than the number of connections existing in March 2019, which represents an increase of 56,070 water connections, as follows:

Number of Water Connections*	MAR/20 (1)	%	MAR/19 (2)	%	Var. % (1/2)
Residential	2,913,969	90.8	2,863,530	90.8	1.8
Commercial	230,957	7.2	226,005	7.2	2.2
Industrial	13,115	0.4	12,905	0.4	1.6
Public Utility	23,855	0.7	23,672	0.8	0.8
Public Administration	26,464	0.9	26,178	0.8	1.1
<b>Total</b>	<b>3,208,360</b>	<b>100.0</b>	<b>3,152,290</b>	<b>100.0</b>	<b>1.8</b>

\* Information not reviewed by independent auditors.

The number of sewage connections in March 2020 is 4.0% higher than the number of connections existing in March 2019, representing an increase of 86,229 new sewage connections, as shown below:

Number of Sewage Connections*	MAR/20 (1)	%	MAR/19 (2)	%	Var.% (1/2)
Residential	2,028,130	90.4	1,948,970	90.3	4.1
Commercial	181,408	8.1	175,507	8.1	3.4
Industrial	5,489	0.2	5,243	0.2	4.7
Public Utility	15,337	0.7	14,885	0.8	3.0
Public Administration	14,356	0.6	13,886	0.7	3.4
<b>Total</b>	<b>2,244,720</b>	<b>100.0</b>	<b>2,158,491</b>	<b>100.0</b>	<b>4.0</b>

\* Information not reviewed by independent auditors.

## 1.2 PRODUCTIVITY

In 1Q20, the measured volume of treated water was 132.8 million m<sup>3</sup> against 132.2 million m<sup>3</sup> in 1Q19, representing an increase of 0.5%, as shown below:

Measured Volume - million m <sup>3</sup> *	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Residential	113.0	112.9	0.1
Commercial	10.7	10.6	0.9
Industrial	3.2	2.8	14.3
Public Utility	1.3	1.3	0.0
Public Administration	4.6	4.6	0.0
<b>Totais</b>	<b>132.8</b>	<b>132.2</b>	<b>0.5</b>

\* Information not reviewed by independent auditors.

In 1Q20, the volume of treated water billed was 137.5 million m<sup>3</sup>, against to 137.1 million m<sup>3</sup> in 1Q19, representing an increase of 0.3%, as shown below:

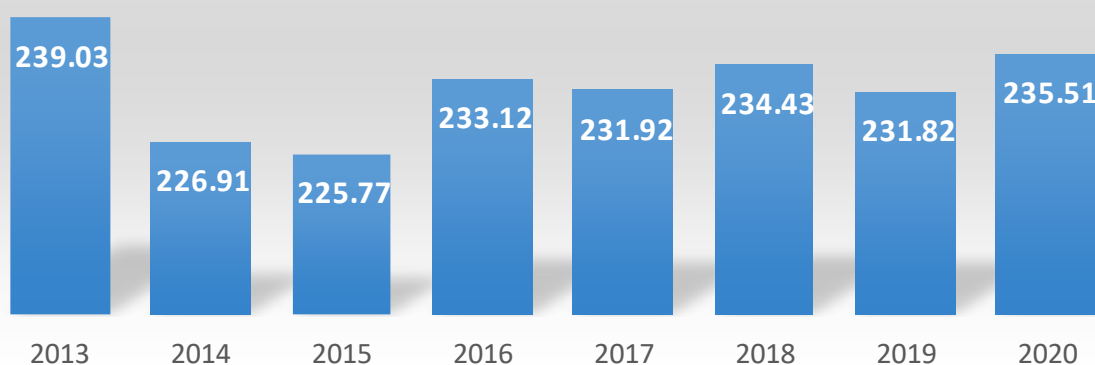
Invoiced Water Volume - million m <sup>3</sup> *	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Residential	116.7	116.4	0.3
Commercial	11.5	11.3	1.8
Industrial	3.5	3.6	-2.8
Public Utility	1.1	1.1	0.0
Public Administration	4.7	4.7	0.0
<b>Total</b>	<b>137.5</b>	<b>137.1</b>	<b>0.3</b>

\* Information not reviewed by independent auditors.

The volume of sewage billed in 1Q20 increased by 2.4% compared to 1Q19, as shown below:

Invoiced Sewage Volume - million m <sup>3</sup> *	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Residential	88.0	85.9	2.4
Commercial	10.5	10.3	1.9
Industrial	0.8	0.8	0.0
Public Utility	0.9	0.9	0.0
Public Administration	3.6	3.5	2.9
<b>Total</b>	<b>103.8</b>	<b>101.4</b>	<b>2.4</b>

\* Information not reviewed by independent auditors.

**DEMONSTRATIVE OF THE LOSS BY CONNECTION\***
**Litres/Connection/Day**


\* Information not reviewed by independent auditors.

Water*	1Q20 (1)	1Q19 (2)	Var. (1/2)	1Q18 (3)	Var. % (2/3)
Units served by the distribution network	4,020,347	3,940,589	2.0 %	3,868,479	1.9 %
Number of treatment stations	168	168	0.0 %	166	1.2 %
Number of wells	1,140	1,112	2.5 %	1,070	3.9 %
Number of surface catchment	231	229	0.9 %	229	0.0 %
Km of laid network	55,679	54,373	2.4 %	53,119	2.4 %
Volume produced (m <sup>3</sup> )	201,547,763	196,146,701	2.8 %	189,701,655	3.4 %
Loss rate:					
In distribution system - %	34.09	32.58	1.51 p.p.	34.49	-1.91 p.p.
In billings - %	31.79	30.11	1.68 p.p.	31.99	-1.88 p.p.
Evasion of revenues - % (default)	3.56	2.51	1.05 p.p.	1.94	0.57 p.p.

Sewage*	1Q20 (1)	1Q19 (2)	Var. (1/2)	1Q18 (3)	Var. % (3)
Units served by the collection network	3,039,584	2,918,825	4.1 %	2,789,849	4.6 %
Number of treatment stations	251	247	1.6 %	245	0.8 %
Km of laid network	37,157	36,208	2.6 %	35,407	2.3 %
Volume collected in m <sup>3</sup>	99,718,064	97,469,780	2.3 %	89,782,691	8.6 %

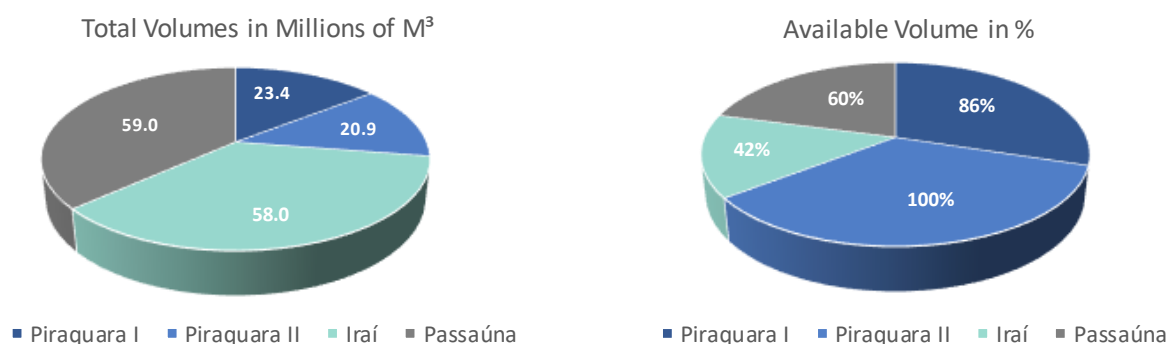
\* Information not reviewed by independent auditors.

## VOLUME OF WATER

The average volume available of the Integrated Supply System of Curitiba (SAIC) is formed by the dams Piraquara I, Piraquara II, Iraí and Passaúna.

In the Municipality of Foz do Iguaçu, Sanepar uses water from the dam of the hydroelectric power plant Itaipu Binacional, of Itaipu lake, in Paraná River.

The dams of Sanepar are considered of medium size in relation to storage volume, but large due to height/depth of more than 15 meters. At the end of the quarter, due to the lower in rainfall and increase in consumption, the average reserve volume is 62.7%.



## 2. FINANCIAL DATA

### 2.1 ECONOMIC PERFORMANCE

Operating revenue - In million of Reais	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Revenues from water	810.2	716.9	13.0
Revenues from sewage	483.3	418.0	15.6
Revenues from services	33.7	34.5	-2.3
Revenues from solid waste	3.2	3.0	6.7
Services provided to Municipalities	4.9	4.4	11.4
Donations made by clients	5.3	3.2	65.6
Other revenues	1.2	1.3	-7.7
<b>Total</b>	<b>1,341.8</b>	<b>1,181.3</b>	<b>13.6</b>

Gross operating revenue grew 13.6%, from R\$1,181.3 million in 1Q19 to R\$1,341.8 million in 1Q20, this growth is due to the Annual Tariff Adjustment - IRT of 8.37%, which began to take effect on 05/24/2019, of the Annual Tariff Readjustment - IRT, in the percentage of 3.76%, as of 11/11/2019, the expansion of water and sewage services and the increase in the number of connections.

Operating costs and expenses In million of Reais	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Personnel	-261.2	-245.4	6.4
Materials	-56.2	-42.8	31.3
Electricity	-120.0	-112.9	6.3
Third-party services	-154.0	-145.6	5.8
Depreciation and amortization	-86.9	-82.4	5.5
Losses in Realization of Credits	-11.6	-5.9	96.6
Net Realizable Value of Inventory	-0.9	0.0	-
Municipal Sanitation and Environmental	-17.7	-15.8	12.0
Regulatory fee	-6.3	-5.6	12.5
Indemnifications for damages to third parties	-2.2	-1.2	83.3
Other costs and expenses	-15.4	-13.5	14.1
Expenses capitalized	17.9	24.7	-27.5
Provision for contingencies	-20.3	-40.8	-50.2
Pension plan and medical insurance	-16.7	-15.0	11.3
Profit sharing program	-25.4	-22.9	10.9
Eventual and extraordinary losses	-37.1	0.0	-
Environmental fines	0.0	-0.7	-100.0
Net assets write off	3.4	-1.4	-342.9
Adjustment to Fair Value – Investments	-0.3	0.1	-400.0
Equity in earnings (losses)	-1.2	-1.3	-7.7
<b>Total</b>	<b>-812.1</b>	<b>-728.4</b>	<b>11.5</b>

Operating costs and expenses accumulated in the 1Q20 increase by 11.5% in comparison to the same period in 2019.

The main changes resulted from:

- **Personnel:**

Growth of 6.4%, due to: i) Adjustment of 2.0% in salary due to the 2018 Annual Evaluation Cycle - PCCR (gain of a position by seniority or merit for employees who met the established criteria); ii) Salary increase of 3.94% (INPC), referring to the Collective Bargaining Agreement - ACT 2019/2020 (base date March 2019); and iii) Adjustment of 6.33% of SANESAÚDE;

- **Materials**

Growth of 31.3%, mainly in electromechanical maintenance material, fuels and lubricants, safety material, protection and clothing and treatment material, mainly due to the higher consumption of chemicals used in sewage treatment, due to improvements in the wastewater treatment process. effluent treatment to comply with environmental legislation and the Term of Judicial Agreement - TAJ. The item of treatment material went from R\$25.6 million in 1Q19 to R\$36.5 million in 1Q20, a variation of 42.6%;

- **Electricity**

The growth of 6.3% in electricity allocated to operating costs, due to the 3.41% readjustment in the tariff as of 06/24/2019 and the reduction of the percentage from 12% to 9% discount for public services water, sewage and sanitation through the Energy Development Account (CDE) sectoral fund amended by Decree 9,642 of December 27, 2018;

- **Third Party Services**

Growth of 5.8% mainly in operation and building maintenance services and systems, conservation and maintenance services for administrative assets, cleaning and conservation services, professional technical services, data processing services, registration and billing services, announcements and notices, collection services and solid waste removal services;

- **Depreciation and amortization**

Increase of 5.5%, mainly due to the entry into operation of intangible and / or fixed assets, in the period from January to March 2020, in the amount of R\$201.3 million (net of amortizations and write-offs);

- **Losses on Credit Realization**

Increase of 96.6%, mainly influenced by the growth of the provisions of accounts receivable from the Municipal Public Sector and also by the accounting of the amount of R\$3.7 million related to the estimate of expected losses on credits, according to studies on the drop in collection caused the current economic scenario, caused by the Pandemic due to COVID-19;

- **Municipal Sanitation and Environmental Management Fund**

Increase of 12.0%, due to the signing of the new Program Contracts, mainly with the Municipality of Curitiba, which represented R\$6.1 million in monthly transfers accumulated in 1Q20 (R\$5.1 million in the same period of 2019);

- **Eventual or Extraordinary Losses**

Reflecting, mainly, the accounting of R\$37.1 million related to the indemnification to the DM/LFM/SEF Consortium, which refers to the partial judicial settlement of the economic-financial balance process, referring to the work performed in the ParanaSan Project, Administrative Contract No. 05.1/00, to expand the sewage system in Curitiba and Almirante Tamandaré.



**2.2 ECONOMIC INDICATORS**

Financial income (loss) - R\$ in million	1Q20 (1)	1Q19 (2)	Var. % (1/2)
<b>Financial revenues</b>			
Financial investments	4.9	6.1	-19.7
Monetary variation gains	4.0	1.6	150.0
Gain on Derivative Financial Instruments	0.5	0.0	100.0
Other financial revenues	5.7	5.1	11.8
<b>Total financial revenues</b>	<b>15.1</b>	<b>12.8</b>	<b>18.0</b>
<b>Financial expenses</b>			
Interest and fees on loans, financing, debentures and leases	-51.0	-51.1	-0.2
Monetary variation losses	-4.7	-5.8	-19.0
Exchange rate variation	-0.5	0.0	100.0
Other financial expenses	-11.7	-1.7	588.2
<b>Total financial expenses</b>	<b>-67.9</b>	<b>-58.6</b>	<b>15.9</b>
<b>Financial income (loss)</b>	<b>-52.8</b>	<b>-45.8</b>	<b>15.3</b>

The financial result varied negatively by 15.3%, from -R\$45.8 million in 1Q19 to -R\$52.8 million in 1Q20, due to the 15.9% growth in financial expenses, mainly in other financial expenses, due to the accounting for Present Value Adjustment expenses on Contractual Financial Assets in the amount of R\$11.1 million, mainly impacted by the change in the useful life of the Reactor Items (RALF's/UASB) from 60 years to 40 years, based on Law 11,638/07, CPC 27 and ICPC 10.

On the other hand, there was an increase of 18.0% in financial income, mainly in the active monetary variations (from R\$1.6 million to R\$4.0 million in 1Q19 and 1Q20, respectively).

Economic Result - R\$ million	1Q20 (1)	1Q19 (2)	Var. % (1/2)
<b>Operating income</b>	<b>434.0</b>	<b>370.2</b>	<b>17.2</b>
Financial income (loss)	-52.8	-45.8	15.3
Taxes on income	-125.2	-106.9	17.1
<b>Net income for the period</b>	<b>256.0</b>	<b>217.5</b>	<b>17.7</b>

The Company posted net income of R\$256.0 million in 1Q20, 17.7% higher than the net income of R\$217.5 million recorded in 1Q19. The result was mainly impacted by the 13.4% growth in net revenues.

The following is the reclassification of the result of 1Q20, excluding non-recurring items.

Non-recurrent items - In million of Reais *	1Q20	1Q19
<b>Net income</b>	<b>256.0</b>	<b>217.5</b>
NPV expenses on contractual financial assets due to changes in the useful life of asset	11.1	-
Economic-Financial Rebalancing of the Consortium DMLFM/SEF	15.2	-
Expected Credit Losses (Study COVID-19)	3.7	-
Tax effects	-10.2	-
<b>Pro forma net income</b>	<b>275.8</b>	<b>217.5</b>
Net margin	22.1	19.8
EBITDA	550.9	452.6
EBITDA margin	44.2	41.2

\* Information not reviewed by independent auditors.

Distribution of the Economic Wealth Generated - In million of Reais	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Staff remuneration	247.4	230.2	7.5
Government Compensation (Taxes)	264.1	231.8	13.9
Third-party compensation (rents)	1.1	1.5	-26.7
Return on debt capital (interest and monetary variations)	67.9	58.6	15.9
Net income for the period not distributed	256.0	217.5	17.7
<b>Total Economic Wealth</b>	<b>836.5</b>	<b>739.6</b>	<b>13.1</b>

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

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

Economic Indicators - In million of Reais	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Net operating revenue	1,246.1	1,098.6	13.4 %
Operating profit	434.0	370.2	17.2 %
Lucro Líquido	256.0	217.5	17.7 %
% Operating margin	28.4	27.5	0.9 p.p.
% Net margin	20.5	19.8	0.7 p.p.
% Return on average shareholders' equity	4.1	3.7	0.4 p.p.
Net debt/ EBITDA (Accumulated 12 month) *	1.3	1.5	-0.2 p.p.

\* Information not reviewed by independent auditors.

At the close of 1Q20, the Company's total assets reached R\$12,565.7 million (R\$11,939.6 million at 12/31/2019), while total debt at the end of 1Q20 was R\$6,135.8 million (R\$5,765.7 million on 12/31/2019).

Of the total debt, R\$3,450.5 million (R\$3,080.4 million at 12/31/2019) refer to loans, financing, debentures and leases, an increase of 12.0% compared to the end of the year of 2019.

Description	Reference	MAR/20	DEC/19	Var.
Equity	R\$ Million	6,429.9	6,173.9	4.1 %
Share value	R\$	4.25	12.26	-65.3 %
Indebtedness level	%	48.8	48.3	0.5 p.p.
Current ratio	R\$	1.30	0.91	42.9 %
Quick ratio	R\$	1.27	0.87	46.0 %

### EBITDA and Generation of Operating Cash

EBITDA in 1Q20, which represents the Company's operating income, was R\$520.9 million, compared to R\$452.6 million in 1Q19. EBITDA margin went from 41.2% to 41.8%. This performance was due to the 13.4% growth in net revenue, while costs and expenses that impacted EBITDA increase by 12.3%.

Operating cash flow in 1Q20 was R\$426.0 million, up 49.8% over 1Q19. EBITDA to Operational Cash Conversion was 81.8%.

EBITDA - R\$ Million *	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Net profit for the period	256.0	217.5	17.7 %
(+) Taxes on Income	125.2	106.9	17.1 %
(+) Financial income	52.8	45.8	15.3 %
(+) Depreciation and amortization	86.9	82.4	5.5 %
<b>EBITDA</b>	<b>520.9</b>	<b>452.6</b>	<b>15,1 %</b>
% EBITDA Margin	41.8	41.2	0.6 p.p.
% EBITDA conversion into cash	81.8	62.8	19.0 p.p.

\* Information not reviewed by independent auditors.

### 2.3 INVESTMENTS

The investments made in the second quarter of 1Q20 totaled R\$211.4 million (R\$212.7 million in 1Q19), as shown below:

Investments – R\$ Million	1Q20 (1)	1Q19 (2)	Var. % (1/2)
Water	101.7	97.4	4.4
Sewage	90.3	91.9	-1.7
Other investments	19.4	23.4	-17.1
<b>Total</b>	<b>211.4</b>	<b>212.7</b>	<b>-0.6</b>

### 2.4 INDEBTEDNESS

Gross debt increased from R\$3,080.4 million in December 2019 to R\$3,450.5 in March 2020, representing an increase of R\$370.0 million. Net debt went from R\$2,806.3 million in December 2019 to R\$2,660.9 million in March 2020. In this quarter, R\$350.0 million was released referring to the 10th Debentures Issue.

The leverage ratio, measured by the “Net Debt / EBITDA (accumulated 12 months)” ratio, decreased from 1.5x to 1.3x in March 2019 and 2020, respectively.

The level of indebtedness was 48.8% at the end of 1Q20 (46.7% in 1Q19).

Next is the breakdown of loans, financing, debentures and leases, with their respective interest rates, maturities and debt balances as at March 31, 2020:

Indebtedness - R\$ million	Annual interest rate	Index	Contract termination	Debt balance	%
Caixa Econômica Federal – CEF	6.62% to 12.00%	TR	07/19/2042	1,095.3	31.7
Debêntures 10ª Emissão - Series Issued	4.66%	IPCA	03/15/2027	341.6	9.9
BNDES - PAC2	1.67% to 2.05%	TJLP	07/15/2029	295.6	8.6
Lease	11.14%	IPC-FIPE	7/12/2036	275.8	8.0
Debentures 9th Issue – 1st series	0.33%	DI	11/6/2024	201.6	5.8
Debentures 4th Issue – 1st series	1.67%	TJLP	07/15/2027	175.5	5.1
Debentures 8th Issue – 2nd series	0.43%	DI	06/21/2023	156.6	4.5
Debentures 9th Issue – 2nd series	0.39%	DI	11/6/2026	152.8	4.4
Debentures 2nd Issue – 2nd series	9.19%	IPCA	09/15/2024	100.1	2.9
Debentures 4th Issue – 2nd series	7.44%	IPCA	07/15/2027	98.0	2.8
Debentures 8th Issue – 1st series	0.35%	DI	06/21/2021	96.0	2.8
Lease - Right of Use	5.91%	-	02/28/2025	93.5	2.7
Debentures 2nd Issue – 3rd series	1.92%	TJLP	09/15/2024	73.5	2.1
Debentures 3rd Issue – 2nd series	6.99%	IPCA	11/15/2020	73.2	2.1
Debentures 2nd Issue – 1st series	1.92%	TJLP	09/15/2024	55.1	1.6
Debentures 7th Issue – 2nd series*	4.79%	IPCA	11/15/2038	49.1	1.4
Debentures 7th Issue – 1st series*	5.20%	IPCA	11/15/2038	31.4	0.9
BNDES	1.82% to 2.50%	TJLP	01/15/2023	21.8	0.6
Debentures 7th Issue – 4th series*	6.57%	IPCA	11/15/2038	21.6	0.6
Banco Itaú PSI/13	3.0% to 6.0%	-	01/15/2025	14.3	0.5
Debentures 7th Issue – 3rd series*	6.97%	IPCA	11/15/2038	13.9	0.5
Banco do Brasil - PSI/13	3% to 6.0%	-	04/15/2024	11.6	0.4
KfW Bank	1.35%	EURO	12/30/2032	2.6	0.1
<b>Total</b>				<b>3,450.5</b>	<b>100.0</b>

\* IPCA as a variable component of the TLP

We present below the debt profile in relation to maturity:

Description - R\$ million	Debt balance	%
12 months	370.7	10.7
24 months	343.8	10.0
36 months	225.9	6.5
60 months	749.2	21.7
Over 60 months	1,760.9	51.1
<b>Total</b>	<b>3,450.5</b>	<b>100.0</b>

### 3. REGULATIONS

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

“Article 3 – Define that the application of the tariff revision approved pursuant to Article 2 of this Resolution will be deferred in 8 (eight) years, with the first installment

corresponding in the year 2017 to an average repositioning of 8.53% (eight point fifty three percent), and the others in 7 (seven) installments of 2.11% (two point eleven percent), plus the corresponding financial correction and economic correction, which will be applied by applying the weighted average rate of daily financing as established in the Special System of Settlement and Custody (SELIC), in the terms defined in the Technical Note approved in Article 1 of this Resolution.”

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

The estimate of the amount receivable resulting from the difference between the Required Revenue and Verified Revenue will be measured and disclosed throughout the period of the deferral, and until March 31, 2020, the best estimate, represents R\$1.415 billion. In real terms, from the 25.63% index to be repositioned in 2017, the Company's tariff was 13.16%, with 11.02% still to be deferred until 2024.

### **Portion A Cost Variation Account (CVA)**

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

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

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

Up to March 2020, the Company's CVA recorded a positive balance of R\$49.7 million that Sanepar shall recover.

### **Adjusted EBTIDA with non-manageable items - Information not reviewed by independent auditors**

The Company is announcing pro forma adjusted EBITDA with non-manageable items as a metric to analyze the impacts of the offsetting of the "A" portion (electrical energy, treatment material, fees and charges) of the tariff model.

Adjusted EBITDA with non-manageable items is a non-accounting measurement and should not be considered in isolation as an operating indicator or cash flow or to measure the Company's liquidity or debt capacity.

The EBITDA calculation is as follows, considering the estimated amounts of non-manageable items, accumulated until March 31, 2020:

EBITDA - R\$ million	1Q20
<b>EBITDA</b>	<b>520.9</b>
<b>(+) Items no manageable</b>	<b>49.7</b>
Electrical energy	6.0
Treatment material	14.9
Fee and charges	28.8
<b>(=) Adjusted EBITDA with non-manageable items</b>	<b>570.6</b>
% EBITDA Margin	45.8

### Tariff Adjustment

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

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

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

The Company recorded, up to March 2020, revenue in the amount of R\$63 million related to the retroactive adjustment of 3.76% received from customers, for the period from May to September 2019.

On February 18, 2020, the Company filed the request for annual tariff readjustment - IRT 2020 with the Regulatory Agency for Public Services Delegates of Infrastructure of Paraná - AGEPAR, with the approval for approval until April 17, 2020 and application from 17 May 2020, however, the Board of Directors of AGEPAR approved on April 17, 2020, through Extraordinary Meeting nº 009/2020/RCDE, the suspension of the application of tariff adjustments for 60 (sixty) days, due to the pandemic of the COVID-19, which may even be extended during the exception period caused by the pandemic. The form of recomposition of the values resulting from the suspension of the adjustment will be defined in due course by AGEPAR.

**4. IMPACTS OF THE CORONAVIRUS (COVID-19)**

The Company disclosed the impacts of the new coronavirus pandemic (COVID-19) in Explanatory Note 30 to the Interim Financial Statements for the 1Q020.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2020  
(In thousands of Brazilian Reais)

### 1. OPERATIONS

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

By means of municipal concessions, the Company renders services of treatment and distribution of water and collection and treatment of sewage. Contract renewals have average term of 30 years. From a total of 346 municipalities served, about 11 (3.2%) of the contracts are currently being renewed for being expired, 56 (16.2%) expire from 2020 to 2029 and 279 (80.6%) were renewed and expire after 2030. In the case of non renewed concessions, the municipalities shall reimburse to the Company the residual amounts of the assets related to the concession upon termination.

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

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

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

### 2. PRESENTATION OF THE FINANCIAL STATEMENTS

#### 2.1 Statement of Compliance

The financial statements are presented in conformity with Laws CPC 21 (R1) - Interim Statement issued by CPC - Pronouncements Committee Accounting Statements and IAS 34 - Interim Financial Reporting, issued by IASB -International Accounting Standards Board, applicable to the preparation of the Quarterly - ITR, and presented in a manner consistent with the rules and procedures established by the Brazilian Securities Commission - CVM. Therefore, the Interim Financial Information is also in accordance



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2020  
(In thousands of Brazilian Reais)

with IFRS, and shows all relevant information specific to the quarterly information, which is consistent with that used by Management in its management.

The Interim Financial Information was authorized for disclosure by the Company's Management on May 7, 2020.

### 2.2 Operational continuity

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

### 2.3 Measurement and Presentation Basis

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

### 2.4 Functional and Reporting Currency

All amounts presented in the Interim Financial Information, including the amounts in the notes, are stated in thousands of Brazilian Reais, which the Company's functional currency, unless otherwise stated.

## 3. MAIN ACCOUNTING PRACTICES

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

## 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

### 4.1 Financial risk management

**Business risk:** The Company's business relates primarily to capture, treat and distribute water, collect and treat sewage for 345 municipal centers operated in the State of Paraná and 1 in the State of Santa Catarina. The Company's results depend on the maintenance of concessions in the municipalities where it operates, usually the concession contracts and program contracts have a term of 30 years. These contracts foresee meeting targets for the expansion and maintenance of water and sewage systems, related to the rate of service of the water supply and sewage collection networks. In some situations, the

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municipality may terminate the contract before its final term or not authorize its renewal upon compensation at the fair value of the balances of investments not yet depreciated/amortized. The wealth in water resources and efficient systems reduce the risk of water shortage. The process of readjustment and review of the tariff is approved by the Regulatory Agency.

**Credit risk:** The Company is exposed to credit risk of the counterpart in its financial transactions (cash and cash equivalents, bank deposits and financial institutions) and accounts receivable (credit to customers and balances with related parties). The maximum exposure is equivalent to the accounting value as at March 31, 2020 and stated in Notes 6, 8 e 19. The risks related to trade accounts receivable are mitigated because their composition includes a dispersed base which covers practically the entire population of the State of Paraná. Considering our type of business, we do not perform a credit history analyses, and adopt the practice of cutting the supply in case of default, with a minimum prior notice of thirty days. The level of losses on accounts receivable is considered normal for the sanitation sector.

The practice of cutting the supply is not applicable to the public bodies, however, Management is intensifying efforts to reduce delinquency levels with negotiations with these municipalities and attempting to offset accounts with those who have credits with the Company, In case there is no agreement, the company files for judicial recovery.

**Interest rate risk:** Interest rate risk is the risk that the fair value of future cash flows of a certain financial instrument changes due to variations in market interest rates. The Company's exposure to the risk of changes in market interest rates refers mainly to the Company's long-term obligations subject to variable interest rates.

This risk is due to the possibility of the Company incurring losses on account of interest rate fluctuations, which may increase the financial expenses on loans and financing.

**Sensitivity analysis of interest rate:** the following is the calculation sensitivity to a possible change in the rate of return on financial investments and interest on the of loans and financing, debentures and lease subject to variable interest rates, which can have significant impact to the Company. If the return rates of investments and interest on the loans held in real varied around 25% and 50% more or less, with all other variables held constant, the effect on profit before taxes would have been R\$4,504 and R\$9,007 plus or minus in particular due to the revenues stemming from financial investments and interest rates expenses lower or higher than in the financial loans as variable interest rates described below:

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Description	Index	+25%	-25%	+50%	-50%
Caixa FI Sanepar I Renda Fixa	DI	976	(976)	1,953	(1,953)
<b>Assets</b>		<b>976</b>	<b>(976)</b>	<b>1,953</b>	<b>(1,953)</b>
BNDES	TJLP	(78)	78	(156)	156
BNDES-PAC2	TJLP	(597)	597	(1,194)	1,194
Debentures 2nd Issuance - 1st to 3rd series	TJLP	(410)	410	(820)	820
Debentures 2nd Issuance - 2nd series	IPCA	(350)	350	(700)	700
Debentures – 3rd Issuance - 2nd series	IPCA	(262)	262	(524)	524
Debentures – 4th Issuance - 1st series	TJLP	(555)	555	(1,110)	1,110
Debentures – 4th Issuance - 2nd series	IPCA	(366)	366	(732)	732
Debentures - 7th Issuance - 1st to 4th series	IPCA	(299)	299	(598)	598
Debentures - 8th Issuance - 1st and 2nd series	DI	(690)	690	(1,380)	1,380
Debentures - 9th Issuance - 1st and 2nd series	DI	(952)	952	(1,904)	1,904
Debentures – 10th Issuance - single series.	IPCA	(73)	73	(146)	146
Lease of Right of Use	DI	(848)	848	(1,696)	1,696
<b>Liabilities</b>		<b>(5,480)</b>	<b>5,480</b>	<b>(10,960)</b>	<b>10,960</b>
<b>Effects on Income before Taxation</b>		<b>(4,504)</b>	<b>4,504</b>	<b>(9,007)</b>	<b>9,007</b>

The indexes considered for the 12-month period were TR of 0.00% and the TJLP of 5.72% obtained from BACEN - Banco Central do Brasil, the IPCA at the rate of 3.30% obtained from IBGE - Instituto Brazilian Geography and Statistics, the DI at the rate of 5.44% obtained from B3 - Brasil, Bolsa e Balcão and the IPC at the rate of 3.22% obtained from Fipe..

**Exchange Rate Sensitivity Analysis:** The following are the impacts that would be generated by changes in risk variables related to derivative financial instruments intended to hedge foreign currency lending. The Company estimates that the probable scenario for the next quarter is a 9.2081% reduction in the dollar quotation, according to market expectations. The probable scenario uses the exchange rate projected according to the Focus report released by the Central Bank of Brazil – BACEN in the date of 03/31/2020.

Considering the notional amount of €451.6 thousand (R\$2,587 thousand), the value of the euro quotation as R\$5.7264 for March 31, 2020 (Ptax - Central Bank) and considering the assumption of the proportional value of USD 1.1015 for each Euro, considering the Dollar to R\$ 5.1987, below is the 25% and 50% exchange variation for appreciation and depreciation in relation to exposure:

Effect on income	Probable	+25%	-25%	+50%	-50%
Risk of reduced - Euro (9.2081%)	(238)	(646)	646	(1,293)	1,293

**Liquidity risk:** Liquidity risk is the possibility that the Company might not have sufficient funds to meet its commitments due to the different currencies and realization / settlement terms for their rights and obligations. The Company structures the maturities of non-derivative financial agreements, as shown in Note 13, so as not to affect its liquidity. The management of liquidity and cash flow is performed daily by the Company's management, to ensure that the operating cash generation and the upfront funding raise, when necessary, are sufficient to maintain its schedule of commitments, reducing

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liquidity risks. Additionally the Company approved the dividends and treasury and Market risks policy.

**Derivative Financial Instruments:** In accordance with the Company's Risk, Treasury and Market Management Policy, in order to mitigate the risks related to foreign exchange exposure, 3 financial institutions were hired to perform hedge operations, without speculative character, when Receipt of proceeds from a loan from Banco KfW through the swap of the debt variation in Euros + 1.35% of interest per year for a percentage of the CDI. The Company does not apply the hedge accounting policy to this agreement, measuring it at fair value through profit or loss, presented in the financial result. The debt of this loan is shown in Note 13.

On 03/31/2020 the Company has swap contracts (Euro + interest X CDI) as shown below:

Financial Instruments - Swap Contract			
Notional amount - EUR	Fair Value of the Asset Position	Fair Value of the Liability Position	Gain (Loss) with Derivative Instruments - Swap
450	2,587	2,091	496

## 4.2. Capital risk management

The purpose of the capital management of the Company is to guarantee a strong credit rating to financial institutions and an optimal capital ratio in order to support business and maximize values to the shareholders. The Company manages its capital structure by means of adjustments and adequacy to current economic conditions. With this objective, the company can make payments of dividends, enter into new loans, issue promissory notes and contract operations with derivatives. For the period ended on March 31, 2020, here was no change in the objectives, policies or capital structure processes.

In order to preserve its liquidity and payment capability, the Company uses as leverage metrics on net debt / equity and net debt / EBITDA. For net debt effect purposes loans, financing, debentures and lease, minus cash and cash equivalents:

Description	03/31/2020	12/31/2019
Loans, financing, debentures and lease	3,450,419	3,080,431
Cash and cash equivalents	(789,641)	(274,059)
Net debt	2,660,778	2,806,372
EBITDA*	6,429,939	6,173,914
EBITDA Accumulated 12 Months *	2,040,029	1,971,727
Ratio Net Debt/Net Equity	0.41	0.45
Ration Net Debt/EBITDA	1.30	1.42

\* EBITDA information not reviewed by independent auditors.

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### 4.3. Financial Instruments

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

Description	03/31/2020	12/31/2019
<b>Assets</b>		
<b>Fair value measured through income</b>		
Financial investments	774,330	257,181
Financial instrument - Swap	2,587	2,040
Restricted deposits	60,060	58,603
<b>Amortized cost</b>		
Cash and banks	15,311	16,878
Trade accounts receivables	811,913	829,562
Contractual financial assets	430,780	435,209
<b>Total</b>	<b>2,094,981</b>	<b>1,599,473</b>
<b>Liabilities</b>		
<b>Fair value measured through income</b>		
Financial instrument - Swap	2,091	2,065
<b>Amortized cost</b>		
Loans, financing, debentures and finance lease	3,450,419	3,080,431
Contractors and Suppliers	186,231	214,445
Concession agreements	-	31,414
<b>Total</b>	<b>3,638,741</b>	<b>3,328,355</b>

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

### 5. CASH AND CASH EQUIVALENTS

These have the following composition:

Description	03/31/2020	12/31/2019
Unrestricted bank deposits	459	4,516
Restricted bank deposits	14,852	12,362
	15,311	16,878
Financial investments	774,330	257,181
<b>Total cash and cash equivalents</b>	<b>789,641</b>	<b>274,059</b>

Financial investments are close to fair value and have short-term characteristics, high liquidity and low risk of change in value. They consist of fixed income fund invested in Investment Funds whose portfolio is comprised mostly of government securities of the Federal Government and Bank Certificate of Deposit, with average remuneration of 101.17% of the CDI (100.31% in 2019).

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### 6. TRADE ACCOUNTS RECEIVABLES, NET

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

Description	03/31/2020	12/31/2019
Falling due accounts receivable	295,336	288,080
Accounts receivable from installment payments	76,467	120,113
Adjustment to Present Value	(3,924)	(4,088)
Accounts to be billed (Unbilled consumption)	197,990	212,452
	<u>565,869</u>	<u>616,557</u>
Overdue accounts receivable		
From 1 to 30 days	161,917	146,804
From 31 to 60 days	48,521	34,697
From 61 to 90 days	17,467	12,816
From 91 to 180 days	25,063	22,404
Over 180 days	200,953	192,771
Allowance for losses on doubtful accounts	(207,877)	(196,487)
	<u>246,044</u>	<u>213,005</u>
<b>Total accounts receivable, net</b>	<b>811,913</b>	<b>829,562</b>
<b>Current</b>	<b>792,557</b>	<b>809,736</b>
<b>Non-current</b>	<b>19,356</b>	<b>19,826</b>

We highlight that, due to the impacts of the Coronavirus (COVID-19), as described in Note 30, in addition to the allowance for losses on doubtful accounts, according to the accounting practice adopted by the Company and described in Note 6 to the Financial Statements of the Financial Year. In 2019, the Company constituted in this quarter a provision for expected losses on accounts receivable from private customers in the amount of R\$ 3,622, considering the best estimate for the moment. We also inform that in the period from March 23 to March 29, 2020, the Company's billing was carried out considering the average consumption.

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

Description	Trade accounts receivable	Allowance for doubtful	Adjustment to present value	03/31/2020	12/31/2019
Municipal administration	99,800	(50,865)	(3,041)	45,894	48,703
Private	909,382	(157,012)	(883)	751,487	767,003
Federal Entity	1,600	-	-	1,600	1,723
Government State	12,932	-	-	12,932	12,133
<b>Total</b>	<b>1,023,714</b>	<b>(207,877)</b>	<b>(3,924)</b>	<b>811,913</b>	<b>829,562</b>

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

Description	03/31/2020	12/31/2019
Balances at beginning of period	(196,487)	(175,956)
Amounts recorded as expenses	(11,627)	(20,850)
Write-offs, net of recoveries	237	319
<b>Balances at end of period</b>	<b>(207,877)</b>	<b>(196,487)</b>

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

Descrição	03/31/2020	12/31/2019
Private customers	157,012	147,417
Municipal Administrations	50,865	49,070
<b>Total</b>	<b>207,877</b>	<b>196,487</b>

### d) The balances of short- and long-term trade accounts receivable arising from installment payments have been discounted to present value. The changes in present value adjustment was as follows:

Description	03/31/2020	12/31/2019
Balances at beginning of year	(4,088)	(4,723)
Adjustment to Present Value	164	635
<b>Balances at end of year</b>	<b>(3,924)</b>	<b>(4,088)</b>

## 7. RESTRICTED DEPOSITS

Restricted deposits breakdown as follows:

Description	03/31/2020	12/31/2019
Health National Foundation - FUNASA	3,755	2,855
Reserves kept in CAIXA (1)	56,305	55,748
<b>Total</b>	<b>60,060</b>	<b>58,603</b>
<b>Current</b>	<b>3,755</b>	<b>2,855</b>
<b>Non-current</b>	<b>56,305</b>	<b>55,748</b>

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

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### 8. OTHER ACCOUNTS RECEIVABLE

These break down as follows:

Description	03/31/2020	12/31/2019
Advances to employees	18,938	13,317
Reimbursable payments	13,349	17,909
Guarantee deposits	1,635	1,740
Municipal Fund for the Environment (1)	48,412	48,881
Prepaid expenses	2,062	3,468
Bonds and other receivables	858	886
<b>Total</b>	<b>85,254</b>	<b>86,201</b>
<b>Current</b>	<b>37,164</b>	<b>37,642</b>
<b>Non-current</b>	<b>48,090</b>	<b>48,559</b>

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

### 9. CONTRACTUAL FINANCIAL ASSETS

Changes in financial assets are as follows:

Description	12/31/2019	Additions	NPV Revenue	NPV Expense	03/31/2020
Investment Not Amortized	1,213,062	2,098	-	-	1,215,160
Adjustment to Present Value	(777,853)	441	4,089	(11,057)	(784,380)
<b>Total</b>	<b>435,209</b>	<b>2,539</b>	<b>4,089</b>	<b>(11,057)</b>	<b>430,780</b>

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

### 10. CONTRACT ASSET

It has the following movement:

Description	12/31/2019	Additions	Capitalisation of interest	Write-off and Loss	Transfer to Intangible asset	03/31/2020
Projects and Works in Progress	1,642,497	178,544	5,768	391	(172,052)	1,655,148
Inventories for Construction Work	114,217	(716)	-	-	-	113,501
<b>Totais</b>	<b>1,756,714</b>	<b>177,828</b>	<b>5,768</b>	<b>391</b>	<b>(172,052)</b>	<b>1,768,649</b>

Up to the First Quarter of 2020, the amount of R\$177,828 (R\$193,864 in the same period of 2019) was recorded as projects and works in progress, due to the expansion of the Water Supply System, mainly in the municipalities of Cascavel, Laranjeiras do Sul, Telêmaco Borba, Curitiba e Ponta Grossa, and expansion of sewage collection and



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treatment systems mainly in the municipalities of Curitiba, Foz do Iguaçu, São José dos Pinhais and Pinhão.

In the First Quarter of 2020, interest and other financial charges on the resources and loans that financed the Company's projects and works were capitalized, in the amount of R\$5,768 (R\$5,834 in the same period of 2019). The average rate used to determine the amount of capitalized borrowing costs in relation to total costs was 10.9%.

### 11. INVESTMENTS

Description	03/31/2020	12/31/2019
Investment in joint venture - CS Bioenergia S.A.	200	-
Other investments	2,367	2,671
<b>Total</b>	<b>2,567</b>	<b>2,671</b>

#### Investments in joint venture – CS Bioenergia S.A.

The Company owns 40% of CS Bioenergia SA, a company located next to the Belém Sewage Treatment Plant (ETE), which aims to properly explore and dispose of solid, organic waste and sludge produced in said ETE, in addition to producing of biogas and energy generation through the biodigestion process. CS Bioenergia S.A. partially started operations in June 2017 and in 2019 reached operational stability and started the process of transferring electricity credits to Sanepar's consumer units. The financial contribution made by the Company comprises the amount of R\$31,334 recorded in its Capital Stock and R\$3,674 as Advance for Future Capital Increase - AFAC.

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

Statement of financial position – CS Bioenergia S.A.	03/31/2020	12/31/2019
Current assets	2,241	2,191
Noncurrent assets	63,630	65,777
• Fixed assets	45,792	42,685
• Finance lease	15,732	16,148
• Other	2,106	6,944
<b>Total Assets</b>	<b>65,871</b>	<b>67,968</b>
Current liabilities	11,729	11,231
• Loans, financing and finance lease	7,780	7,651
• Other	3,949	3,580
Noncurrent liabilities	11,017	11,000
• Loans, financing and finance lease	11,017	11,000
Equity	43,125	45,737
<b>Total Liabilities and Equity</b>	<b>65,871</b>	<b>67,968</b>

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Statement of income (loss) – CS Bioenergia S.A.	03/31/2020	12/31/2019
Revenues	1,562	4,335
(-) Operational expenses	(3,683)	(15,021)
Financial income (loss)	(991)	(3,459)
Income before income tax	(3,112)	(14,145)
<b>Loss for the period</b>	<b>(3,112)</b>	<b>(14,145)</b>

Changes in the investment in the period are as follows:

Description	03/31/2020	12/31/2019
Balance at beginning of year	-	20,479
Financial contribution	1,149	2,525
Equity in earnings (losses) of controlled company (percentage of interest 40%)	(1,245)	(5,658)
Impairment test on assets	296	(17,346)
<b>Balance at end of year</b>	<b>200</b>	<b>-</b>

### Investments assets impairment on CS Bioenergia S.A.

As a result of the delay in the conclusion and start-up of the CS Bioenergia SA plant, as recommended by CPC 18 and CPC 01, Sanepar's Management carried out the impairment test of this investment, and concluded, considering the history losses and that future cash flows show negative results, for the analyzed period of 5 years, demonstrating that the investment has no recoverable value. Accordingly, the impact of the Impairment Test of the investment in CS Bioenergia was recorded in the Company's results, and this amount is being adjusted with the recognition of the equity in the period. At the end of the fiscal year, the Company will perform a new impairment test on this investment.

### Other investments

The Company has investment quotas in FINAM (Amazon Investment Fund) arising from the application of Tax Incentive Income Tax in the amount of R\$2,201 and several investments over which it does not exercise significant influence in the amount of R\$522, which are brought to value fair considering the quotation on 03/31/2020, equivalent to R\$2,567.

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### 12. FIXED AND INTANGIBLE ASSETS

#### a) Fixed assets

These have the following composition:

By account			03/31/2020	12/31/2019
Description	Cost	Accumulated depreciation	Net amount	
Administration	472,066	(179,715)	292,351	296,514
Other fixed assets	3,522	(2,939)	583	1,202
<b>Total</b>	<b>475,588</b>	<b>(182,654)</b>	<b>292,934</b>	<b>297,716</b>

By Nature				03/31/2020	12/31/2019
Description	Annual depreciation rate	Cost	Accumulated depreciation	Net amount	
Plots of land	-	2,929	-	2,929	2,929
Civil construction	*1.84%	136,201	(25,402)	110,799	112,759
Leasehold	2%	2,125	(748)	1,377	1,383
Facilities	*5.83%	9,663	(2,686)	6,977	6,354
Equipment	*6.23%	78,727	(27,864)	50,863	50,971
Furniture and fixtures	7.14%	50,856	(20,423)	30,433	29,284
IT equipment	*19.82%	71,673	(35,893)	35,780	32,617
Vehicles	*13.05%	97,199	(51,456)	45,743	52,710
Machinery, tractors and similar	*19.35%	24,538	(17,706)	6,832	6,765
Tools	6.67%	1,441	(476)	965	986
Patrimonial assets to incorporate	-	236	-	236	958
<b>Total</b>		<b>475,588</b>	<b>(182,654)</b>	<b>292,934</b>	<b>297,716</b>

\* Weighted average rate

#### b) Intangible assets

These have the following composition:

By account			03/31/2020	12/31/2019
Description	Cost	Accumulated depreciation	Net amount	
Water mains	4,747,198	(1,628,590)	3,118,608	3,070,702
Sewage mains	5,322,507	(1,238,937)	4,083,570	4,019,772
Solid waste	3,775	(3,332)	443	52
System Use and Operation Rights	125,106	(72,293)	52,813	53,282
Other intangible assets	158,184	(73,365)	84,819	79,752
<b>Total</b>	<b>10,356,770</b>	<b>(3,016,517)</b>	<b>7,340,253</b>	<b>7,223,560</b>

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By Nature				03/31/2020	12/31/2019
Description	Annual amortization rate	Cost	Accumulated depreciation	Net amount	
Plots of land	-	174,253	-	174,253	171,068
Wells	*3.10%	151,200	(38,933)	112,267	111,810
Dams	*2.67%	141,253	(58,540)	82,713	83,462
Civil construction	*2.59%	2,301,728	(556,567)	1,745,161	1,727,336
Leasehold	*2.67%	27,897	(3,897)	24,000	23,582
Piping	*2.64%	5,398,899	(1,394,758)	4,004,141	3,921,877
Building connections	3.33%	773,453	(248,093)	525,360	517,460
Facilities	*5.83%	169,654	(68,554)	101,100	100,984
Hydrometers	10%	211,919	(85,216)	126,703	127,365
Macro-meters	10%	6,346	(4,315)	2,031	2,039
Equipments	*6.23%	638,746	(297,805)	340,941	337,899
Furniture and fixtures	7.14%	6,496	(3,643)	2,853	2,717
IT equipment	*19.82%	87,324	(82,412)	4,912	4,477
Computer programs	20%	64,228	(41,914)	22,314	18,583
Vehicles	*13.05%	25,248	(18,001)	7,247	7,517
Machinery, tractors and similar	*19.35%	24,074	(20,389)	3,685	3,954
Tools	6.67%	288	(200)	88	76
Rights of Use of Transmission Lines	6.25%	156	(135)	21	22
Environmental protection and preservation	20%	27,015	(20,852)	6,163	6,659
Concession of the Mun. of Curitiba (1)	1.50%	125,000	(72,187)	52,813	53,281
Concession of the Mun. of Cianorte (2)	5%	106	(106)	-	-
Patrimonial assets to incorporate	-	1,487	-	1,487	1,392
<b>Total</b>		<b>10,356,770</b>	<b>(3,016,517)</b>	<b>7,340,253</b>	<b>7,223,560</b>

\* Weighted average rate

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

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

### Lease:

The Company has lease agreements, with the following characteristics:

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

(ii) lease agreements vehicles, movable and immovable property, where the risks and benefits of using the property with the landlord. These contracts do not exceed 5 years. The obligations arising from these contracts are shown in note 13.

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As of March 31, 2020, the carrying amount for each category of assets under lease commitments recorded in Intangible Assets is as follows:

By account			03/31/2020	12/31/2019
Description	Cost	Accumulated depreciation	Net amount	
Buildings	37.434	(1.729)	35.705	35.862
Piping	147.315	(6.924)	140.391	141.128
Building connections	8.227	(676)	7.551	7.620
Facilities	309	(57)	252	257
Equipment	6.013	(1.001)	5.012	5.105
<b>Lease - Litoral</b>	<b>199.298</b>	<b>(10.387)</b>	<b>188.911</b>	<b>189.972</b>
Car Rental	58.950	(28.278)	30.672	37.036
Rental Movable Goods	31.838	(11.306)	20.532	19.673
Rental of Real Estate	38.423	(7.552)	30.871	32.079
<b>Lease - Right of use</b>	<b>129.211</b>	<b>(47.136)</b>	<b>82.075</b>	<b>88.788</b>
<b>Total</b>	<b>328.509</b>	<b>(57.523)</b>	<b>270.986</b>	<b>278.760</b>
<b>Fixed assets</b>	<b>126.917</b>	<b>(46.433)</b>	<b>80.484</b>	<b>87.060</b>
<b>Intangible Assets</b>	<b>201.592</b>	<b>(11.090)</b>	<b>190.502</b>	<b>191.700</b>

The Company recorded in the result the amount of R\$1,047 related to low value and short term (less than 12 months) lease agreements.

Assets resulting from leasing contracts present the following changes:

Assets	12/31/2019	Additions	Amortization	03/31/2020
Lease - Litoral	189,972	-	(1,061)	188,911
Vehicles	37,036	-	(6,364)	30,672
Movable assets	19,673	3,697	(2,838)	20,532
Chattel	32,079	672	(1,880)	30,871
<b>Balance</b>	<b>278,760</b>	<b>4,369</b>	<b>(12,143)</b>	<b>270,986</b>

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### c) Changes to Fixed and Intangible assets in the 1st Quarter 2020:

Description	12/31/2019	Additions	Depreciation and Amortization	Write-offs and losses	Transfers to Work	Transfer	03/31/2020
<b>Fixed assets</b>							
Plots and land	2,929	-	-	-	-	-	2,929
Civil construction	112,759	3,302	(2,309)	-	358	(3,311)	110,799
leasehold	1,383	-	(11)	-	5	-	1,377
Facilities	6,354	760	(137)	-	-	-	6,977
Equipment	50,971	900	(1,100)	(19)	-	111	50,863
Furniture and fixtures	29,284	1,997	(746)	(10)	-	(92)	30,433
IT Equipment	32,617	6,156	(3,695)	(21)	-	723	35,780
Vehicles	52,710	-	(6,967)	-	-	-	45,743
Machinery, tractors and similar	6,765	620	(553)	-	-	-	6,832
Tools	986	-	(20)	-	-	(1)	965
Patrimonial assets to incorporate	958	-	-	-	-	(722)	236
<b>Total Fixed Assets</b>	<b>297,716</b>	<b>13,735</b>	<b>(15,538)</b>	<b>(50)</b>	<b>363</b>	<b>(3,292)</b>	<b>292,934</b>
<b>Intangible Asset</b>							
Plots of land	171,068	1,423	-	-	1,762	-	174,253
Wells	111,810	47	(461)	(878)	1,749	-	112,267
Dams	83,462	-	(748)	-	(1)	-	82,713
Civil construction	1,727,336	-	(13,921)	(95)	22,847	8,994	1,745,161
Leasehold	23,582	139	(179)	4	487	(33)	24,000
Piping	3,921,877	2,430	(32,523)	(84)	120,374	(7,933)	4,004,141
Building connections	517,460	110	(5,933)	(61)	14,039	(255)	525,360
Facilities	100,984	492	(2,560)	83	2,101	-	101,100
Hydrometers	127,365	-	(4,903)	(813)	5,054	-	126,703
Macro-meters	2,039	-	(84)	-	76	-	2,031
Equipment	337,899	8,132	(6,702)	(857)	2,580	(111)	340,941
Furniture and fixtures	2,717	124	(74)	(5)	-	91	2,853
IT Equipment	4,477	41	(222)	(4)	621	(1)	4,912
Computer programs	18,583	5,403	(1,500)	(172)	-	-	22,314
Vehicles	7,517	-	(270)	-	-	-	7,247
Machinery, tractors and similar	3,954	27	(296)	-	-	-	3,685
Tools	76	14	(3)	-	-	1	88
Rights of Use of Transmission Lines	22	-	(1)	-	-	-	21
Environmental protection and preservation	6,659	-	(509)	13	-	-	6,163
Concession of the Mun. of Curitiba	53,281	-	(468)	-	-	-	52,813
Patrimonial assets to incorporate	1,392	95	-	-	-	-	1,487
<b>Subtotal intangible assets</b>	<b>7,223,560</b>	<b>18,477</b>	<b>(71,357)</b>	<b>(2,869)</b>	<b>171,689</b>	<b>753</b>	<b>7,340,253</b>
<b>Grand Total</b>	<b>7,521,276</b>	<b>32,212</b>	<b>(86,895)</b>	<b>(2,919)</b>	<b>(a) 172,052</b>	<b>(b) (2,539)</b>	<b>7,633,187</b>

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

(b) Amount transferred to the Contractual Financial Assets account, referring to the expected residual value receivable at the end of the program contracts, net of the Present Value Adjustment for the period (Note 9).

### d) Analysis of the recoverable value of assets

Due to the impacts of the Coronavirus (COVID-19), as described in Note 30, the Company reevaluated the technical study carried out at the end of the Fiscal Year 2019 and did not identify any amount to be recognized as a loss this quarter.

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

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

Description	Effective Annual Interest Rate	Index	03/31/2020			12/31/2019		
			Current	Non-current	Total	Current	Non-current	Total
<b>Currency</b>								
Debentures 3rd Issuance – 2nd series	6.99%	IPCA	73,179	-	73,179	70,916	-	70,916
Debentures 8th Issuance - 1st series	0.35%	DI	1,048	94,983	96,031	20	94,966	94,986
Debentures 8th Issuance – 2nd series	0.43%	DI	1,779	154,853	156,632	78	154,836	154,914
BNDES	1.82% e 2.50%	TJLP	7,722	14,046	21,768	7,732	15,961	23,693
Banco do Brasil - PSI	3.00% a 6.00%	-	3,387	8,179	11,566	3,388	9,022	12,410
Debentures 2nd Issuance – 1st series	1.92%	TJLP	12,375	42,766	55,141	12,394	45,821	58,215
Debentures 2nd Issuance – 2nd series	9.20%	IPCA	23,720	76,326	100,046	21,261	75,205	96,466
Debentures 2nd Issuance – 3rd series	1.92%	TJLP	16,499	57,022	73,521	16,525	61,095	77,620
Debentures 9th Issuance - 1st series	0.33%	DI	2,592	199,052	201,644	443	199,044	199,487
Banco Itaú - PSI	3.00% a 6.00%	-	3,570	10,700	14,270	3,571	11,586	15,157
Debentures 9th Issuance – 2nd series	0.39%	DI	1,993	150,764	152,757	346	150,760	151,106
Debentures 4th Issuance - 1st series	1.67%	TJLP	24,344	151,135	175,479	24,394	157,102	181,496
Debentures 4th Issuance – 2nd series	7.44%	IPCA	13,586	84,381	97,967	13,406	86,383	99,789
Debentures 10th Issuance – Single issued	4.66%	IPCA	-	341,556	341,556	-	-	-
BNDES - PAC2	1.67% e 2.05%	TJLP	41,766	253,813	295,579	41,687	252,149	293,836
Lease - Litoral	11.14%	IPC-FIPE	9,526	266,323	275,849	9,374	268,165	277,539
Lease – Right of use	5.91%	-	51,981	41,505	93,486	48,763	49,029	97,792
Debentures 7th Issuance - 1st series*	5.20%	IPCA	276	31,145	31,421	286	31,141	31,427
Debentures 7th Issuance – 2nd series*	4.79%	IPCA	413	48,691	49,104	429	48,686	49,115
Debentures 7th Issuance – 3rd series	6.97%	IPCA	101	13,782	13,883	103	13,576	13,679
Debentures 7th Issuance – 4th series	6.57%	IPCA	150	21,484	21,634	153	21,165	21,318
Caixa Econômica Federal	6.62% a 12.00%	TR	82,449	1,012,871	1,095,320	81,944	975,487	1,057,431
<b>Total in R\$</b>			<b>372,456</b>	<b>3,075,377</b>	<b>3,447,833</b>	<b>357,213</b>	<b>2,721,179</b>	<b>3,078,392</b>
<b>Foreign currency</b>								
KfW Bank	1.35%	EURO	9	2,577	2,586	-	2,039	2,039
<b>Total Foreign currency</b>			<b>9</b>	<b>2,577</b>	<b>2,586</b>	<b>-</b>	<b>2,039</b>	<b>2,039</b>
<b>Balances at end of the period</b>			<b>372,465</b>	<b>3,077,954</b>	<b>3,450,419</b>	<b>357,213</b>	<b>2,723,218</b>	<b>3,080,431</b>
Loans and financing			138,903	1,302,186	1,441,089	138,322	1,266,244	1,404,566
Debentures			172,055	1,467,940	1,639,995	160,754	1,139,780	1,300,534
Lease			61,507	307,828	369,335	58,137	317,194	375,331

\* IPCA as a variable component of the TLP

#### Foreign Currency Debt:

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

The Company will use the Loan exclusively to finance the promotion of the DKTi climate-friendly biogas technology promotion program in the state of Paraná regarding: (i) rehabilitation, expansion and construction of sewage treatment systems and plants; (ii)

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collection, treatment, disposal and use of biogas from sewage treatment plants; (iii) sludge treatment; (iv) equipment and accessories; and (v) consulting services.

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

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

The Company contracted hedge derivative financial instruments to mitigate foreign exchange risk, assuming as a counterparty a CDI variation, as described in Note 4.1. Until first quarter ended March 31, 2020, KfW bank released €450 thousand, and swaps were carried out in the period to hedge interest rate and exchange variation, without speculative character, converting the financial charges to 127.93% of CDI (weighted average), which represents the percentage of 6.96% for a rate of 5.44% of the CDI.

### **Lease:**

The obligations arising from Leases are allocated to financial charges and reduction of the corresponding liability, reflecting a periodic and constant interest rate on the remaining balance of the liability. Lease liabilities have the following characteristics:

(i) The asset lease agreement resulting from the expansion of the sanitary sewage system in the municipalities of Matinhos and Pontal do Paraná (Lease - Litoral) provides for an annual monetary update of the debt balance linked to the IPC-FIPE during the term of the agreement. The discount rate applied in the initial recognition of this contract was carried out in the period in which the contractual stages were delivered, being: 12.1% referring to the contractual delivery occurred in December 2016, 12.4% referring to the contractual delivery occurred in December 2017 and 10.6% referring to the contractual delivery that took place in August 2018; and

(ii) Vehicle, movable and immovable lease contracts (Lease - Right of Use) do not have a contractual term of more than 5 years. The incremental loan rate (weighted average) applied to the liabilities of these leases varies according to the period in which they are signed, when the respective initial accounting record is made. As of March 31, 2020, the discount rate applied to the recognition of these contracts was 5.91%. The Company does not have variable rent payments in its lease agreements, nor does it have a sale and asset leaseback transaction.



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

Liabilities	12/31/2019	Additions	Financial charges	Payments	03/31/2020
Lease - Litoral	277,539	-	7,249	(8,939)	275,849
Lease - Right of use	97,792	4,369	1,508	(10,183)	93,486
<b>Total</b>	<b>375,331</b>	<b>4,369</b>	<b>8,757</b>	<b>(19,122)</b>	<b>369,335</b>
Current	58,137				61,507
Non-current	317,194				307,828

As of March 31, 2020, the present value of the minimum future financial obligations related to the Lease is shown below:

Description	Minimum Future Payments	Financial charges	03/31/2020	12/31/2019
			Present Value of Future Payments	Present Value of Future Payments
<b>Lease - Litoral</b>				
Less than a year	35,754	(26,228)	9,526	9,374
More than a year and less than five years	178,770	(130,815)	47,955	46,797
Above five years	362,560	(144,192)	218,368	221,368
<b>Subtotal</b>	<b>577,084</b>	<b>(301,235)</b>	<b>275,849</b>	<b>277,539</b>
<b>Lease - Right of Use</b>				
Less than a year	56,190	(4,210)	51,980	48,764
More than a year and less than five years	45,080	(3,574)	41,506	49,028
<b>Subtotal</b>	<b>101,270</b>	<b>(7,784)</b>	<b>93,486</b>	<b>97,792</b>
<b>Total</b>	<b>678,354</b>	<b>(309,019)</b>	<b>369,335</b>	<b>375,331</b>

The liabilities for use rights lease were measured considering the discount rate of the incremental loan, with the incorporation of projected future inflation, and presents the following composition:

Description	03/31/2020
Vehicles	35,467
Mobile goods	24,543
Real estate	46,261
<b>Total</b>	<b>106,271</b>

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

Description	2020	2021	2022	2023	2024	2025	Total
Vehicles	9.326	9.788	4.783	2.756	-	-	<b>26.653</b>
Mobile goods	21.989	11.341	4.029	-	-	-	<b>37.359</b>
Real estate	6.591	9.657	10.683	11.786	12.987	3.453	<b>55.157</b>
<b>Total</b>	<b>37.906</b>	<b>30.786</b>	<b>19.495</b>	<b>14.542</b>	<b>12.987</b>	<b>3.453</b>	<b>119.169</b>

The composition of the Company's loans, financing, debentures and lease expressed in Brazilian Reais subject to variable and fixed interest rates are shown below:

Index	03/31/2020	12/31/2019
TR (Reference Rate)	1,095,320	1,057,431
TJLP (Long-Term Interest Rate)	621,488	634,860
IPCA (National Amplified Consumer Price Index)	728,790	382,710
DI	607,064	600,493
IPC-FIPE	275,849	277,539
EURO	2,586	2,039
No Monetary Adjustment	119,322	125,359
<b>Total</b>	<b>3,450,419</b>	<b>3,080,431</b>

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

Description	Period of Issuance	Final Maturity	Amount Contracted	Number of Debentures	Payments	
					Amortization	Interest
Debentures 3rd Issuance – 2nd series	2013	2020	100.330	10.033	2019/2020	Six-monthly
Debentures 8th Issuance – 1st series	2018	2021	95.000	9.500	2021	Six-monthly
Debentures 8th Issuance – 2nd series	2018	2023	155.000	15.500	2023	Six-monthly
BNDES - 1 Contract	2007	2023	81.357	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 9th Issuance – 1st series	2019	2024	199.150	19.915	2024	Six-monthly
Banco do Brasil - PSI - 11 Contracts	2013 to 2014	2024	30.793	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 2nd Issuance - 1st and 3rd series	2011	2024	276.609	7.000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 2nd Issuance – 2nd series	2011	2024	118.547	3.000	Annual	Annual
Banco Itaú - PSI - 13 Contracts	2013 to 2014	2025	33.175	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 9th Issuance – 2nd series	2019	2026	150.850	15.085	2026	Six-monthly
Debentures 4th Issuance – 1st series	2014	2027	230.012	7.000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 4th Issuance – 2nd series	2014	2027	98.576	3.000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 10th Issuance – Single issue	2020	2027	350.000	35.000	2027	Six-monthly
BNDES - PAC2 - 4 Contracts	2011 to 2014	2029	682.649	-	Monthly	Quarterly during grace period and monthly at amortization
KfW Bank (Euro)	2017	2032	50.000	-	Six-monthly	Six-monthly
Lease	2013	2036	460.592	-	Monthly	Monthly
Lease - Right of Use	2015 to 2020	2020 to 2025	133.223	-	Monthly	Monthly
Debentures 7th Issuance – 1st series	2018	2038	47.279	19.733	Monthly	Quarterly during grace period and monthly at amortization
Debentures 7th Issuance – 2nd series	2018	2038	120.437	50.267	Monthly	Quarterly during grace period and monthly at amortization
Debentures 7th Issuance – 3rd series	2018	2038	20.263	8.457	Monthly	Quarterly during grace period and monthly at amortization
Debentures 7th Issuance – 4th series	2018	2038	51.616	21.543	Monthly	Quarterly during grace period and monthly at amortization
Caixa Econômica Federal - 331 Contracts	2003 a 2018	2042	3.419.603	-	Monthly	Monthly

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### c) The amortization timeline is as follows:

Description	2020	2021	2022	2023	2024	2025	2026 to 2042	Total
Debentures 2nd Issue	45,466	47,592	47,592	47,592	40,466	-	-	228,708
Debentures 3rd Issue	73,179	-	-	-	-	-	-	73,179
Debentures 4th Issue	28,672	37,183	37,183	37,183	37,182	37,183	58,860	273,446
Debentures 7th Issue	940	530	6,773	6,773	6,773	6,773	87,480	116,042
Debentures 8th Issue	2,827	94,983	-	154,853	-	-	-	252,663
Debentures 9th Issue	4,585	-	-	-	-	199,052	150,764	354,401
Debentures 10th Issue	-	-	-	-	-	-	341,556	341,556
<b>Subtotal Debentures</b>	<b>155,669</b>	<b>180,288</b>	<b>91,548</b>	<b>246,401</b>	<b>84,421</b>	<b>243,008</b>	<b>638,660</b>	<b>1,639,995</b>
BNDES	5,807	7,661	7,661	639	-	-	-	21,768
BNDES - PAC2	32,469	42,200	38,245	37,034	37,034	37,034	71,563	295,579
Banco do Brasil - PSI	2,545	3,369	3,369	2,093	190	-	-	11,566
Banco Itaú - PSI	2,684	3,542	3,542	3,056	1,420	26	-	14,270
Caixa Econômica Federal	63,546	75,391	69,599	59,203	62,890	66,807	697,884	1,095,320
KfW Bank	9	-	123	245	245	245	1,719	2,586
<b>Subtotal loans and financing</b>	<b>107,060</b>	<b>132,163</b>	<b>122,539</b>	<b>102,270</b>	<b>101,779</b>	<b>104,112</b>	<b>771,166</b>	<b>1,441,089</b>
Lease - Litoral	8,293	7,699	8,474	9,336	10,298	11,372	220,377	275,849
Lease - Right of Use	41,366	25,058	14,490	10,297	2,182	93	-	93,486
<b>Subtotal lease</b>	<b>49,659</b>	<b>32,757</b>	<b>22,964</b>	<b>19,633</b>	<b>12,480</b>	<b>11,465</b>	<b>220,377</b>	<b>369,335</b>
<b>Total</b>	<b>312,388</b>	<b>345,208</b>	<b>237,051</b>	<b>368,304</b>	<b>198,680</b>	<b>358,585</b>	<b>1,630,203</b>	<b>3,450,419</b>

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

Description	03/31/2020		12/31/2019	
	Current	Non-current	Current	Non-current
<b>Balances at beginning of period</b>	<b>357,213</b>	<b>2,723,218</b>	<b>478,770</b>	<b>2,292,548</b>
Releases	-	418,826	-	659,830
Interest and fines	56,544	-	236,214	-
Monetary Variations	-	4,735	-	25,137
Transfers	60,705	(60,705)	357,594	(357,594)
Amortization	(105,923)	-	(749,537)	-
Costs of funds raised with third parties	(1,327)	(7,774)	190	108
Exchange rate variation	-	538	-	(24)
Lease	4,369	-	33,982	103,213
<b>Balances at end of period</b>	<b>371,581</b>	<b>3,078,838</b>	<b>357,213</b>	<b>2,723,218</b>

# Companhia de Saneamento do Paraná - SANEPAR

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

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

Index	Releases	Amortization
Debentures 2nd Issue	-	9,441
Debentures 4th Issue	-	14,042
Debentures 7th Issue	-	2,999
Debentures 10th Issue	350,000	-
BNDES	-	2,309
BNDES - PAC2	12,000	15,173
Banco do Brasil - PSI	-	957
Banco Itaú - PSI	-	1,063
Caixa Econômica Federal	56,826	40,818
Lease (1)	4,369	19,121
<b>Total</b>	<b>423,195</b>	<b>105,923</b>

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

### f) Restrictive Contractual Clauses – Covenants

Covenants and restrictive clauses linked to the loans, financing and debentures are shown below:

#### (i) Covenants in BNDES contracts and in 2nd, 4th and 7th Issuance of Debentures

Index	Limit	Range	Realized
EBITDA Debt Service	Equal to or higher than 1.5	Less than 1.5 and equal to or higher than 1.2	2.7
Net Bank Debt/ EBITDA	Equal to or under than 3.0	Equal to or under 3.8 and higher than 3.0	1.3
Other Onerous Debt/ EBITDA	Equal to or under than 1.0	Equal to or under 1.3 and higher than 1.0	0.6

#### (ii) Covenants of contracts of the 3rd, 8th, 9th and 10th Issuance of Debentures

Index	Limit	Realized
Net Bank Debt / adjusted EBITDA	Equal to or higher than 1.5	11.6
Adjusted EBITDA /Net Financial Expenses	Equal to or under than 3.0	1.2

#### (iii) Covenants of contracts of the Caixa Econômica Federal

Index	Limit	Realized
Adjusted EBITDA /Net Financial Expenses	Equal to or higher than 1.5	11.6
Net Bank Debt / adjusted EBITDA	Equal to or under 3.0	1.2
Other Onerous Debt/Adjusted EBITDA	Equal to or under 1.0	0.6

#### (iv) Covenants of contracts of the KfW Bank

Index	Limit	Realized
EBITDA / Debt service	Equal to or higher than 1.5	2.7
Net Bank Debt / Adjusted EBITDA	Equal to or under than 3.0	1.3
Other Onerous Debt / Adjusted EBITDA	Equal to or under 1.0	0.6
Levels of debt	Equal to or under 60	48.8

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

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

For contracts in item (ii), of the 3<sup>rd</sup>, 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> issuances of simple debentures, not convertible into shares, the type species, considering that it does not confer any special or general privilege to the holders, the Company must maintain the ratios mentioned above throughout the period and until the final maturity.

In relation to the contracts of item (iii) of the Caixa Econômica Federal, related to the 3<sup>rd</sup> phase of Normative Instruction 14 and Normative Instruction 29, pursuant to Item 16.1 of Clause Six of said agreements, the Company shall maintain throughout the term and until the final maturity the indexes pointed above.

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

As of March 31, 2020, the Company is fully complying with the restrictive covenants stipulated by the issuance of debentures and financing from BNDES and Caixa Econômica Federal and KfW Bank.

## 14. TAXES AND CONTRIBUTIONS

The composition is as follows:

Description	03/31/2020	12/31/2019
Income tax payable	38,938	12,671
Social contribution payable	15,500	8,682
COFINS (tax on sales) payable	26,445	31,792
PASEP (tax on sales) payable	5,733	6,895
IPTU (Property tax) - installment payment (1)	1,011	1,100
Taxes and Contributions Withheld at Source	8,474	40,226
<b>Total taxes and contributions</b>	<b>96,101</b>	<b>101,366</b>
<b>Current</b>	<b>95,613</b>	<b>100,770</b>
<b>Non-current</b>	<b>488</b>	<b>596</b>

(1) This amount is in reference to IPTU (Urban Property Tax) by the municipality of Curitiba, relevant to the legal expropriation of property subject to an area occupied by ETE CIC/Xisto, for the period 2002-2013, encompassing interest, and monetary indexed and legal fees of 10% on the total amount of debt. The amount of debt of R\$1,664, was divided by the Company in 90 monthly installments restated by the IPCA, plus moratorium interest of 1% per month, and until 03/31/2020, 67 installments had been paid for the amount of R\$2,059.

# Companhia de Saneamento do Paraná - SANEPAR

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### 15. INCOME AND SOCIAL CONTRIBUTION TAXES

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

Description	03/31/2020		03/31/2019	
	Income Tax	Social Contribution Tax	Income Tax	Social Contribution Tax
Income before Income and Social Contribution Taxes	381,261	381,261	324,455	324,455
<b>Income and social contribution taxes - current rate</b>	<b>(95,315)</b>	<b>(34,313)</b>	<b>(81,113)</b>	<b>(29,200)</b>
Workers' Meal Program – PAT (1)	4,532	-	3,939	-
Corporate Citizen Incentive (2)	159	-	127	-
Equity in earnings (losses) of the controlled companies	(311)	(112)	(313)	(113)
Other	107	17	(159)	(75)
<b>Total expenses</b>	<b>(90,828)</b>	<b>(34,408)</b>	<b>(77,519)</b>	<b>(29,388)</b>
<b>Total Income and Social Contribution taxes</b>	<b>(125,236)</b>		<b>(106,907)</b>	
<b>Effective rate</b>	<b>32.8%</b>		<b>32.9%</b>	

(1) According to Law no. 6,321, of 04/14/1976;

(2) According to Decree 7,052, of December 23, 2009, regulating Law no. 11,770, of 09/09/2008

#### b) Current and deferred income and social contribution taxes

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

Description	03/31/2020	03/31/2019
Income Tax	(113,092)	(98,301)
Social Contribution Tax	(42,309)	(36,755)
Realization of Deferred Income Tax	22,264	20,782
Realization of Deferred Social Contribution	7,901	7,367
<b>Total</b>	<b>(125,236)</b>	<b>(106,907)</b>

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

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### b) Deferred income and social contribution taxes

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

Description	Estimated realization term				03/31/2020	12/31/2019
		Calculation basis	Income tax	Contribution Tax	Total	Total
<b>ASSETS</b>						
NPV on Contractual Financial Assets	30 years	784,380	196,095	70,594	266,689	264,470
Lease (Asset)	20 years	275,850	68,962	24,827	93,789	94,364
Impairment on the investment - CS Bionergia	18 years	17,050	4,263	1,534	5,797	5,897
Pension and Health Plans	15 years	1,253,309	313,327	112,798	426,125	420,445
Impairment on assets	10 years	13,454	3,364	1,211	4,575	4,763
Investments valued at fair value	10 years	356	89	32	121	18
NPV of accounts receivable	10 years	3,924	981	353	1,334	1,390
Civil, Labor, Tax and Environmental Provisions	5 years	566,930	141,732	51,024	192,756	185,869
Lease - Right of Use (Asset)	5 years	93,486	23,372	8,413	31,785	33,249
Net realisable value of inventories	5 years	2,167	542	195	737	438
Allowance for doubtful accounts	3 years	47,716	11,929	4,295	16,224	15,677
Provision for expected on accounts receivable - CPC 48	3 years	3,662	916	329	1,245	-
PAI – Encouraged Retirement Program	2 years	2,485	621	224	845	132
Provision for PPR	1 year	99,318	24,829	8,939	33,768	25,141
<b>Total</b>			<b>791,022</b>	<b>284,768</b>	<b>1,075,790</b>	<b>1,051,853</b>
<b>LIABILITIES</b>						
NPV on Contractual Financial Assets	30 years	744,662	186,165	67,020	253,185	255,737
Donations from Public Agencies	30 years	10,352	2,588	932	3,520	3,513
IRPJ Deferred on Construction and Improvements	24 years	119,737	29,934	-	29,934	30,252
Lease (Liabilitie)	20 years	188,912	47,228	17,002	64,230	64,590
Revaluation surplus	13 years	103,346	25,837	9,301	35,138	35,833
Attribution of New Cost to Fixed Assets	10 years	7,792	1,948	701	2,649	2,677
Lease - Right of use (Liabilitie)	5 years	82,075	20,519	7,387	27,906	30,188
<b>Total</b>			<b>314,219</b>	<b>102,343</b>	<b>416,562</b>	<b>422,790</b>
<b>Total Net</b>			<b>476,803</b>	<b>182,425</b>	<b>659,228</b>	<b>629,063</b>



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

The estimated future realization of deferred tax assets and deferred tax liabilities as at March 31, 2020 is as follows:

Periods of Realization	Deferred Tax Assets			Deferred Tax Liabilities		
	Income Tax	Social Contribution Tax	Total	Income Tax	Social Contribution Tax	Total
2020	48,090	17,312	65,402	13,552	4,539	18,091
2021	44,985	16,195	61,180	18,070	6,051	24,121
2022	51,487	18,535	70,022	18,070	6,051	24,121
2023	38,643	13,911	52,554	18,070	6,051	24,121
2024	174,143	62,691	236,834	12,598	4,082	16,680
2025 to 2027	96,080	34,589	130,669	37,794	12,245	50,039
2028 to 2030	96,607	34,779	131,386	37,594	12,173	49,767
2031 to 2033	95,347	34,325	129,672	35,168	11,299	46,467
2034 to 2036	58,792	21,165	79,957	31,115	9,840	40,955
2037 to 2039	19,850	7,146	26,996	22,656	6,795	29,451
2040 to 2042	19,609	7,059	26,668	22,656	6,795	29,451
2043 to 2045	19,609	7,059	26,668	20,136	6,795	26,931
2046 to 2048	19,609	7,060	26,669	18,875	6,795	25,670
2049 to 2051	8,171	2,942	11,113	7,865	2,832	10,697
<b>Total</b>	<b>791,022</b>	<b>284,768</b>	<b>1,075,790</b>	<b>314,219</b>	<b>102,343</b>	<b>416,562</b>

## 16. REVENUE TO BE APPROPRIATED

The Company renewed the cession contract for operation of financial services with Caixa Econômica Federal for a sixty-month term (sixty), starting in March/2017, for the amount of R\$21,000. Revenues corresponding to this contract are recognized on a monthly basis, for the term of the contract, on the accrual basis. The amount recognized in the results during the first quarter of 2020 was of R\$1,050 (R\$1,050 for the same period in 2019), The balance as at March 31, 2020 was of R\$8,050 (R\$9,100 as at 12/31/2019), with R\$4,200 (R\$4,200 as at 12/31/2019) entered in current liability and R\$3,850 (R\$4,900 as at 12/31/2019) in non-current liabilities.

## 17. PROVISIONS, CONTINGENT LIABILITIES AND COURT DEPOSITS

### a) Provisions

The Company books provisions for civil, labor, tax and environmental claims classified as probable losses, with the following changes:

Nature	12/31/2019	Additions	Reversões	Payments	03/31/2020
Labor claims (i)	302,119	12,822	(2,784)	(2,777)	309,380
Civil claims (ii)	206,654	18,314	(945)	(38,207)	185,816
Environmental claims (iii)	18,256	34,894	(1,206)	-	51,944
Tax claims (iv)	19,643	147	-	-	19,790
<b>Total</b>	<b>546,672</b>	<b>66,177</b>	<b>(4,935)</b>	<b>(40,984)</b>	<b>566,930</b>

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### b) Contingent liabilities

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

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

Nature	Contingent liabilities	
	03/31/2020	12/31/2019
Labor claims (i)	59,065	55,933
Civil claims (ii)	516,006	465,131
Environmental claims (iii)	410,953	328,049
Tax claims (iv)	17,018	16,989
<b>Total</b>	<b>1,003,042</b>	<b>866,102</b>

#### (i) Labor

Labor claims are mostly related to claims filed by former employees of the company and providers (joint responsibility), who vindicate salary differences and labor charges. The main suits involving the Company are in relation to: i) plan for jobs and wages; ii) premium for unhealthy and nocturnal; (iii) functional reintegration; iv) wage equalization; v) reduction of the employer contribution to the health plan; vi) FGTS fines 40% and vii) work accident.

#### (ii) Civil

Civil proceedings are related to requests for compensation of customers and suppliers, and third-party damages, the main suits involving the Company are in relation to: i) reimbursement of costs incurred for the replacement of materials; ii) other proceedings resulting from indemnification related to the suspension of the contract, traffic accidents, property damage, loss of profits, among others.

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

#### (iii) Environmental

SANEPAR has several environmental actions, related to infraction notices issued by Municipal, State and Federal environmental agencies, motivated by different non-conformities, presented primarily in the sewage process, as specified below: i) Leakage and overflow of collection networks; ii) Deficiencies in environmental licensing and grants from Sewage Treatment Stations - ETE; iii) Release of effluents from sewage treatment

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stations in disagreement with the parameters required by law; and iv) Incorrect destination of the residues (sludge) resulting from the treatment.

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

Most of the infractions, filed by a federal agency, were transformed into Public Civil Actions (ACP) and filed in 17 judicial sub-sections of Paraná, in the years 2014 and 2015. Subsequently, 16 of these Public Civil Actions were joined to the Public Civil Action of Curitiba, which is pending at the 11th Federal Court of Justice in the Capital of the State of Paraná. In 2018, 17 Terms of Judicial Agreements - TAJ were signed in these Public Civil Actions, duly signed by the Federal Public Ministry (MPF), IBAMA, Instituto Água e Terra, IAP-Instituto das Águas do Paraná and ratified by the Federal Justice. Of the 251 ETE, in operation, that make up Sanepar's Sanitary Sewage System (SES), 183 were covered in these Judicial Agreement Terms (TAJ).

In its second year, after the signing of the TAJs, the Court of the 11th Federal Court of Curitiba ruled for non-compliance with two complementary actions of the agreement, which oblige SANEPAR to pay a fine in the estimated amount of R\$14.6 million. SANEPAR appealed the decision, obtaining favorable opinions from IBAMA and IAT, already attached to the records and awaiting the review of the judicial decision that determined the non-compliance. Therefore, the estimated amount of the referred fine was included in the contingent liabilities.

### (iv) Taxes

Tax proceedings are mainly in relation to queries connected to collection of ISSQN (Tax over Services of Any Nature) due to divergent interpretations of the law, The main claims with which the Company is involved include the municipalities of Piraquara, Paranavai, Campina da Lagoa, Pinhais, Campo Mourão and Porecatu.

### c) Court deposits

The Company has made court deposits that will only be recovered in case of a favorable sentence for the Company.

The breakdown is as follows:

Nature	Court deposits	
	03/31/2020	12/31/2019
Labor claims	201,354	185,806
Civil claims	65,264	99,786
Environmental claims	2,487	2,492
Tax claims	9,663	9,671
<b>Total</b>	<b>278,768</b>	<b>297,755</b>

## 18. PENSION PLAN AND MEDICAL INSURANCE

Sanepar sponsors the Fundação Sanepar de Previdência e Assistência Social – FUSAN, non-profit legal entity, with the main purpose of managing the company's retirement plan that targets supplementing pension benefits for Company staff.

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Due to the Coronavirus (COVID-19), the financial market and the health sector were significantly affected, for which we highlight below the reflexes for the retirement plans (Fusanprev) and medical assistance (Sanesaúde), sponsored by the Company:

**Fusanprev:** In this scenario, despite the fact that the plan had a negative result at the end of the 1st Quarter of 2020, it presents a positive return of 4.82% in the last 12 months, in addition to having a diversified investment portfolio with a moderate profile, applied in several asset classes, with medium and long term profile, based on an ALM (Asset Liability Management) study, with sufficient liquidity to pay the benefits. Considering the governance structure of FUSAN for decision making, following the advice of the regulatory bodies linked to Supplementary Pension Plans, due to the practice of being closely monitoring the investments made, including checking the investment opportunities that arose in the crisis, in the expectation that the measures that are being adopted by the governments have the expected effects for the containment of the disease, we understand that for the end of this quarter, even considering that there is a great uncertainty in the markets regarding the duration of the Coronavirus Pandemic, we do not estimate any change in the provisioned values this quarter.

**Sanesaúde:** The Sanesaúde plan presented a surplus result at the end of the 1st Quarter of 2020, and according to its technical reserves, it indicates that the plan is in balance. The plan presented a quantity of medical assistance in this quarter aligned with the average of the same quarter of the previous year, and presented only 2 beneficiaries with confirmed hospitalization due to the Coronavirus. Considering that the Sanepar Foundation adhered to the model established by the ANS, in which, as of May 2020, it will untie part of the solvency margin provisions that will become part of the Plan's result and increase the capacity to cope with cost growth and impacts of the pandemic. Another measure that will have an impact in the coming months is the postponement of the formation of funds from the Provision for Occurred and Unannounced Events - Peona SUS and Provision for Insufficiency of Contribution - PIC to 2021, in addition to the fact that the level of Coronavirus infections in Paraná, in April 2020, represents less than 40% of the national average, indicating that the Plan should remain in balance in terms of results. Considering that the Sanepar Foundation daily monitors the scenario based on the hospitalization census, with a view to taking the necessary measures for the management of the Plan, as well as evaluating the impacts of the pandemic and carefully monitoring the measures and recommendations of the regulatory bodies linked to Supplementary Health, we do not expect any change in the amounts provisioned this quarter.

The retirement/pension plan managed by FUSAN has the following main features: defined contribution during the working phase and defined benefit with lifetime income for retirees, pensioners and risk benefits (disability retirement, death pension, sickness and accident). In these quarter the Sponsor passed on the amount of R\$7,909 (R\$7,296 for the same period in 2019) as contribution to FUSAN.

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The technical reserves for purposes of meeting the standards established by Previc - National Superintendency of Complementary Pensions are determined by the actuary responsible for the pension plan.

The Company also sponsors the Fundação Sanepar de Assistência Social, a non-profit social welfare association that manages health care for active and retired Sanepar employees, called SaneSaúde.

SaneSaúde is a collective of medical and dental care insurance plan, self-managed, financed by pre-payment, and the contributions made on average 63.8% for the sponsor and 36.2% for active and retired beneficiaries through defined monthly contributions for the regulation of the plan, which are determined annually based on actuarial calculations, which take into account the age of the beneficiary, and the existence of limiting factors for use of the services offered.

As a contribution to the Foundation, in these quarter, the Company transferred the amount of R\$17,798 (R\$16,617 for the same period in 2019).

Additionally, for the purposes of compliance with the determinations contained in CPC 33 (R1), approved by CVM Deliberation 695, Mirador Atuarial Ltda., that was hired and issued detailed reports that support the information included in this Note.

The information below shows the actuarial position of liabilities related to pension and health care plans:

Description	Pension Plan	Medical Insurance	03/31/2020	12/31/2019
Current	30,892	52,662	83,554	82,440
Non-current	432,635	737,120	1,169,755	1,154,162
<b>Total</b>	<b>463,527</b>	<b>789,782</b>	<b>1,253,309</b>	<b>1,236,602</b>

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

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

The amount of R\$66,828 was the actuarial estimate for expected variation in the plans for year 2020, which is being booked by the Company on a monthly basis with an accrual in the first quarter of 2020 the amount of R\$16,707 (R\$14,952 for the same period in 2019). At the end of 2019, a new actuarial review will be performed to determine the accounting adjustments in the plans. If abnormal variations in the rules of the pension and health care plan occur during the year, or even in the base of participants, which have not occurred to date, an interim actuarial review can be performed,

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### 19. RELATED-PARTY TRANSACTIONS

As at March 31, 2020, the State of Paraná holds credits for interest on Self Owned Capital for the amount of R\$62,055 (R\$61,248 for the same period in 2019). The Company also supplied water and sewage services to the state of Paraná for a revenue of R\$32,670 and R\$28,701 until the first quarter of 2020 and 2019, respectively.

The Company provides water and sanitary sewage services to a number of city administrations, in particular in the state of Paraná, with which it maintains Concession Contracts and Municipal Program Contracts, with the revenues from said contracts with municipal administrations being, until the first quarter of 2020, R\$26,880 (R\$22,647 for the same period in 2019). The Company also provides services in urban solid waste management in some municipalities of the State of Paraná, with the revenue being R\$3,163 (R\$2,990 for the same period in 2019). In addition, the Company has accounts receivable from these City Halls in the amount of R\$45,894 in the first quarter (R\$48,703 in December 31, 2019), as shown in Note 6a.

The Company transacted with CS Bioenergia S.A., and in the first quarter of 2020, it obtained revenues from treatment of sewage effluents in the amount of R\$412 (R\$370 for the same period in 2019), and the supply of water and sewage services in the amount of R\$71 (R\$459 for the same period in 2019), and expenses related to the removal of sludge from Sewage Treatment Plant - ETE Belem in the amount of R\$1,756 (R\$665 for the same period in 2019). Additionally, on March 31, 2020, the Company has accounts receivable from CS Bioenergia S.A. in the amount of R\$223 (of which R\$119 for electricity and R\$104 for property rental).

The Company also carries out operations with the Sanepar Foundations (Health Plan and Pension Plan), and in the first quarter of 2020 obtained revenues for the supply of water and sewage services in the amount of R\$5 (R\$5 for the same period in 2019), expenses of rent of property in the amount of R\$150 (R\$151 for the same period in 2019) and of employer contributions to the employee benefit plans in the amount of R\$25,707 (R\$23,913 for the same period in 2019), as described in note 18.

All transactions with related parties were practiced by Sanepar's Management under the same market conditions as practiced with its other customers, except for some municipalities that have discounts on invoices of water supply and sewage, depending on the set maximum consumption in each special contract with the government to obtain the benefit.

#### **Management compensation**

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

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The following are the payments made to managers

Description	03/31/2020	03/31/2019
Remuneration	2,279	2,358
Charges and Benefits	659	561
Social charges	618	519
Health plan (Sanesaúde)	14	14
Sanepar Foundation (Fusan)	27	28
<b>Total</b>	<b>2,938</b>	<b>2,919</b>

## 20. OTHER ACCOUNTS PAYABLE

The composition is as follows:

Description	03/31/2020	12/31/2019
Contracts and Agreements with third parties	8,611	7,370
Agreements with municipal administrations	15,339	16,238
Collaterals and amounts reimbursable	8,020	5,938
Installment payment IBAMA – PRD Law No. 13.494/2017 (1)	59,058	63,888
Municipal Sanitation and Environmental Management Fund	5,394	5,506
Other account payables	250	250
<b>Total</b>	<b>96,672</b>	<b>99,190</b>
<b>Current</b>	<b>58,974</b>	<b>56,496</b>
<b>Non-current</b>	<b>37,698</b>	<b>42,694</b>

(1) Installment payment of debts referring to 31 environmental assessment notices from the Brazilian Institute of Environment and Renewable Natural Resources – IBAMA, in accordance with the Non-Tax Debt Settlement Program – PRD created by Law No, 13,494/2017. Until 12/31/2017, 20% of consolidated debt amounting to R\$29,083 (adhesion to installment payment) was settled and the remaining was paid in installment up to 60 monthly installments, adjusted at SELIC interest rate, and until 03/31/2020, 27 installments in the amount of R\$44,870 were paid.

## 21. EQUITY

### a) Capital Stock

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

Capital stock, fully paid-in, is composed by 1,511,205,519 shares, with no par value, being 503,735,259 common shares and 1,007,470,260 preferred shares. In addition to the common and preferred shares, the Company started to negotiate Share Deposit Certificates (“Units”), being each “Unit” formed by one common share and four preferred shares.

Preferential shares are not entitled to vote, but they have assured: (i) equally participate with ordinary shares in the distribution of shares or any other bonds or benefits, including

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incorporation of reserves to capital stock; (ii) priority treatment in the reimbursement of capital in case of the Company's liquidation; and (iii) the right to receive compensation, of at least 10% higher than the amount attributed to each ordinary share.

The equity value of each share on March 31, 2020, already considering the provision for additional dividends proposed by Management, is R\$4.25 (R\$12.26 on December 31, 2019).

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

The Capital stock underwritten and fully paid in as at March 31, 2020 is of R\$4,000,000, that net of the share issuance costs is of R\$3,996,137, and the shareholding structure is the following:

Shareholders	Number of shares					
	Common	%	Preferred	%	Total	%
State of Paraná	302,743,725	60.1	3	-	302,743,728	20.0
Municipal Administrations	-	-	5,927,328	0.6	5,927,328	0.4
Foreign Investors	99,390,632	19.7	515,740,516	51.2	615,131,148	40.7
Other Investors	101,600,902	20.2	485,802,413	48.2	587,403,315	38.9
<b>Total</b>	<b>503,735,259</b>	<b>100.0</b>	<b>1,007,470,260</b>	<b>100.0</b>	<b>1,511,205,519</b>	<b>100.0</b>

### b) Revaluation surplus

The reevaluation surplus was realized in the first quarter, transferring to Retained earnings the amount of R\$1,351 (R\$1,410 for the same period in 2019), net of Income Tax and Social Contribution. The realization of this reserve occurs in the same ratio as of right down and depreciation of assets registered in the fixed and intangible assets line, object of said reevaluation.

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

Description	03/31/2020	03/31/2019
<b>Balances at beginning of period</b>	<b>69,559</b>	<b>75,111</b>
Realization of revaluation surplus	(2,046)	(2,137)
Realization of Taxes on the Revaluation surplus	695	727
<b>Balances at end of period</b>	<b>68,208</b>	<b>73,701</b>



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### c) Valuation Adjustments to Equity

Constituted in accordance with article 182 of the Brazilian Corporation Law, referring to the equity valuation adjustments, while not computed in the income for the year in accordance with the accrual basis, the counterparts of increases or decreases in amounts attributed to assets and liabilities, as a result of their valuation at fair value.

During this quarter it was transferred to retained earnings, the amount of R\$53 (R\$178 in the same period of 2019), net of income tax and social contribution. The realization of this account occurs in the same proportion of the write-offs and depreciation of property, plant and equipment and intangible assets, to which new values have been assigned.

The changes in the realization of the Valuation Adjustments were as follows:

Description	03/31/2020	03/31/2019
<b>Balance at beginning of period</b>	<b>5,196</b>	<b>5,722</b>
Realization of Adjustments to Assigned Cost	(81)	(270)
Realization of Taxes on Adjustments to Assigned Cost	28	92
<b>Balance at end of period</b>	<b>5,143</b>	<b>5,544</b>

### d) Reserve for Investment Plan

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

### e) Legal Reserve

Constituted pursuant to the Brazilian Corporation Law and the Bylaws, based on 5% of net income for each year, up to a limit of 20% social integration. The legal reserve may only be used to increase capital or absorb accumulated losses. Also in accordance with the Brazilian Corporate Law, Management respects the capital limit for the constitution of profit reserves.

### f) Tax incentive reserve

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

### g) Other Comprehensive Income

Pursuant to CPC 33 (R1) - Employee Benefits, adjustments to the fair value of actuarial liabilities related to employee benefit plans (Note 18) arising from actuarial gains or losses are recorded directly in Shareholders' Equity.

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### h) Shareholders' compensation

The Company Bylaws provide for the mandatory distribution of dividends of 25% of the adjusted net income in accordance with the Brazilian Corporate Law. Holders of preferential shares was assigned interest on shareholders' equity (dividend) per share 10% higher than that of holders of common shares.

The tax laws allow companies to proceed, within certain limits, with payments of interest on shareholders' equity to shareholders and to treat said payments as deductible expenses in calculating Income Tax and Social Contribution owed. This distribution, applicable to mandatory dividends payable by the Company, is treated for accounting purposes as a deduction of the shareholders' equity, similar to dividends. On these values is withheld income tax at the rate of 15%, and paid by the Company upon the payment of interest.

On April 23, 2020, the Shareholder Meeting approved the payment of Interest on Equity Capital and Additional Dividends, credited to shareholders in the year of 2019, for the gross amount of R\$330,411, whose payment date, within the current fiscal year, will be defined by the Board of Directors.

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

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

### i) Earnings per share

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

Basic and diluted earnings por share	03/31/2020	03/31/2019
<b>Numerator</b>		
Net profit for the period attributed to Company shareholders		
Common Shares	80,008	67,984
Preferred shares	176,017	146,564
<b>Denominator</b>		
Weighted average of number of common shares	503,735,259	167,911,753
Weighted average of number of preferential shares	1,007,470,260	335,823,420
<b>Basic and diluted earnings</b>		
Per ordinary share	0.15883	0.40488
Per preferential share	0.17471	0.44536

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### 22. OPERATING REVENUES

Operating Revenues composition, by nature, is the following:

Description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
<b>Revenue</b>		
Revenues from Water	810,243	716,922
Revenues from Sewage	483,251	418,024
Revenues from services	33,672	34,534
Revenues from Solid Waste	3,163	2,990
Services Provided to Municipalities	4,908	4,392
Donations made by clients	5,302	3,167
Other Revenue	1,249	1,225
<b>Total operating revenues</b>	<b>1,341,788</b>	<b>1,181,254</b>
<b>Deductions from Operating Revenues</b>		
COFINS	(78,609)	(67,942)
PASEP	(17,043)	(14,731)
<b>Total Deductions</b>	<b>(95,652)</b>	<b>(82,673)</b>
<b>Total operating revenues, net</b>	<b>1,246,136</b>	<b>1,098,581</b>

The Company incurred revenue and costs from construction contracts linked to the program contracts of R\$18,477 (R\$14,030 for the same period in 2019), during the first quarter of 2020, i.e., with a null margin. These revenues are shown net of construction costs.

### 23. COST OF PRODUCTS AND SERVICES

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

Description	01/01/2020 to 03/31/2020			01/01/2019 to 03/31/2019		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(65,790)	(27,852)	(93,642)	(65,524)	(24,414)	(89,938)
Materials	(23,980)	(19,159)	(43,139)	(20,356)	(11,385)	(31,741)
Electricity	(106,757)	(13,196)	(119,953)	(101,421)	(11,486)	(112,907)
Third-party services	(53,160)	(42,490)	(95,650)	(55,592)	(37,923)	(93,515)
Depreciation and amortization	(35,996)	(35,049)	(71,045)	(33,872)	(32,763)	(66,635)
Indemnities of third-party damages	(1,201)	(314)	(1,515)	(742)	(228)	(970)
Other costs	(26,056)	(10,545)	(36,601)	(24,875)	(9,076)	(33,951)
<b>Total</b>	<b>(312,940)</b>	<b>(148,605)</b>	<b>(461,545)</b>	<b>(302,382)</b>	<b>(127,275)</b>	<b>(429,657)</b>

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### 24. SELLING, ADMINISTRATIVE AND OTHER EXPENSES

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

Description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
<b>Selling</b>		
Personnel	(31,869)	(29,749)
Materials	(1,087)	(1,006)
Third-party services	(28,833)	(24,536)
Depreciation and amortization	(2,983)	(2,823)
Losses in Realization of Credits	(11,627)	(5,928)
Municipal Sanitation and Environmental Management Fund	(17,713)	(15,751)
Indemnities of third-party damages	(380)	(167)
Sanepar Rural program	(690)	(184)
Other expenses	(533)	(4,682)
<b>Total selling expenses</b>	<b>(95,715)</b>	<b>(84,826)</b>
<b>Administrative</b>		
Personnel	(135,640)	(125,707)
Materials	(12,014)	(10,038)
Third-party services	(29,507)	(27,515)
Depreciation and amortization	(12,867)	(12,946)
Adjustment to the Net Realizable Value of the Inventory	(879)	-
Regulatory fee	(6,342)	(5,595)
Travel expenses	(1,270)	(1,331)
Exhibitions, congresses and events	(45)	(48)
Environmental and social programs	(4,142)	(2,677)
Indemnities of third-party damages	(354)	(100)
Other expenses	(4,883)	(5,339)
Transfers to Selling expenses and cost (1)	32,798	34,704
Expenses Capitalized (2)	17,936	24,658
<b>Total administrative expenses</b>	<b>(157,209)</b>	<b>(131,934)</b>
<b>Other operating revenues (expenses)</b>		
<b>Expenses</b>		
Eventual or extraordinary losses (3)	(37,139)	-
Environmental fines	(27)	(711)
Write-off of assets	3,432	(1,356)
Adjustment to Fair Value – Investments	(304)	63
<b>Total other operating revenues (expenses), net</b>	<b>(34,038)</b>	<b>(2,004)</b>

(1) These amounts are first recorded as administrative expenses and later transferred to costs of selling expenses;

(2) These amounts refer to capitalized administrative expenses, as they relate to projects and works in progress, allocated directly by the Company's Management; and

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

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### 25. PROFIT SHARING PROGRAM

The Company provisioned the amount of R\$25,371 (R\$22,940 in the same period in 2019), as Profit Sharing in the 1st quarter of 2020, which is recorded in the Salaries and Social Charges account, in current liabilities.

### 26. FINANCIAL INCOME (LOSS)

Description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
<b>Financial revenues</b>		
Financial investments	4,891	6,150
Monetary variation gains	3,985	1,581
Gain with derivative financial instrument	520	-
Other financial revenues	5,723	5,065
<b>Total financial revenues</b>	<b>15,119</b>	<b>12,796</b>
<b>Financial expenses</b>		
Financing and Debenture Interest and Charges and leases	(50,974)	(51,130)
Monetary variation losses	(4,725)	(5,777)
Exchange rate variation - losses	(538)	-
Other financial expenses	(11,669)	(1,671)
<b>Total financial expenses</b>	<b>(67,906)</b>	<b>(58,578)</b>
<b>Financial income (loss), net</b>	<b>(52,787)</b>	<b>(45,782)</b>

(1) R\$11,057 refers to the change in the useful life of the items Fluidized Sludge Anaerobic Reactors and High Efficiency Upflow Anaerobic Reactors from 60 to 40 years, reflected in the accounting for the Adjustment to Present Value of the contractual financial assets.

### 27. INFORMATION BY BUSINESS SEGMENT

The Company has two clearly identifiable business segments, to wit, water treatment and distribution and sewage collection and treatment. The process of collecting and treating solid waste was considered in the sewage segment. The operational profit by segment is represented by the revenue, with deductions of direct costs and direct and indirect operating expenses that can be allocated to these segments. The identifiable assets and liabilities per segment are presented separately. Corporate assets and liabilities were not directly attributed to each business segment.

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

Description	01/01/2020 to 03/31/2020			01/01/2019 to 03/31/2019		
	Water	Swage	Total	Water	Swage	Total
Direct operating revenue	835,689	494,640	1,330,329	742,683	429,787	1,172,470
Other operating revenues	6,528	4,931	11,459	5,050	3,734	8,784
<b>Total gross operating Revenue</b>	<b>842,217</b>	<b>499,571</b>	<b>1,341,788</b>	<b>747,733</b>	<b>433,521</b>	<b>1,181,254</b>
Revenue Deductions (PASEP and COFINS)	(54,500)	(41,152)	(95,652)	(47,424)	(35,249)	(82,673)
<b>Net operating revenue</b>	<b>787,717</b>	<b>458,419</b>	<b>1,246,136</b>	<b>700,309</b>	<b>398,272</b>	<b>1,098,581</b>
Cost	(312,940)	(148,605)	(461,545)	(302,382)	(127,275)	(429,657)
<b>Gross profit</b>	<b>474,777</b>	<b>309,814</b>	<b>784,591</b>	<b>397,927</b>	<b>270,997</b>	<b>668,924</b>
Selling expenses	(54,532)	(41,183)	(95,715)	(48,759)	(36,067)	(84,826)
Administrative expenses	(89,569)	(67,640)	(157,209)	(75,838)	(56,096)	(131,934)
Other operating revenues (expenses)	(19,393)	(14,645)	(34,038)	(1,871)	(133)	(2,004)
Equity in earnings (losses) of controlled companies	-	(1,245)	(1,245)	-	(1,251)	(1,251)
Financial income (loss), net	(23,544)	(29,243)	(52,787)	(19,127)	(26,655)	(45,782)
Profit sharing program	(14,455)	(10,916)	(25,371)	(13,186)	(9,754)	(22,940)
Provisions	(11,530)	(8,728)	(20,258)	(23,372)	(17,408)	(40,780)
Pension plan and medical insurance	(9,518)	(7,189)	(16,707)	(8,576)	(6,376)	(14,952)
<b>Income before taxes and contributions</b>	<b>252,236</b>	<b>129,025</b>	<b>381,261</b>	<b>207,198</b>	<b>117,257</b>	<b>324,455</b>
Income and social contribution taxes	(82,854)	(42,382)	(125,236)	(68,271)	(38,636)	(106,907)
<b>Net income for the period</b>	<b>169,382</b>	<b>86,643</b>	<b>256,025</b>	<b>138,927</b>	<b>78,621</b>	<b>217,548</b>
Operating margin	29.9%	25.8%	28.4%	27.7%	27.0%	27.5%
Net margin	21.5%	18.9%	20.5%	19.8%	19.7%	19.8%
<b>EBITDA (1)</b>	<b>320,807</b>	<b>200,136</b>	<b>520,943</b>	<b>269,244</b>	<b>183,397</b>	<b>452,641</b>
EBITDA margin	40.7%	43.7%	41.8%	38.4%	46.0%	41.2%
Investments in fixed /Intangible assets in the year (2)	112,006	99,433	211,439	109,456	103,218	212,674
Shareholding Interest – CS Bioenergia	-	200	200	-	19,228	19,228
Indebtedness – Loans, Financing, Debentures and Lease	1,422,995	2,027,424	3,450,419	1,112,080	1,776,566	2,888,646
Contract of assets, Fixed assets and intangible assets, net	4,217,835	5,184,001	9,401,836	3,879,783	4,846,614	8,726,397
Depreciation and amortization for the period	(45,027)	(41,868)	(86,895)	(42,919)	(39,485)	(82,404)
Accounts receivable (current and non-current) (3)	672,306	351,408	1,023,714	556,338	296,244	852,582
Total assets	5,637,210	6,928,510	12,565,720	4,948,444	6,181,583	11,130,027
Total current and noncurrent liabilities	2,821,767	3,314,014	6,135,781	2,266,749	2,928,542	5,195,291
Number of Users – Not Audited/Reviewed (4)	3,208,360	2,244,720	-	3,152,290	2,158,491	-
Volume Thousand m3 Invoiced – Not Audited/Reviewed (5)	137,469	103,814	-	137,078	101,396	-

(1) Information not reviewed by the independent auditors;

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

(3) Presented by the gross value;

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

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

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### 28. INSURANCE

The Company has insurance contract with MAPFRE Seguros Gerais S/A covering its main assets located in a number of localities throughout the State of Paraná, for the amount of R\$1,437,172, with coverage term from 03/13/2020 to 03/13/2021, basic cover for fire, wind and electrical damages to the equipment.

Assets	Amount insured
Buildings	785,971
Machinery, equipment and vehicles	776,007
Inventory	85,351
<b>Total</b>	<b>1,647,329</b>

Additionally, the Company has legal guarantee insurance policies to guarantee values that would be deposited and/or replace the values already deposited and/or seized property in legal proceedings of labor, civil, environmental, and tax proceedings. Until March 31, 2020, the Company offered guarantees through Guarantee Insurance in 124 legal proceedings in the amount of R\$179,326 with Pottencial Seguradora S/A.

The Company also signed a contract with Starr Internacional Brasil Seguradora S / A for insurance coverage in the modality of civil liability of directors and administrators of Sanepar (D & O - Directors and Officers) with national and international coverage, with the maximum guarantee limit R\$20,000, with the term of the contract for 365 days ending on 09/09/2020.

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

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

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

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

The Reports preliminarily revealed certain specific flaws in the internal controls in force at the time the facts occurred, which were forwarded to the Public Prosecutor's Office of the State of Paraná, through Letter 008/2019-AUD, of May 29, 2019 and Official Letter DP 259/2019, of August 6, 2019.

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

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

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

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



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

Notwithstanding the initiation of said operation occurred after the beginning of the internal investigation work independent of the operations “Rádio Patrulha” and “Integração”, by resolution of the Company's Board of Directors, the allegations related to Operation “Águas Claras” were included in the object of the independent forensic investigation conducted by the Investigation Team. The Operation “Águas Claras”, together with Operations “Rádio Patrulha” and “Integração” are jointly called “Operations”.

Since the beginning of the work in December 2019, the “Investigation Team” has carried out several procedures aimed at defining the planning and execution of the works, as well as preserving and collecting forensic data and analyzing documentation related to the Operations. The independent forensic investigation is still in progress, still in its initial phase, being monitored by the CEI and the Company's external auditor. Therefore, until the publication of these financial statements, the work of the Investigation Team is still in progress, without any conclusion.

Although, to date, it is not possible to conclude about the alleged irregularities mentioned in the Operations, Sanepar's Management continues to monitor the development of investigations conducted by public authorities, collaborating with them and taking all appropriate measures in relation to the matter, as required in the circumstances.

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

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

The pandemic of the new coronavirus (COVID-19) is profoundly affecting Brazilian and global society, causing significant impacts on the economy, resulting from the interruption in production and supply chains, which are a reflection of the reduction in demand for goods and services.

In the fight against COVID-19, the basic sanitation sector is considered an “essential service” for maintaining people's quality of life and especially for personal hygiene, since the act of washing their face and hands is often one of the main measures of prevention of this disease.

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

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

- Revenues, costs and cash flows: In the Company's view, revenues from the sanitation sector will be less affected due to the effects of the pandemic, as they have more protected revenues than other sectors, as they are essential services for the population. Pressure on operating cash flow may impact collection, due to a possible increase in defaults and a temporary extension of the maturity of water and sewage accounts, especially for low-income consumers. In this regard, the Company published a Material Fact on March 23, 2020, informing about the postponement of the collection of water and sewage bills, for customers registered in the Social Tariff, approximately 184 thousand families, for a period of 90 days. This measure started on March 25, 2020, with an estimated impact of approximately R\$8.6 million in the 90-day period.

In addition, the enactment of laws that restrict the cut off of the provision of services to certain categories of consumers during emergency situations, as in the case of COVID-19, can increase the default rate, thus reducing the conversion rate of EBITDA to Cash, due to the increase in accounts receivable from customers, bringing, in this case, an impact on the Company's liquidity.

After the beginning of the quarantine period, starting on March 19, 2020, the Company has been analyzing collection and defaults on a daily basis, and considering the best estimate for the moment, constituted a provision for expected losses on accounts receivable in the amount of R\$3.7 million.

In terms of costs, especially those related to the acquisition of imported chemical products, given the current exchange rates, the Company does not expect a significant increase in costs, since certain products tend to have their cost reduced by decreasing demand, thus offsetting possible unfavorable changes in the exchange rate. The Company is monitoring inventory levels and has requested a contingency plan from contracted companies for products that may have difficulties in supply.

- Loans and Financing: The Company has Financing agreements with CAIXA, Sistema BNDES and KfW, in addition to issues of public and private debentures. There were no renegotiations of interest rates related to these contracts and changes to the conditions already contracted are not expected. During the 1st quarter of 2020, the Company obtained funds in the amount of R\$418.8 million

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referring to the settlement of the 10th issue of incentive debentures and disbursements of funds by CAIXA, BNDES.

BNDES launched a “Stand Still” measure aiming at the suspension of financing payments for a period of up to 6 months, referring to interest and amortization of Financing and Private Debentures, and the Company is evaluating the conditions of adhesion.

- Management evaluated the impacts on employee benefits and the Company's obligations, and understands that this quarter, despite the great uncertainty in the financial market and the impacts on the health scenario, considering the best information available, did not identify any adjustment to be made in the record of the provisions arising from the Retirement and Medical Assistance Plans.
- Additionally, Management assessed and concluded that there is no evidence of impairment of its Assets linked to Concessions and Right of Use Assets at the end of the Quarterly Information for the period ended March 31, 2020.

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

- 14 (fourteen) day home isolation for employees who have or live with a family member who have respiratory symptoms and/or fever;
- Remote work regime for employees over 60 (sixty) years old, with chronic, respiratory, immunocompromised diseases, in cancer treatment and for pregnant and lactating women;
- Remote work regime and / or flexible working hours for part-time, for parents or minors, of minors up to 12 (twelve) years old;
- Definition of the minimum workforce for internal work, performing a 6 (six) hour relay schedule or regime;
- Customer service started to be carried out virtually, with all Relationship Centers closed for face-to-face service;
- Anticipation of the treatment material delivery schedule aiming at safety stock, in precaution and eventual closure of factories; and
- Suspension of signing new contracts with third parties, except those of an imperative nature to the Company's operations.

In order to preserve liquidity, the Company will adopt the following measures, as permitted in normative acts issued by the Federal Government: i) suspension and payment of the FGTS referring to the competences of March, April and May 2020, according to Provisional Measure nº 927/2020; ii) postponement of the payment of the contributions of COFINS, PIS / PASEP and INSS Patrimonial referring to the powers of March and April 2020 for cumulative payment with the powers of July and September 2020, respectively, according to Ordinance No. 139; and iii) reduction of the mandatory

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contribution to the “S” System for the period from April to June 2020, according to Provisional Measure nº 932/2020.

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

### **31. TARIFF ADJUSTMENT**

On February 18, 2020, the Company filed the request for annual tariff readjustment - IRT 2020 with the Regulatory Agency for Public Services Delegated for Infrastructure of Paraná - AGEPAR, with the approval expected until April 17, 2020 and application from 17 May 2020, however, the Board of Directors of AGEPAR approved on April 17, 2020, through Extraordinary Meeting nº 009/2020/RCDE, the suspension of the application of tariff adjustments for 60 (sixty) days, due to the pandemic of the COVID-19, which may even be extended during the exception period caused by the pandemic. The form of recomposition of the values resulting from the suspension of the adjustment will be defined in due course by AGEPAR.

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

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

### **Introduction**

We have reviewed the interim financial information of **Companhia de Saneamento do Paraná – Sanepar** (“**Company**”) contained within the Quarterly Financial Information – ITR, for the quarter ended on March 31, 2020, which comprise the balance sheet on March 31, 2020 and the related statements of income and comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as a summary of the significant accounting practices and other notes.

Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting and with the International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and the presentation of these interim financial information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of the review**

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

### **Conclusion on the interim financial information**

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



## **Emphasis**

### **On going Independent internal investigation (“Rádio Patrulha”, “Integração” and “Águas Claras” operation)**

As mentioned in Note 29 to the interim financial information, the Company’s Board of Directors on August 15, 2019 ratified the creation of the “External Investigation Committee” and on August 23, 2019 elected the members of the Committee, to coordinate investigations with the purpose of providing clarifications for the investigations in the scope of the operations “Rádio Patrulha” and “Integração”. Subsequently, in December 2019, the “Águas Claras” operation was included in the scope of the investigations. The actions for the investigation, which are being monitored by the “External Investigation Committee” are still in the preliminary phase and evaluation of collected data and, at this moment, it is not possible to predict future developments for the Company resulting from this investigation process, as well as by public authorities. Our conclusion is not being qualified in relation to this matter.

## **Other matters**

### **Statement of added value**

The quarterly information referred to above includes the interim statements of value added (SVA) for the three-month period ended March 31, 2020, prepared under the responsibility of Company management and presented as supplementary information for IAS 34 purposes. This information has been subject to review procedures performed in conjunction with the review of quarterly information to conclude whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in referred to Standard and consistently with the interim financial information taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Curitiba, Mat 7, 2020.



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

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

## STATEMENT

Through this instrument, the Executive Board of Companhia de Saneamento do Paraná – Sanepar, mixed capital state administration corporation, publicly traded, with headquarters at Rua Engenheiros Rebouças no. 1376, Curitiba – PR, registered in the CNPJ under no. 76.484.013/0001-45, for the purposes of the dispositions of items V and VI of article 25 of CVM Instruction no. 480/2009, has reviewed, discussed and agrees with Sanepar's interim financial statements for the period ended on March 31, 2020.

Curitiba, April 07, 2020.

**CLAUDIO STABILE**  
President

**ABEL DEMETRIO**  
Director of Finances and Investor  
Relations

**PAULO ALBERTO DEDAVID**  
Director of Operations

**JOEL DE JESUS MACEDO**  
Director of Investments

**ELERIAN DO ROCIO ZANETTI**  
Commercial Director

**ANDREI DE OLIVEIRA RECH**  
Legal Director

**PRISCILA MARCHINI BRUNETTA**  
Administrative Director

**JULIO CESAR GONCHOROSKY**  
Director of Environment and Social Action

## STATEMENT

Through this instrument, the Executive Board of Companhia de Saneamento do Paraná – Sanepar, mixed capital state administration corporation, publicly traded, with headquarters at Rua Engenheiros Rebouças no. 1376, Curitiba – PR, registered in the CNPJ under no. 76.484.013/0001-45, for the purposes of the dispositions of items V and VI of article 25 of CVM Instruction no. 480/2009, has reviewed, discussed and agree with the the opinions stated in the audit report issued by BDO RCS Auditores Independentes with respect to the Sanepar interim financial statements for the period ended on March 31, 2020.

Curitiba, April 07, 2020.

**CLAUDIO STABILE**  
President

**ABEL DEMETRIO**  
Director of Finances and Investor  
Relations

**PAULO ALBERTO DEDAVID**  
Director of Operations

**JOEL DE JESUS MACEDO**  
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