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

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

**Interim financial information  
As at June 30, 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 06/30/2020</b>	<b>Prior year 12/31/2019</b>
1	Total Assets	12,813,272	11,939,604
1.01	Current assets	1,766,781	1,170,743
1.01.01	Cash and cash equivalents	884,206	274,059
1.01.01.01	Cash and banks	13,899	16,878
1.01.01.02	Financial investments	870,307	257,181
1.01.03	Accounts receivable	747,935	809,736
1.01.03.01	Trade accounts receivable	747,935	809,736
1.01.04	Inventories	47,540	46,146
1.01.06	Recoverable taxes	41,051	305
1.01.06.01	Current recoverable taxes	41,051	305
1.01.08	Other current assets	46,049	40,497
1.01.08.03	Others	46,049	40,497
1.01.08.03.01	Restricted deposits	3,100	2,855
1.01.08.03.02	Derivative financial instruments	6,660	0
1.01.08.03.03	Other accounts receivable	36,289	37,642
1.02	Noncurrent assets	11,046,491	10,768,861
1.02.01	Long-term assets	3,198,349	3,244,914
1.02.01.04	Accounts receivable	19,003	19,826
1.02.01.04.01	Trade accounts receivable	19,003	19,826
1.02.01.07	Deferred taxes	645,701	629,063
1.02.01.07.01	Deferred Income and Social Contribution Taxes	645,701	629,063
1.02.01.10	Other noncurrent assets	2,533,645	2,596,025
1.02.01.10.03	Restricted deposits	56,534	55,748
1.02.01.10.04	Derivative financial instruments	0	2,040
1.02.01.10.05	Court deposits	288,426	297,755
1.02.01.10.06	Contractual financial assets	453,056	435,209
1.02.01.10.07	Contract of asset	1,688,982	1,756,714
1.02.01.10.08	Other receivables	46,647	48,559
1.02.02	Investments	2,700	2,671
1.02.03	Fixed assets	290,093	297,716
1.02.04	Intangible assets	7,555,349	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 06/30/2020</b>	<b>Prior year 12/31/2019</b>
2	Total Liabilities	12,813,272	11,939,604
2.01	Current liabilities	1,416,379	1,291,383
2.01.01	Payroll and social charges	119,393	119,454
2.01.01.02	Labor liabilities	119,393	119,454
2.01.02	Trade accounts payable	190,247	214,445
2.01.03	Tax liabilities	147,234	100,770
2.01.04	Loans and financing	528,391	357,213
2.01.04.01	Loans and financing	205,938	138,322
2.01.04.02	Debentures	262,340	160,754
2.01.04.03	Lease	60,113	58,137
2.01.05	Other liabilities	204,331	323,640
2.01.05.02	Others	204,331	323,640
2.01.05.02.01	Dividends and interest on equity capital payable	133,821	229,341
2.01.05.02.04	Concession contracts	0	31,414
2.01.05.02.05	Collaterals and contractual retentions	2,053	2,189
2.01.05.02.06	Unearned revenue	4,200	4,200
2.01.05.02.07	Derivative financial instruments	5,709	0
2.01.05.02.08	Other accounts payable	58,548	56,496
2.01.06	Provisions	226,783	175,861
2.01.06.02	Other provisions	226,783	175,861
2.01.06.02.04	Provisions for pension plan and health insurance	84,668	82,440
2.01.06.02.05	Labor provisions	142,115	93,421
2.02	Noncurrent liabilities	4,907,187	4,474,307
2.02.01	Loans and financing	3,134,001	2,723,218
2.02.01.01	Loans and financing	1,445,492	1,266,244
2.02.01.02	Debentures	1,382,694	1,139,780
2.02.01.03	Financing from finance lease	305,815	317,194
2.02.02	Other liabilities	35,682	50,255
2.02.02.02	Others	35,682	50,255
2.02.02.02.03	Taxes and contributions	365	596
2.02.02.02.04	Unearned revenue	2,800	4,900
2.02.02.02.05	Derivative financial instruments	0	2,065
2.02.02.02.06	Other accounts payable	32,517	42,694
2.02.04	Provisions	1,737,504	1,700,834
2.02.04.02	Other provisions	1,737,504	1,700,834
2.02.04.02.04	Provisions for pension plan and health insurance	1,185,348	1,154,162
2.02.04.02.05	Provisions	552,156	546,672
2.03	Equity	6,489,706	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	66,890	69,559
2.03.03.01	Own assets	66,890	69,559
2.03.04	Profit reserves	2,087,787	3,306,767
2.03.04.01	Legal reserve	0	336,909
2.03.04.07	Tax incentive reserve	10,332	10,332
2.03.04.08	Additional proposed dividend	0	73,932
2.03.04.10	Investment plan	2,077,455	2,885,594
2.03.05	Retained earnings/(Accumulated losses)	392,573	0
2.03.06	Asset and liability valuation adjustments	5,016	5,196
2.03.08	Other comprehensive income	-58,697	-58,697

Quarterly Information – 06/30/2020 - CIA SANEAMENTO DO PARANA - SANEPAR

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

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter 04/01/2020 to 06/30/2020</b>	<b>Current quarter 01/01/2020 to 06/30/2020</b>	<b>Prior quarter 04/01/2019 to 06/30/2019</b>	<b>Prior quarter 01/01/2019 to 06/30/2019</b>
3.01	Revenue from sales of goods and/or services	1,150,039	2,396,175	1,099,291	2,197,872
3.02	Cost of goods sold and/or services rendered	-479,679	-941,224	-451,434	-881,091
3.03	Gross result	670,360	1,454,951	647,857	1,316,781
3.04	Operating expenses/revenues	-287,706	-638,249	-329,479	-628,166
3.04.01	Selling expenses	-101,360	-197,075	-89,664	-174,490
3.04.02	General and administrative expenses	-168,215	-325,424	-143,471	-275,405
3.04.05	Other operating expenses	-17,327	-113,701	-95,373	-176,049
3.04.05.01	Provision for contingencies	14,774	-5,484	-22,506	-63,286
3.04.05.02	Pension plan and health insurance	-16,707	-33,414	-14,951	-29,903
3.04.05.03	Profit sharing program	-13,391	-38,762	-27,197	-50,137
3.04.05.04	Other operating expenses (revenues)	-2,003	-36,041	-30,719	-32,723
3.04.06	Equity in earnings (losses) of controlled companies	-804	-2,049	-971	-2,222
3.05	Income (loss) before financial income (loss) and taxes	382,654	816,702	318,378	688,615
3.06	Financial income (loss)	-31,740	-84,527	-44,609	-90,391
3.06.01	Financial revenues	15,527	30,646	15,755	28,551
3.06.02	Financial expenses	-47,267	-115,173	-60,364	-118,942
3.07	Income (loss) before taxes	350,914	732,175	273,769	598,224
3.08	Income and Social Contribution Taxes	-66,528	-191,764	-41,244	-148,151
3.09	Net income (loss) from continuing operations	284,386	540,411	232,525	450,073
3.11	Income/Loss for the period	284,386	540,411	232,525	450,073
3.99	Earnings per share – (Reais/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Preferred shares	0.19407	0.36878	0.47603	0.92139
3.99.01.02	Common shares	0.17642	0.33525	0.43275	0.83763
3.99.02	Diluted earnings per share				
3.99.02.01	Preferred shares	0.19407	0.36878	0.47603	0.92139
3.99.02.02	Common shares	0.17642	0.33525	0.43275	0.83763

Quarterly Information – 06/30/2020 - CIA SANEAMENTO DO PARANA - SANEPAR

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

(In thousands of Brazilian reais)

Code of Account	Account description	Current quarter	Current quarter	Prior quarter	Prior quarter
		04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
4.01	Net income for the period	284,386	540,411	232,525	450,073
4.02	Other comprehensive income	-1,445	-2,849	-1,468	-3,056
4.02.01	Realization of revaluation surplus	-1,998	-4,044	-2,031	-4,168
4.02.02	Taxes on Realization of Revaluation Surplus	680	1,375	690	1,417
4.02.03	Realization of Deemed Cost	-192	-273	-192	-462
4.02.04	Taxes on Realization of Deemed Cost	65	93	65	157
4.03	Comprehensive income for the period	282,941	537,562	231,057	447,017

**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 06/30/2020	01/01/2019 to 06/30/2019
6.01	Net cash from operating activities	906,793	667,100
6.01.01	Cash from operations	888,377	792,079
6.01.01.01	Net income for the period	540,411	450,073
6.01.01.02	Depreciation and amortization	176,331	166,131
6.01.01.03	Costs of fixed and intangible assets write-offs	6,387	3,851
6.01.01.04	Impairment	-1,818	-1,730
6.01.01.06	Discount to present value of financial assets	2,626	-7,795
6.01.01.07	Allowance for doubtful accounts	26,810	11,523
6.01.01.08	Deferred Income and Social Contribution Taxes, net	-16,638	-52,072
6.01.01.09	Provision for contingencies	5,484	63,286
6.01.01.10	Pension plan and medical insurance	33,414	29,903
6.01.01.11	Interest on financing	95,866	97,923
6.01.01.12	Monetary variations on financing	-895	11,050
6.01.01.13	Interest and monetary restatements Leasing	17,342	17,471
6.01.01.14	Exchange rate, net	975	0
6.01.01.15	Exchange on derivative financial instrmnts	-944	0
6.01.01.16	Equity in earnings (losses) of controlled companies	2,049	2,222
6.01.01.17	Appropriation of costs of funds raised from third parties	756	343
6.01.01.18	Adjustment to Fair Value – Investments	221	-100
6.01.02	Changes in assets and liabilities	18,416	-124,979
6.01.02.01	Trade accounts receivable	35,814	-38,470
6.01.02.02	Recoverable taxes and contributions	-40,746	-16,631
6.01.02.03	Inventories	-1,394	-172
6.01.02.04	Court deposits	9,329	-78,511
6.01.02.05	Other receivables and accounts receivable	3,265	-9,188
6.01.02.06	Contractors and Suppliers	-24,198	-4,475
6.01.02.07	Concession contracts	-31,414	-29,535
6.01.02.08	Taxes and contributions	297,340	-29,100
6.01.02.09	Salaries and social charges	48,633	91,787
6.01.02.10	Collaterals and contractual retentions	-136	-325
6.01.02.11	Unearned revenues	-2,100	-2,100
6.01.02.12	Income and social contribution taxes paid	-267,821	0
6.01.02.13	Other accounts payable	-8,156	-8,259
6.02	Net cash from investing activities	-447,768	-463,984
6.02.01	Investments in fixed and intangible assets	-446,569	-463,984
6.02.02	Investments	-1,199	0
6.03	Net cash from financing activities	151,122	-185,037
6.03.01	Financing	694,682	439,187
6.03.02	Amortization of financing	-99,582	-101,195
6.03.03	Payments of interest on financing	-87,995	-90,732
6.03.04	Payments of Mercantile Leases	-39,082	-40,936
6.03.05	Costs of funds raised with third parties	-12,443	-271
6.03.06	Restricted deposits	-1,031	71
6.03.07	Payment of interest on equity	-303,427	-391,161
6.05	Increase (decrease) in cash and equivalents	610,147	18,079
6.05.01	Beginning balance of cash and cash equivalents	274,059	326,624
6.05.02	Ending balance of cash and cash equivalents	884,206	344,703

Individual financial statements/ Statement of changes in equity - 01/01/2020 to 06/30/2020

Code of account	Account description	Paid-in capital stock	Capital reserves, Granted options and Treasury shares	Income reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Initial balances	2,851,089	0	3,306,767	0	16,058	6,173,914
5.03	Adjusted beginning balances	2,851,089	0	3,306,767	0	16,058	6,173,914
5.04	Capital transactions with partners	1,145,048	0	-73,932	-150,687	0	920,429
5.04.01	Increase capital stock	1,145,048	0	0	0	0	1,145,048
5.04.06	Dividends	0	0	-73,932	0	0	-73,932
5.04.07	Interest on equity	0	0	0	-150,687	0	-150,687
5.05	Total comprehensive income	0	0	0	543,260	-2,849	540,411
5.05.01	Net income for the period	0	0	0	540,411	0	540,411
5.05.02	Other comprehensive income	0	0	0	2,849	-2,849	0
5.05.02.06	Realization of revaluation surplus	0	0	0	4,044	-4,044	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-1,375	1,375	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	273	-273	0
5.05.02.09	Taxes on realization of adjustment to attributed c	0	0	0	-93	93	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	2,087,787	392,573	13,209	6,489,706



Individual financial statements/ Statement of changes in equity - 01/01/2019 to 06/30/2019

Code of account	Account description	Paid-in capital stock	Capital reserves, Granted options and Treasury shares	Income reserves	Retained earnings or accumulated losses	Other comprehensive income	Equity
5.01	Initial balances	2,851,089	0	2,689,041	0	177,058	5,717,188
5.03	Adjusted beginning balances	2,851,089	0	2,689,041	0	177,058	5,717,188
5.04	Capital transactions with partners	0	0	-211,907	-174,165	0	-386,072
5.04.06	Dividends	0	0	-211,907	0	0	-211,907
5.04.07	Interest on equity	0	0	0	-174,165	0	-174,165
5.05	Total comprehensive income	0	0	0	453,129	-3,056	450,073
5.05.01	Net income for the period	0	0	0	450,073	0	450,073
5.05.02	Other comprehensive income	0	0	0	3,056	-3,056	0
5.05.02.06	Realization of revaluation surplus	0	0	0	4,168	-4,168	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-1,417	1,417	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	462	-462	0
5.05.02.09	Taxes on realization of adjustment to attributed cost	0	0	0	-157	157	0
5.07	Ending balances	2,851,089	0	2,477,134	278,964	174,002	5,781,189

<b>Individual financial statements/ Statements of value added</b>		<b>Accumulated in</b>	<b>Accumulated in</b>
<b>Code of account/Account description</b>		<b>current year</b>	<b>prior year</b>
		<b>01/01/2020 to 06/30/2020</b>	<b>01/01/2019 to 06/30/2019</b>
7.01	Revenues	2,513,840	2,318,430
7.01.01	Sales of merchandise, products and services	2,576,691	2,362,676
7.01.02	Other revenues	-36,041	-32,723
7.01.04	Reversal of/allowance for doubtful accounts	-26,810	-11,523
7.02	Inputs acquired from third parties	-735,895	-714,646
7.02.01	Costs of products, merchandise and services sold	-292,812	-269,034
7.02.02	Materials, energy, third-party services and others	-398,320	-372,210
7.02.04	Others	-44,763	-73,402
7.03	Gross value added	1,777,945	1,603,784
7.04	Withholdings	-176,331	-166,131
7.04.01	Depreciation, amortization and depletion	-176,331	-166,131
7.05	Net generated value added	1,601,614	1,437,653
7.06	Value added received by transfer	28,597	26,329
7.06.01	Equity in earnings (losses) of controlled companies	-2,049	-2,222
7.06.02	Financial revenues	30,646	28,551
7.07	Total value added to be distributed	1,630,211	1,463,982
7.08	Value added distribution	1,630,211	1,463,982
7.08.01	Personnel	514,362	491,730
7.08.01.01	Direct compensation	330,580	334,673
7.08.01.02	Benefits	161,200	134,722
7.08.01.03	Severance Pay Fund (FGTS)	22,582	22,335
7.08.02	Taxes, fees and contributions	458,268	401,272
7.08.02.01	Federal	455,468	398,470
7.08.02.02	State	425	443
7.08.02.03	Municipal	2,375	2,359
7.08.03	Return on debt capital	117,170	120,907
7.08.03.01	Interest	115,173	118,942
7.08.03.02	Rents	1,997	1,965
7.08.04	Return on equity capital	540,411	450,073
7.08.04.01	Interest on Equity	150,687	174,165
7.08.04.03	Retained earnings/ Accumulated losses for the period	389,724	275,908

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

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

Contracts (% of Total Revenue)*					Coverage index		Total active units (in thousands)	
Municipalities	Total revenue %	Remaining period of concession	Type of contract	Type of concession	Water	Sewage collections	Water	Sewage collections
Curitiba	23.0%	28.0 years	Program	Água e Esgoto	100%	96.0%	829.2	796.8
Londrina	7.1%	26.0 years	Program	Água e Esgoto	100%	95.8%	251.7	238.0
Maringá	5.2%	20.2 years	Concession	Água e Esgoto	100%	100.0%	166.5	181.7
Ponta Grossa	3.6%	5.8 years	Concession	Água e Esgoto	100%	91.4%	146.6	132.6
Cascavel	3.5%	4.4 years	Concession	Água e Esgoto	100%	100.0%	127.3	132.1
Foz do Iguaçu	3.4%	23.7 years	Program	Água e Esgoto	100%	78.2%	112.9	89.6
São José dos Pinhais	2.9%	23.5 years	Program	Água e Esgoto	100%	74.0%	116.6	87.3
Colombo	1.8%	27.8 years	Program	Água e Esgoto	100%	66.1%	85.4	57.6
Guarapuava	1.7%	22.3 years	Program	Água e Esgoto	100%	85.3%	65.8	54.9
Toledo	1.5%	5.2 years	Concession	Água e Esgoto	100%	82.5%	58.8	46.5
Other	46.3%						2,076.5	1,241.6
<b>Total</b>					<b>100.0%</b>	<b>74.6%</b>	<b>4,037.3</b>	<b>3,058.7</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 74.6% of the urban population within the concession area, with a treatment rate of 100% as per the Corporate Information System.

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

The number of water connections in June 2020 is 1.9% higher than the number of connections existing in June 2019, which represents an increase of 61,067 water connections, as follows:

Number of Water Connections*	JUN/20 (1)	%	JUN/19 (2)	%	Var. % (1/2)
Residential	2,930,563	90.9	2,873,783	90.8	2.0
Commercial	230,983	7.2	227,480	7.2	1.5
Industrial	13,136	0.4	12,925	0.4	1.6
Public Utility	23,871	0.7	23,685	0.7	0.8
Public Administration	26,589	0.8	26,202	0.9	1.5
<b>Total</b>	<b>3,225,142</b>	<b>100.0</b>	<b>3,164,075</b>	<b>100.0</b>	<b>1.9</b>

\* Information not reviewed by independent auditors.

The number of sewage connections in June 2020 is 3.9% higher than the number of connections existing in June 2019, representing an increase of 85,286 new sewage connections, as shown below:

Number of Sewage Connections*	JUN/20 (1)	%	JUN/19 (2)	%	Var. % (1/2)
Residential	2,042,691	90.4	1,963,079	90.3	4.1
Commercial	181,544	8.0	177,034	8.1	2.5
Industrial	5,524	0.2	5,274	0.2	4.7
Public Utility	15,370	0.7	14,950	0.7	2.8
Public Administration	14,424	0.7	13,930	0.7	3.5
<b>Total</b>	<b>2,259,553</b>	<b>100.0</b>	<b>2,174,267</b>	<b>100.0</b>	<b>3.9</b>

\* Information not reviewed by independent auditors.

## 1.2 PRODUCTIVITY

In 2Q20, the measured volume of treated water was 122.0 million m<sup>3</sup> against 122.3 million m<sup>3</sup> in 2Q19, representing a decrease of 0.2%, as shown below:

Measured Volume - million m <sup>3</sup> *	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Residential	107.2	102.9	4.2	220.2	215.8	2.0
Commercial	7.9	10.2	-22.5	18.6	20.8	-10.6
Industrial	2.3	2.9	-20.7	5.5	5.7	-3.5
Public Utility	1.0	1.3	-23.1	2.3	2.6	-11.5
Public Administration	3.6	5.0	-28.0	8.2	9.6	-14.6
<b>Total</b>	<b>122.0</b>	<b>122.3</b>	<b>-0.2</b>	<b>254.8</b>	<b>254.5</b>	<b>0.1</b>

\* Information not reviewed by independent auditors.

In 2Q20, the volume of treated water billed was 128.1 million m<sup>3</sup>, against to 127.9 million m<sup>3</sup> in 2Q19, representing an increase of 0.2%, as shown below:

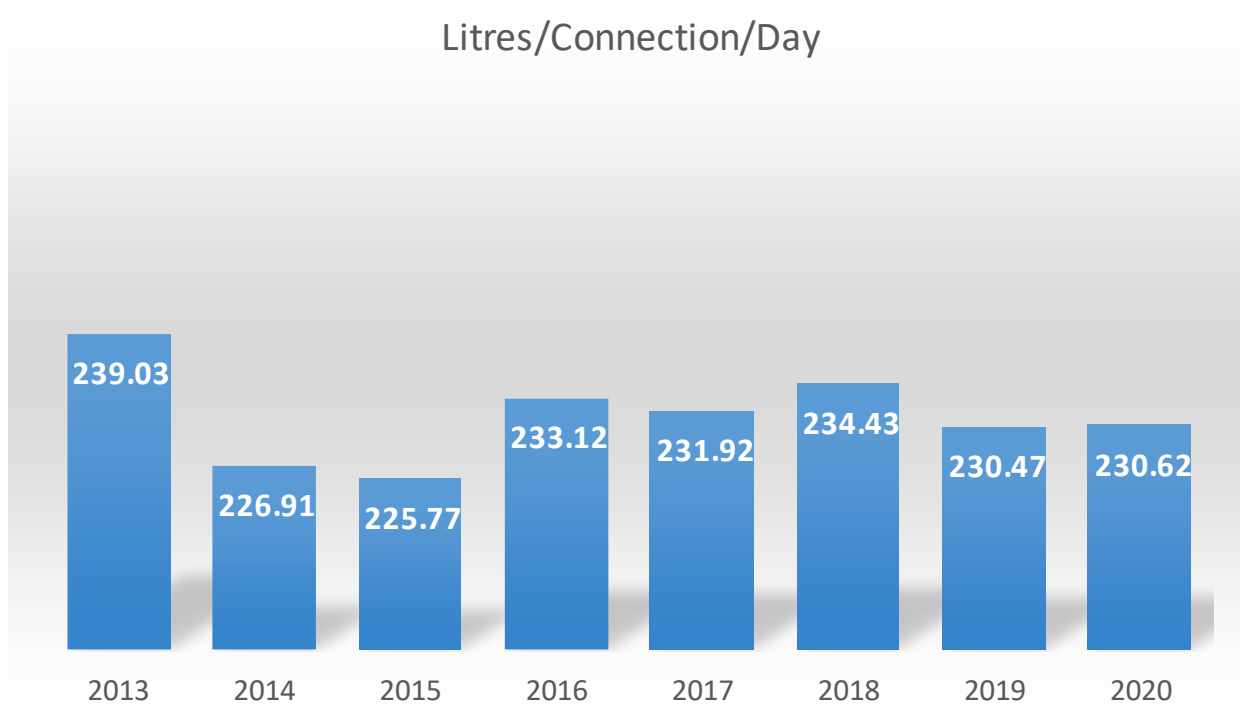
Invoiced Water Volume - million m <sup>3</sup> *	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Residential	111.8	107.4	4.1	228.5	223.8	2.1
Commercial	8.8	11.0	-20.0	20.3	22.3	-9.0
Industrial	2.9	3.4	-14.7	6.4	7.0	-8.6
Public Utility	0.9	1.1	-18.2	2.0	2.2	-9.1
Public Administration	3.7	5.0	-26.0	8.4	9.7	-13.4
<b>Total</b>	<b>128.1</b>	<b>127.9</b>	<b>0.2</b>	<b>265.6</b>	<b>265.0</b>	<b>0.2</b>

\* Information not reviewed by independent auditors.

The volume of sewage billed in 2Q20 increased by 0.8% compared to 2Q19, as shown below:

Invoiced Sewage Volume - million m <sup>3</sup> *	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Residential	84.8	80.3	5.6	172.8	166.2	4.0
Commercial	7.8	10.0	-22.0	18.3	20.3	-9.9
Industrial	0.6	0.9	-33.3	1.4	1.7	-17.6
Public Utility	0.8	0.9	-11.1	1.7	1.8	-5.6
Public Administration	2.8	3.9	-28.2	6.4	7.4	-13.5
<b>Total</b>	<b>96.8</b>	<b>96.0</b>	<b>0.8</b>	<b>200.6</b>	<b>197.4</b>	<b>1.6</b>

\* Information not reviewed by independent auditors.

**DEMONSTRATIVE OF THE LOSS BY CONNECTION\***


\* Information not reviewed by independent auditors.

Water*	2Q20 (1)	2Q19 (2)	Var. (1/2)	2Q18 (3)	Var. % (2/3)
Units served by the distribution network	4,037,310	3,956,974	2.0 %	3,886,782	1.8 %
Number of treatment stations	165	165	0.0 %	166	-0.6 %
Number of wells	1,142	1,131	1.0 %	1,172	-3.5 %
Number of surface catchment	232	238	-2.5 %	229	3.9 %
Km of laid network	56,056	54,736	2.4 %	53,317	2.7 %
Volume produced (m <sup>3</sup> )	390,017,332	387,774,728	0.6 %	379,510,532	2.2 %
Loss rate:					
In distribution system - %	34.68	34.38	0.30 p.p.	34.47	-0.09 p.p.
In billings - %	31.90	31.71	0.19 p.p.	31.89	-0.18 p.p.
Evasion of revenues - % (default)	3.69	1.72	1.97 p.p.	1.51	0.21 p.p.
Sewage*	2Q20 (1)	2Q19 (2)	Var. (1/2)	2Q18 (3)	Var. % (3)
Units served by the collection network	3,058,663	2,940,247	4.0 %	2,815,678	4.4 %
Number of treatment stations	251	247	1.6 %	246	0.4 %
Km of laid network	37,609	36,402	3.3 %	35,453	2.7 %
Volume collected in m <sup>3</sup>	191,396,902	188,974,856	1.3 %	181,114,186	4.3 %

\* Information not reviewed by independent auditors.

**WATER CRISIS AND AVAILABLE VOLUMES**

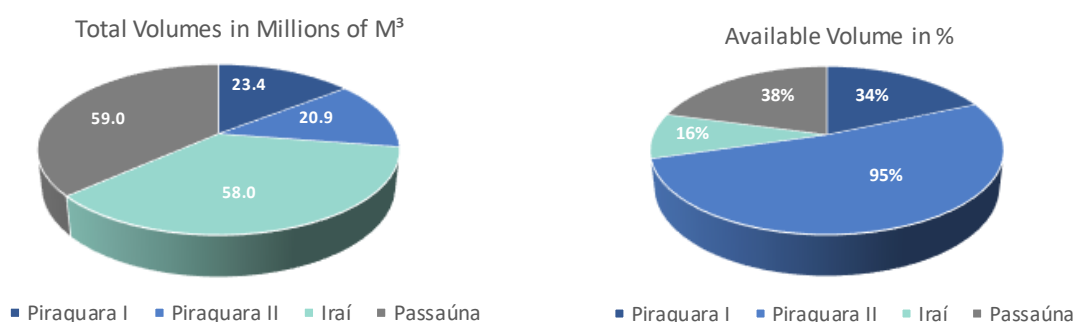
On 05/07/2020, State Decree nº 4,626 was published, recognizing the water emergency situation in the State of Paraná, for a period of 180 days.

Due to the low volume of reserves and the scarcity of rain, the Company is practicing as a mitigating action, rotation of 24 hours (twenty-four) hours from the interruption until the resumption of water supply, with a standardization period for the customer in up to 12 more (twelve) hours, although the Decree allows up to 24 hours.

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

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

The dams of Sanepar are considered of medium size in relation to storage volume, but large due to height/depth of more than 15 meters. At the end of the quarter, the average reserve volume is 36.6%.


**2. FINANCIAL DATA**
**2.1 ECONOMIC PERFORMANCE**

Operating revenue - In million of Reais	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Revenues from water	747.7	711.0	5.2	1,557.9	1,427.9	9.1
Revenues from sewage	447.5	420.9	6.3	930.8	838.9	11.0
Revenues from services	24.8	34.6	-28.3	58.5	69.1	-15.3
Revenues from solid waste	2.9	3.0	-3.3	6.1	6.0	1.7
Services provided to Municipalities	5.0	4.5	11.1	9.9	8.9	11.2
Donations made by clients	5.4	6.2	-12.9	10.7	9.4	13.8
Other revenues	1.6	1.2	33.3	2.8	2.5	12.0
<b>Total</b>	<b>1,234.9</b>	<b>1,181.4</b>	<b>4.5</b>	<b>2,576.7</b>	<b>2,362.7</b>	<b>9.1</b>

Gross operating revenue grew 4.5%, from R\$1,181.4 million in 2Q19 to R\$1,234.9 million in 2Q20, 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	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Personnel	-295.3	-279.2	5.8	-556.5	-524.6	6.1
Materials	-51.5	-45.8	12.4	-107.7	-88.6	21.6
Electricity	-115.1	-111.6	3.1	-235.1	-224.5	4.7
Third-party services	-165.8	-147.6	12.3	-319.8	-293.2	9.1
Depreciation and amortization	-89.4	-83.7	6.8	-176.3	-166.1	6.1
Losses in Realization of Credits	-15.2	-5.6	171.4	-26.8	-11.5	133.0
Net Realizable Value of Inventory	-0.9	0.0	-	-1.8	0.0	-
Municipal Sanitation and Environmental	-17.3	-14.6	18.5	-35.0	-30.4	15.1
Regulatory fee	-6.4	-5.6	14.3	-12.7	-11.2	13.4
Indemnifications for damages to third parties	-6.1	-6.7	-9.0	-8.3	-7.9	5.1
Expenses capitalized	21.9	27.0	-18.9	39.8	51.7	-23.0
Provision for contingencies	14.8	-22.5	-165.8	-5.5	-63.3	-91.3
Pension plan and medical insurance	-16.7	-14.9	12.1	-33.4	-29.9	11.7
Profit sharing program	-13.4	-27.2	-50.7	-38.8	-50.1	-22.6
Eventual and extraordinary losses	-0.2	-28.7	-99.3	-37.3	-28.7	30.0
Net assets write-off	-2.0	-1.9	5.3	1.4	-3.3	-142.4
Equity in earnings (losses)	-0.9	-0.9	-	-2.1	-2.2	-4.5
Other costs and expenses	-7.9	-11.3	-30.1	-23.6	-25.4	-7.1
<b>Total</b>	<b>-767.4</b>	<b>-780.8</b>	<b>-1.7</b>	<b>-1,579.5</b>	<b>-1,509.2</b>	<b>4.7</b>

Operating costs and expenses accumulated in the 2Q20 decreased by 1.7% compared to 2Q19.

The main changes resulted from:

- **Personnel:**

The 5.8% Growth, due to: i) 3.92% Salary Readjustment (INPC) on labor costs and benefits related to the Collective Labor Agreement - ACT 2020/2022 (base date March 2020); ii) Readjustment of 7.64% of SANESAÚDE in June 2020; iii) Adherence of 62 employees to the Incentive Retirement Program - PAI, in the period from January to June 2020, in the amount of R\$16.4 million; and iv) 2019/2020 Collective Agreement, fully impacting in 2020;

- **Materials**

Growth of 12.4%, mainly in cleaning and hygiene material, vehicle maintenance material, 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\$26.0 million in 2Q19 to R\$34.2 million in 2Q20, a variation of 31.5%;

- **Electricity**

The growth of 3.1% in electricity allocated to operating costs, due to the 0.41% average readjustment in the tariff as of 06/24/2020 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 12.3% mainly in operation and building maintenance services and systems, conservation and maintenance services for administrative assets, professional technical services, registration and billing services, placement, advertising and advertising services, surveillance services, freight and reels, technical operational services and solid waste removal services;

- **Depreciation and amortization**

Increase of 6.8%, mainly due to the entry into operation of intangible and / or fixed assets, in the period from January to June 2020, in the amount of R\$521.0 million (net of amortizations and write-offs);

- **Losses on Credit Realization**

Increase of 171.4%, mainly influenced by the growth of the provisions of accounts receivable from private customers and from the Federal Public Sector and also by the accounting of the amount of R\$6.0 million related to the estimate of expected losses on credits, according to studies on the drop in collection caused the current economic scenario, caused by the Pandemic due to COVID-19;

- **Municipal Sanitation and Environmental Management Fund**

Increase of 18.5%, due to the signing of the new Program Contracts, mainly with the Municipality of Curitiba, which represented R\$11.7 million in monthly transfers accumulated until the 2Q20 (R\$10.4 million in the same period of 2019);



**2.2 ECONOMIC INDICATORS**

Financial income (loss) - R\$ in million	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
<b>Financial revenues</b>						
Financial investments	7.8	7.7	1.3	12.7	13.8	-8.0
Monetary variation gains	1.5	3.0	-50.0	5.5	4.6	19.6
Gain on Derivative Financial Instruments	0.5	0.0	-	1.0	0.0	-
Other financial revenues	5.8	5.0	16.0	11.5	10.1	13.9
<b>Total financial revenues</b>	<b>15.6</b>	<b>15.7</b>	<b>-0.6</b>	<b>30.7</b>	<b>28.5</b>	<b>7.7</b>
<b>Financial expenses</b>						
Interest and fees on loans, financing, debentures and leases	-52.2	-54.0	-3.3	-103.2	-105.1	-1.8
Monetary variation losses	6.0	-5.0	-220.0	1.3	-10.8	-112.0
Exchange rate variation	-0.5	0.0	-	-1.0	0.0	-
Other financial expenses	-0.6	-1.3	-53.8	-12.3	-3.0	310.0
<b>Total financial expenses</b>	<b>-47.3</b>	<b>-60.3</b>	<b>-21.6</b>	<b>-115.2</b>	<b>-118.9</b>	<b>-3.1</b>
<b>Financial income (loss)</b>	<b>-31.7</b>	<b>-44.6</b>	<b>-28.9</b>	<b>-84.5</b>	<b>-90.4</b>	<b>-6.5</b>

The financial result varied positively by 28.9%, from -R\$44.6 million in 2Q19 to -R\$31.7 million in 2Q20, due to the reduction in financial expenses by 21.6%, mainly in expenses with monetary variations of loans and financing, from an expense of R\$5.0 million in 2Q19 to an expense reversal of R\$6.0 in 2Q20 due to the deflation of the IPCA index and the reduction of the DI and TJLP indexes compared to the same period in 2019 and a reduction 53.8% with interest expenses and monetary restatement with other obligations, from R\$1.3 million in 2Q19 to R\$0.6 million in 2Q20, due to the reduction in the SELIC rate from 2019 to 2020, applied on the debt of the Installment Notice of Infraction Notices applied by IBAMA.

Economic Result - R\$ million	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
<b>Operating income</b>	<b>382.7</b>	<b>318.5</b>	<b>20.2</b>	<b>816.7</b>	<b>688.7</b>	<b>18.6</b>
Financial income (loss)	-31.7	-44.6	-28.9	-84.5	-90.4	-6.5
Taxes on income	-66.6	-41.3	61.3	-191.8	-148.2	29.4
<b>Net income for the period</b>	<b>284.4</b>	<b>232.6</b>	<b>22.3</b>	<b>540.4</b>	<b>450.1</b>	<b>20.1</b>

The Company posted net income of R\$284.4 million in 2Q20, 22.3% higher than the net income of R\$232.6 million recorded in 2Q19. The result was mainly impacted by the 4.6% growth in net revenues and by decrease of 1.7% of the costs and operating expenses.

The following is the reclassification of the result of 2Q20, excluding non-recurring items.

Non-recurrent items - In million of Reais *	2Q20	2Q19	6M20	6M19
<b>Net income</b>	<b>284.4</b>	<b>232.6</b>	<b>540.4</b>	<b>450.1</b>
PAI - Incentive Retirement Program	14.0	-	16.4	-
NPV expenses on contractual financial assets due to changes in the useful life of assets	-	-	11.1	-
Economic-Financial Rebalancing of the Consortium DMLFMSEF	-	-	15.2	-
Indemnity Municipality of Maringá	-	28.7	-	28.7
Tax effects	-4.8	-3.3	-14.5	-3.3
<b>Pro forma net income</b>	<b>293.6</b>	<b>258.0</b>	<b>568.6</b>	<b>475.5</b>
Net margin of non-recurrent items	25.5	23.5	23.7	21.6
Adjusted EBITDA of non-recurrent items	486.1	430.9	1,035.7	883.5
Adjusted EBITDA margin of non-recurrent items	42.3	39.2	43.2	40.2

\* Information not reviewed by independent auditors.

Distribution of the Economic Wealth Generated - In million of Reais	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Staff remuneration	267.0	261.5	2.1	514.4	491.7	4.6
Government Compensation (Taxes)	194.2	169.5	14.6	458.3	401.3	14.2
Third-party compensation (rents)	0.9	0.5	80.0	2.0	2.0	0.0
Return on debt capital (interest and monetary variations)	47.2	60.3	-21.7	115.1	118.9	-3.2
Interest on equity and dividends	150.7	174.2	-13.5	150.7	174.2	-13.5
Net income for the period not distributed	133.7	58.4	128.9	389.7	275.9	41.2
<b>Total Economic Wealth</b>	<b>793.7</b>	<b>724.4</b>	<b>9.6</b>	<b>1,630.2</b>	<b>1,464.0</b>	<b>11.4</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	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Net operating revenue	1,150.1	1,099.3	4.6 %	2,396.2	2,197.9	9.0 %
Operating profit	382.7	318.5	20.2 %	816.7	688.7	18.6 %
Net income	284.4	232.6	22.3 %	540.4	450.1	20.1 %
% Operating margin	28.4	23.2	5.2 p.p.	28.4	25.3	3.1 p.p.
% Net margin	24.7	21.2	3.5 p.p.	22.6	20.5	2.1 p.p.
% Return on average shareholders' equity	4.4	4.0	0.4 p.p.	8.5	7.8	0.7 p.p.
Net debt/ EBITDA (Accumulated 12 month) *	-	-	-	1.3	1.7	-0.4 p.p.

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

At the close of 2Q20, the Company's total assets reached R\$12,813.3 million (R\$11,939.6 million at 12/31/2019), while total debt at the end of 2Q20 was R\$6,323.6 million (R\$5,765.7 million. million on 12/31/2019).

Of the total debt, R\$3,662.4 million (R\$3,080.4 million at 12/31/2019) refer to loans, financing, debentures and leases, an increase of 18.9% compared to the end of the year of 2019.

Description	Reference	JUN/20	DEC/19	Var.
Equity	R\$ Million	6,489.7	6,173.9	5.1 %
Share value	R\$	4.29	12.26	-65.0 %
Indebtedness level	%	49.4	48.3	1.1 p.p.
Current ratio	R\$	1.25	0.91	37.4 %
Quick ratio	R\$	1.21	0.87	39.1 %

### EBITDA and Generation of Operating Cash

EBITDA in 2Q20, which represents the Company's operating income, was R\$472.1 million, compared to R\$402.2 million in 2Q19. EBITDA margin went from 36.6% to 41.1%. This performance was due to the 4.6% growth in net revenue and by decrease of 2.7% of the costs and expenses that impacted EBITDA.

Operating cash flow in 2Q20 was R\$480.8 million, up 25.6% over 2Q19. EBITDA to Operational Cash Conversion was 101.8%.

EBITDA - R\$ Million *	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Net income for the period	284.4	232.6	22.3 %	540.4	450.1	20.1 %
(+) Taxes on Income	66.6	41.3	61.3 %	191.8	148.2	29.4 %
(+) Financial income	31.7	44.6	-28.9 %	84.5	90.4	-6.5 %
(+) Depreciation and amortization	89.4	83.7	6.8 %	176.3	166.1	6.1 %
<b>EBITDA</b>	<b>472.1</b>	<b>402.2</b>	<b>17.4 %</b>	<b>993.0</b>	<b>854.8</b>	<b>16.2 %</b>
% EBITDA Margin	41.1	36.6	4.5 p.p.	41.4	38.9	2.5 p.p.
% EBITDA conversion into cash	101.8	95.2	6.6 p.p.	91.3	78.0	13.3 p.p.

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

### 2.3 INVESTMENTS

The investments made in the second quarter of 2Q20 totaled R\$235.2 million (R\$251.3 million in 2Q19), as shown below:

Investments – R\$ Million	2Q20 (1)	2Q19 (2)	Var. % (1/2)	6M20 (3)	6M19 (4)	Var. % (3/4)
Water	99.5	113.2	-12.1	201.2	210.6	-4.5
Sewage	120.7	111.8	8.0	211.0	203.7	3.6
Other investments	15.0	26.3	-43.0	34.4	49.7	-30.8
<b>Total</b>	<b>235.2</b>	<b>251.3</b>	<b>-6.4</b>	<b>446.6</b>	<b>464.0</b>	<b>-3.8</b>

## 2.4 INDEBTEDNESS

Gross debt increased from R\$3,080.4 million in December 2019 to R\$3,662.4 in June 2020, representing an increase of R\$582.0 million. Net debt went from R\$2,806.3 million in December 2019 to R\$2,778.2 million in June 2020. In the period of six-months ended June 30, 2020, R\$350.0 million was released referring to the 10th Debentures Issue and the raising of R\$200.0 million, through the issuance of Bank Credit Notes - CCB from Banco BTG Pactual S.A.

The leverage ratio, measured by the “Net Debt / EBITDA (accumulated 12 months)” ratio, decreased from 1.7x to 1.3x in the 2Q19 and 2Q20, respectively.

The level of indebtedness was 49.4% at the end of 2Q20 (49.3% in 2Q19).

Next is the breakdown of loans, financing, debentures and leases, with their respective interest rates, maturities and debt balances as at June 30, 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	1,118.3	30.5
Debentures 10th Issue - 1st series	4.66%	IPCA	03/15/2027	342.6	9.4
BNDES - PAC2	TJPL + 1.67% and 2.05%		07/15/2029	285.0	7.8
Lease - Litoral	11.14%	IPC-FIPE	12/07/2036	274.1	7.5
Debentures 9th Issue – 1st series	106.05% of the DI		06/11/2024	199.3	5.5
Bank Credit Notes - CCB	DI + 2.75%		06/13/2022	198.4	5.4
Debentures 4th Issue – 1st series	TJLP + 1.67%		07/15/2027	169.5	4.6
Debentures 8th Issue – 2nd series	108.00% of the DI		06/21/2023	154.9	4.2
Debentures 9th Issue – 2nd series	107.25% of the DI		06/11/2026	150.9	4.1
Debentures 2nd Issue – 2nd series	9.19%	IPCA	09/15/2024	101.2	2.8
Debentures 8th Issue – 1st series	106.50% of the DI		06/21/2021	95.0	2.6
Debentures 4th Issue – 2nd series	7.44%	IPCA	07/15/2027	93.7	2.6
Lease - Right of Use	5.16%	-	05/31/2025	91.8	2.5
Debentures 3rd Issue – 2nd series	6.99%	IPCA	11/15/2020	71.3	1.9
Debentures 2nd Issue – 3rd series	TJLP + 1.92%		09/15/2024	69.4	1.9
Debentures 7th Issue – 2nd series*	4.79%	IPCA	11/15/2038	55.7	1.5
Debentures 2nd Issue – 1st series	TJLP + 1.92%		09/15/2024	52.1	1.4
Debentures 7th Issue – 1st series*	5.20%	IPCA	11/15/2038	45.2	1.2
Debentures 7th Issue – 4th series*	6.57%	IPCA	11/15/2038	24.5	0.7
Debentures 7th Issue – 3rd series*	6.97%	IPCA	11/15/2038	19.8	0.5
BNDES	TJLP + 1.82%		01/15/2023	19.8	0.5
Banco Itaú PSI	3.0% to 6.0%	-	01/15/2025	13.4	0.4
Banco do Brasil - PSI	3.0% to 6.0%	-	04/15/2024	10.7	0.3
KfW Bank	1.35%	EURO	12/30/2032	5.8	0.2
<b>Total</b>				<b>3,662.4</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	528.4	14.4
24 months	379.0	10.3
36 months	382.4	10.4
60 months	596.3	16.3
Over 60 months	1,776.3	48.6
<b>Total</b>	<b>3,662.4</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 June 30, 2020, the best estimate, represents R\$1.460 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 June 2020, the Company's CVA ascertained in a managerial way a positive balance of R\$70.7 million that Sanepar shall recover.

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

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

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

The EBITDA calculation is as follows, considering the estimated amounts of non-manageable items, accumulated until June 30, 2020:

EBITDA - R\$ million *	6M20
<b>EBITDA</b>	<b>993.0</b>
<b>(+) Items no manageable</b>	<b>70.7</b>
Electrical energy	14.8
Treatment material	28.7
Fee and charges	27.2
<b>(=) Adjusted EBITDA with non-manageable items</b>	<b>1,063.7</b>
% EBITDA Margin with non-manageable items	44.4

\* CVM Instruction No. 527/12 - Information not reviewed by the independent auditors

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

On February 18, 2020, the Company filed the request for annual tariff readjustment - IRT 2020 with the Regulatory Agency for Public Services Delegates 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 COVID-19. On July 9, 2020, through Ordinance 017/2020, AGEPAR extended the suspension for a further 60 days, starting on June 17, 2020. The way to recover the amounts 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 31 to the Interim Financial Statements for the 2Q2020.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Base Date June 30, 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 12.

### 2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

#### 2.1 Statement of Compliance

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



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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Therefore, the Interim Financial Information is also in accordance with IFRS, and shows all relevant information specific to the quarterly information, which is consistent with that used by Management in its management.

The Interim Financial Information was authorized for disclosure by the Company's Management on August 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 31. 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 June 30, 2020 are consistent with the practices described in Note 3 of the Company's financial statements for the year ended December 31, 2019, except for the accounting record of expected losses from accounts receivable from customers as presented in Note 6.

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

*New IFRS and interpretations of the IFRIC (IASB Financial Information Interpretation Committee)* - The IFRS issues / amendments made by the IASB that are effective for the year started in 2020 had no impact on the Company's Interim Financial Information. In addition, the IASB issued / revised some IFRS standards, which are to be adopted for the year 2021 or later, and the Company is assessing the impacts on its Interim Financial Information from the adoption of these standards:

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

Amendment to IAS 1 standards - Classification of liabilities as Current or Non-current. Clarifies aspects to be considered for the classification of liabilities as Current Liabilities or Non-Current Liabilities. This amendment to the standard is effective for years beginning on or after 01/01/2022. The Company does not expect significant impacts on its Interim Financial Information.

### 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

#### 4.1 Financial risk management

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

**Credit Risk:** The Company is exposed to credit risk of the counterpart in its financial transactions (cash and cash equivalents, bank deposits and financial institutions) and accounts receivable (credit to customers and balances with related parties). The maximum exposure is equivalent to the accounting value as at June 30, 2020 and stated in Notes 6, 9 e 20. 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.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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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\$5,234 and R\$10,468 plus or minus in particular due to the revenues stemming from financial investments and interest rates expenses lower or higher than in the financial loans as variable interest rates described below:

Description	Index	+25%	-25%	+50%	-50%
Caixa FI Sanepar I Renda Fixa	DI	2,816	(2,816)	5,632	(5,632)
<b>Assets</b>		<b>2,816</b>	<b>(2,816)</b>	<b>5,632</b>	<b>(5,632)</b>
Bank Credit Notes - CCB	DI	(63)	63	(126)	126
BNDES	TJLP	(140)	140	(280)	280
BNDES-PAC2	TJLP	(1,282)	1,282	(2,564)	2,564
Debentures 2nd Issuance - 1st to 3rd series	TJLP	(786)	786	(1,572)	1,572
Debentures 2nd Issuance - 2nd series	IPCA	(127)	127	(254)	254
Debentures – 3rd Issuance - 2nd series	IPCA	(95)	95	(190)	190
Debentures – 4th Issuance - 1st series	TJLP	(1,077)	1,077	(2,154)	2,154
Debentures – 4th Issuance - 2nd series	IPCA	(141)	141	(282)	282
Debentures - 7th Issuance - 1st to 4th series	IPCA	(213)	213	(426)	426
Debentures - 8th Issuance - 1st and 2nd series	DI	(1,202)	1,202	(2,404)	2,404
Debentures - 9th Issuance - 1st and 2nd series	DI	(1,652)	1,652	(3,304)	3,304
Debentures – 10th Issuance - single series.	IPCA	(80)	80	(160)	160
Lease of Right of Use	DI	(1,192)	1,192	(2,384)	2,384
<b>Liabilities</b>		<b>(8,050)</b>	<b>8,050</b>	<b>(16,100)</b>	<b>16,100</b>
<b>Effects on Income before Taxation</b>		<b>(5,234)</b>	<b>5,234</b>	<b>(10,468)</b>	<b>10,468</b>

The indexes considered for the 12-month period were TR of 0.00% and the TJLP of 5.39% obtained from BACEN - Banco Central do Brasil, the IPCA at the rate of 2.13% obtained from IBGE - Instituto Brazilian Geography and Statistics, the DI at the rate of 4.59% obtained from B3 - Brasil, Bolsa e Balcão and the IPC at the rate of 2.62% 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 5.22% 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 06/30/2020.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(In thousands of Brazilian Reais)

Considering the notional amount of €1,082 thousand (R\$6,659 thousand), the value of the euro quotation as R\$6.1539 for June 30, 2020 (Ptax - Central Bank) and considering the assumption of the proportional value of USD1.124 for each Euro, considering the Dollar to R\$5.4760, 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 (5.2228%)	(348)	(1,665)	1,665	(3,329)	3,329

**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 14, so as not to affect its liquidity. The management of liquidity and cash flow is performed daily by the Company's management, to ensure that the operating cash generation and the upfront funding raise, when necessary, are sufficient to maintain its schedule of commitments, reducing liquidity risks. Additionally the Company approved the dividends and treasury and Market risks policy.

**Derivative Financial Instruments:** In accordance with the Company's Risk, Treasury and Market Management Policy, in order to mitigate the risks related to foreign exchange exposure, 3 financial institutions were hired to perform hedge operations, without speculative character, when Receipt of proceeds from a loan from Banco KfW through the swap of the debt variation in Euros + 1.35% of interest per year for a percentage of the CDI. The Company does not apply the hedge accounting policy to this agreement, measuring it at fair value through profit or loss, presented in the financial result. The debt of this loan is shown in Note 14.

On 06/30/2020 the Company has swap contracts (Euro + interest X CDI) as shown below:

Financial Instruments - Swap Contract							
Operation	Agent	Start date of the operation	Maturity of the operation	Notional Value EUR	Fair Value of the Asset Position	Fair Value of the Liabilite Position	Gain (Loss) with Derivative Instruments - Swap
1	Itaú BBA	8/9/2019	12/26/2022	6	36	26	10
2	Itaú BBA	9/4/2019	12/26/2022	64	396	294	102
3	Itaú BBA	10/4/2019	12/26/2022	12	73	53	20
4	Itaú BBA	11/13/2019	12/26/2022	368	2,265	1,690	575
5	Itaú BBA	6/5/2020	12/26/2022	632	3,890	3,646	244
<b>TOTAL</b>				<b>1,082</b>	<b>6,660</b>	<b>5,709</b>	<b>951</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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### 4.2. Capital risk management

The purpose of the capital management of the Company is to guarantee a strong credit *rating* to financial institutions and an optimal capital ratio in order to support business and maximize values to the shareholders. The Company manages its capital structure by means of adjustments and adequacy to current economic conditions. With this objective, the company can make payments of dividends, enter into new loans, issue promissory notes and contract operations with derivatives. For the period ended on June 30, 2020, here was no change in the objectives, policies or capital structure processes.

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

Description	06/30/2020	12/31/2019
Loans, financing, debentures and lease	3,662,392	3,080,431
Cash and cash equivalents	(884,206)	(274,059)
Net debt	2,778,186	2,806,372
Equity	6,489,706	6,173,914
EBITDA Accumulated 12 Months *	2,110,015	1,971,727
Ratio Net Debt/Equity	0.43	0.45
Ration Net Debt/EBITDA	1.32	1.42

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

### 4.3. Financial Instruments

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

Description	06/30/2020	12/31/2019
<b>Assets</b>		
<b>Fair value measured through income</b>		
Financial investments	870,307	257,181
Financial instrument - Swap	6,660	2,040
Restricted deposits	59,634	58,603
<b>Amortized cost</b>		
Cash and banks	13,899	16,878
Trade accounts receivables	766,938	829,562
Contractual financial assets	453,056	435,209
<b>Total</b>	<b>2,170,494</b>	<b>1,599,473</b>
<b>Liabilities</b>		
<b>Fair value measured through income</b>		
Financial instrument - Swap	5,709	2,065
<b>Amortized cost</b>		
Loans, financing, debentures and finance lease	3,662,392	3,080,431
Contractors and Suppliers	190,247	214,445
Concession agreements	-	31,414
<b>Total</b>	<b>3,858,348</b>	<b>3,328,355</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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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	06/30/2020	12/31/2019
Unrestricted bank deposits	1,398	4,516
Restricted bank deposits	12,501	12,362
	<u>13,899</u>	<u>16,878</u>
Financial investments	870,307	257,181
<b>Total cash and cash equivalents</b>	<b><u>884,206</u></b>	<b><u>274,059</u></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 103.21% of the CDI (100.31% in 2019). The increase in the balance of Financial Investments is due to new funding (10th issue of debentures R\$350,000 and CCB R\$200,000) and postponement of tax payments, referring to April, May and June 2020.

### 6. TRADE ACCOUNTS RECEIVABLES, NET

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

Description	06/30/2020	12/31/2019
Falling due accounts receivable	258,393	288,080
Accounts receivable from installment payments (1)	52,249	120,113
Adjustment to Present Value	(3,544)	(4,088)
Accounts to be billed (Unbilled consumption)	182,582	212,452
	<u>489,680</u>	<u>616,557</u>
Overdue accounts receivable		
From 1 to 30 days	134,754	146,804
From 31 to 60 days	60,989	34,697
From 61 to 90 days	35,896	12,816
From 91 to 180 days	54,203	22,404
Over 180 days	214,321	192,771
Allowance for losses on doubtful accounts	(222,905)	(196,487)
	<u>277,258</u>	<u>213,005</u>
<b>Total accounts receivable, net</b>	<b><u>766,938</u></b>	<b><u>829,562</u></b>
<b>Current</b>	<b>747,935</b>	<b>809,736</b>
<b>Non-current</b>	<b>19,003</b>	<b>19,826</b>

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

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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We highlight that, due to the impacts of the Coronavirus (COVID-19), as described in Note 31, 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\$5,993, considering the best estimate for the moment.

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

Description	Trade accounts receivable	Allowance for doubtful	Adjustment to present value	06/30/2020	12/31/2019
Municipal administration	93,527	(52,477)	(2,933)	38,117	48,703
Private	887,427	(170,428)	(611)	716,388	767,003
Federal Entity	1,323	-	-	1,323	1,723
Government State	11,110	-	-	11,110	12,133
<b>Total</b>	<b>993,387</b>	<b>(222,905)</b>	<b>(3,544)</b>	<b>766,938</b>	<b>829,562</b>

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

Description	06/30/2020	12/31/2019
Balances at beginning of period	(196,487)	(175,956)
Amounts recorded as expenses	(26,810)	(20,850)
Write-offs, net of recoveries	392	319
<b>Balances at end of period</b>	<b>(222,905)</b>	<b>(196,487)</b>

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

Descrição	06/30/2020	12/31/2019
Private customers	170,428	147,417
Municipal Administrations	52,477	49,070
<b>Total</b>	<b>222,905</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	06/30/2020	12/31/2019
Balances at beginning of year	(4,088)	(4,723)
Adjustment to Present Value	544	635
<b>Balances at end of year</b>	<b>(3,544)</b>	<b>(4,088)</b>

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Base Date June 30, 2020  
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### 7. RECOVERABLE TAXES AND CONTRIBUTIONS

It has the following composition:

Description	06/30/2020	12/31/2019
Recoverable tax income	31,604	-
Recoverable social contribution	9,447	-
Contributions and taxes withheld - Public bodies	-	305
<b>Total</b>	<b>41,051</b>	<b>305</b>
<b>Current</b>	<b>41,051</b>	<b>305</b>

### 8. RESTRICTED DEPOSITS

Restricted deposits breakdown as follows:

Description	06/30/2020	12/31/2019
Health National Foundation - FUNASA	3,100	2,855
Reserves kept in CAIXA (1)	56,534	55,748
<b>Total</b>	<b>59,634</b>	<b>58,603</b>
<b>Current</b>	<b>3,100</b>	<b>2,855</b>
<b>Non-current</b>	<b>56,534</b>	<b>55,748</b>

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

### 9. OTHER ACCOUNTS RECEIVABLE

These break down as follows:

Description	06/30/2020	12/31/2019
Advances to employees	19,603	13,317
Reimbursable payments	11,899	17,909
Guarantee deposits	1,603	1,740
Municipal Fund for the Environment (1)	47,944	48,881
Prepaid expenses	1,139	3,468
Bonds and other receivables	748	886
<b>Total</b>	<b>82,936</b>	<b>86,201</b>
<b>Current</b>	<b>36,289</b>	<b>37,642</b>
<b>Non-current</b>	<b>46,647</b>	<b>48,559</b>

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



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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### 10. CONTRACTUAL FINANCIAL ASSETS

Changes in financial assets are as follows:

Description	12/31/2019	Additions	NPV Revenue	NPV Expense	06/30/2020
Investment Not Amortized	1,213,062	49,299	-	-	1,262,361
Adjustment to Present Value	(777,853)	(28,826)	8,434	(11,060)	(809,305)
<b>Total</b>	<b>435,209</b>	<b>(a) 20,473</b>	<b>8,434</b>	<b>(11,060)</b>	<b>453,056</b>

a) Amount transferred from property, plant and equipment and intangible assets, referring to the expectation of residual value receivable at the end of program contracts, net of Adjustment to Present Value for the period (note 13c).

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.

### 11. CONTRACT ASSET

It has the following movement:

Description	12/31/2019	Additions	Capitalisation of interest	Write-off and Loss	Transfer to Intangible asset	06/30/2020
Projects and Works in Progress	1,642,497	392,235	11,111	391	(471,322)	1,574,912
Inventories for Construction Work	114,217	(147)	-	-	-	114,070
<b>Total</b>	<b>1,756,714</b>	<b>392,088</b>	<b>11,111</b>	<b>391</b>	<b>(471,322)</b>	<b>1,688,982</b>

Up to the Second Quarter of 2020, the amount of R\$392,088 (R\$414,832 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, Guarapuava and Fazenda Rio Grande, and construction of the Miringuava Dam in São José dos Pinhais and expansion of sewage collection and treatment systems mainly in the municipalities of Curitiba, Foz do Iguaçu, Londrina, Paranavaí and Pinhão.

Until this quarter ended June 30, 2020, interest and other financial charges on the resources and loans that financed the Company's projects and works were capitalized, in the amount of R\$11,111 (R\$11,144 in the same period of 2019). The average rate used to determine the amount of capitalized borrowing costs in relation to total costs was 11.7%.

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### 12. INVESTMENTS

Description	06/30/2020	12/31/2019
Investment in joint venture - CS Bioenergia S.A.	250	-
Other investments	2,450	2,671
<b>Total</b>	<b>2,700</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\$35,008 recorded in its Capital Stock and R\$50 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.	06/30/2020	12/31/2019
Current assets	2,280	2,191
Noncurrent assets	62,381	65,777
• Fixed assets	44,972	42,685
• Finance lease	15,315	16,148
• Other	2,094	6,944
<b>Total Assets</b>	<b>64,661</b>	<b>67,968</b>
Current liabilities	10,405	11,231
• Loans, financing and finance lease	7,547	7,651
• Other	2,858	3,580
Noncurrent liabilities	13,018	11,000
• Loans, financing and finance lease	13,018	11,000
Equity	41,238	45,737
<b>Total Liabilities and Equity</b>	<b>64,661</b>	<b>67,968</b>
Statement of income (loss) – CS Bioenergia S.A.	06/30/2020	12/31/2019
Revenues	3,707	4,335
(-) Operational expenses	(6,782)	(15,021)
Financial income (loss)	(2,049)	(3,459)
Income before income tax	(5,124)	(14,145)
<b>Loss for the period</b>	<b>(5,124)</b>	<b>(14,145)</b>

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Changes in the investment in the period are as follows:

Description	06/30/2020	12/31/2019
Balance at beginning of year	-	20,479
Financial contribution	1,199	2,525
Equity in earnings (losses) of controlled company (percentage of interest 40%)	(2,049)	(5,658)
Impairment Test - (Constitution) / Reversal	1,100	(17,346)
<b>Balance at end of period/year</b>	<b>250</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 06/30/2020, equivalent to R\$2,450.

## 13. FIXED AND INTANGIBLE ASSETS

### a) Fixed assets

These have the following composition:

By account			06/30/2020	12/31/2019
Description	Cost	Accumulated depreciation	Net amount	
Administration	483,120	(193,953)	289,167	296,514
Other fixed assets	1,697	(771)	926	1,202
<b>Total</b>	<b>484,817</b>	<b>(194,724)</b>	<b>290,093</b>	<b>297,716</b>

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By Nature				06/30/2020	12/31/2019
Description	Annual depreciation rate	Cost	Accumulated depreciation	Net amount	
Plots of land	-	2,931	-	2,931	2,929
Civil construction	*1.84%	145,905	(27,215)	118,690	112,759
Leasehold	2%	2,350	(759)	1,591	1,383
Facilities	*5.83%	9,663	(2,823)	6,840	6,354
Equipment	*6.23%	79,263	(28,816)	50,447	50,971
Furniture and fixtures	7.14%	49,172	(19,245)	29,927	29,284
IT equipment	*19.82%	73,645	(39,576)	34,069	32,617
Vehicles	*13.05%	96,543	(58,155)	38,388	52,710
Machinery, tractors and similar	*19.35%	23,207	(17,641)	5,566	6,765
Tools	6.67%	1,460	(494)	966	986
Patrimonial assets to incorporate	-	678	-	678	958
<b>Total</b>		<b>484,817</b>	<b>(194,724)</b>	<b>290,093</b>	<b>297,716</b>

\* Weighted average rate

### b) Intangible assets

These have the following composition:

By account			06/30/2020	12/31/2019
Description	Cost	Accumulated depreciation	Net amount	
Water mains	4,893,630	(1,659,692)	3,233,938	3,070,702
Sewage mains	5,482,574	(1,274,548)	4,208,026	4,019,772
Solid waste	3,937	(3,508)	429	52
System Use and Operation Rights	133,832	(73,220)	60,612	53,282
Other intangible assets	125,108	(72,764)	52,344	79,752
<b>Total</b>	<b>10,639,081</b>	<b>(3,083,732)</b>	<b>7,555,349</b>	<b>7,223,560</b>

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By Nature				06/30/2020	12/31/2019
Description	Annual amortization rate	Cost	Accumulated depreciation	Net amount	
Plots of land	-	181,358	-	181,358	171,068
Wells	*3.10%	152,341	(39,401)	112,940	111,810
Dams	*2.67%	141,622	(59,289)	82,333	83,462
Civil construction	*2.59%	2,409,322	(570,743)	1,838,579	1,727,336
Leasehold	*2.67%	30,267	(4,051)	26,216	23,582
Piping	*2.64%	5,506,147	(1,427,522)	4,078,625	3,921,877
Building connections	3.33%	783,822	(253,522)	530,300	517,460
Facilities	*5.83%	178,987	(71,232)	107,755	100,984
Hydrometers	10%	214,673	(88,326)	126,347	127,365
Macro-meters	10%	6,441	(4,400)	2,041	2,039
Equipments	*6.23%	668,891	(303,413)	365,478	337,899
Furniture and fixtures	7.14%	6,519	(3,685)	2,834	2,717
IT equipment	*19.82%	89,609	(82,713)	6,896	4,477
Computer programs	20%	61,560	(41,045)	20,515	18,583
Vehicles	*13.05%	26,568	(18,661)	7,907	7,517
Machinery, tractors and similar	*19.35%	25,405	(21,302)	4,103	3,954
Tools	6.67%	289	(204)	85	76
Rights of Use of Transmission Lines	6.25%	155	(135)	20	22
Environmental protection and preservation	20%	27,452	(21,324)	6,128	6,659
Concession of the Mun. of Curitiba (1)	1.50%	125,000	(72,656)	52,344	53,281
Concession of the Mun. of Cianorte (2)	5%	108	(108)	-	-
Patrimonial assets to incorporate	-	2,545	-	2,545	1,392
<b>Total</b>		<b>10,639,081</b>	<b>(3,083,732)</b>	<b>7,555,349</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

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(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 14.

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

As of June 30, 2020, the carrying amount for each category of assets under lease commitments recorded in Intangible Assets is as follows:

By account			06/30/2020	12/31/2019
Description	Cost	Accumulated depreciation	Net amount	
Buildings	37,434	(1,886)	35,548	35,862
Piping	147,315	(7,660)	139,655	141,128
Building connections	8,227	(744)	7,483	7,620
Facilities	309	(62)	247	257
Equipment	6,013	(1,094)	4,919	5,105
<b>Lease - Litoral</b>	<b>199,298</b>	<b>(11,446)</b>	<b>187,852</b>	<b>189,972</b>
Car Rental	59,614	(34,775)	24,839	37,036
Rental Movable Goods	33,911	(14,225)	19,686	19,673
Rental of Real Estate	42,867	(8,843)	34,024	32,079
<b>Lease - Right of use</b>	<b>136,392</b>	<b>(57,843)</b>	<b>78,549</b>	<b>88,788</b>
<b>Total</b>	<b>335,690</b>	<b>(69,289)</b>	<b>266,401</b>	<b>278,760</b>
<b>Fixed assets</b>	<b>134,131</b>	<b>(57,096)</b>	<b>77,035</b>	<b>87,060</b>
<b>Intangible Assets</b>	<b>201,559</b>	<b>(12,193)</b>	<b>189,366</b>	<b>191,700</b>

The Company recorded in the result the amount of R\$1,873 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	06/30/2020
Lease - Litoral	189,972	-	(2,120)	187,852
Vehicles	37,036	664	(12,861)	24,839
Movable assets	19,673	5,816	(5,803)	19,686
Chattel	32,079	5,857	(3,912)	34,024
<b>Balance</b>	<b>278,760</b>	<b>12,337</b>	<b>(24,696)</b>	<b>266,401</b>

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

Description	12/31/2019	Additions	Depreciation and Amortization	Write-offs and losses	Transfers to Work	Transfer	06/30/2020
<b>Fixed assets</b>							
Plots and land	2,929	-	-	-	-	2	2,931
Civil construction leasehold	112,759	10,578	(4,784)	(2)	5,424	(5,285)	118,690
Facilities	1,383	-	(22)	-	230	-	1,591
Equipment	6,354	760	(275)	-	-	1	6,840
Furniture and fixtures	50,971	7,331	(2,197)	(44)	-	(5,614)	50,447
IT Equipment	29,284	2,308	(1,501)	(150)	77	(91)	29,927
Vehicles	32,617	8,805	(7,622)	(36)	-	305	34,069
Machinery, tractors and similar	52,710	664	(14,027)	-	-	(959)	38,388
Tools	6,765	620	(1,032)	-	-	(787)	5,566
Patrimonial assets to incorporate	986	21	(39)	-	-	(2)	966
	958	-	-	-	-	(280)	678
<b>Total Fixed Assets</b>	<b>297,716</b>	<b>31,087</b>	<b>(31,499)</b>	<b>(232)</b>	<b>5,731</b>	<b>(12,710)</b>	<b>290,093</b>
<b>Intangible Asset</b>							
Plots of land	171,068	2,308	-	-	7,983	(1)	181,358
Wells	111,810	73	(929)	(877)	2,863	-	112,940
Dams	83,462	-	(1,497)	-	368	-	82,333
Civil construction leasehold	1,727,336	-	(28,321)	(688)	139,218	1,034	1,838,579
Piping	23,582	155	(371)	(249)	3,398	(299)	26,216
Building connections	3,921,877	5,931	(65,869)	(674)	232,734	(15,374)	4,078,625
Facilities	517,460	117	(11,969)	(146)	25,387	(549)	530,300
Hydrometers	100,984	676	(5,254)	149	11,200	-	107,755
Macro-meters	127,365	-	(9,865)	(1,312)	10,159	-	126,347
Equipment	2,039	-	(168)	-	170	-	2,041
Furniture and fixtures	337,899	8,576	(13,561)	(1,723)	28,674	5,613	365,478
IT Equipment	2,717	146	(151)	(13)	44	91	2,834
Computer programs	4,477	41	(550)	(14)	2,967	(25)	6,896
Vehicles	18,583	5,403	(3,167)	(304)	-	-	20,515
Machinery, tractors and similar	7,517	-	(568)	-	-	958	7,907
Tools	3,954	27	(665)	-	-	787	4,103
Rights of Use of Transmission Lines	76	14	(6)	(1)	-	2	85
Environmental protection and preservation	22	-	(2)	-	-	-	20
Concession of the Mun. of Curitiba	6,659	-	(979)	22	426	-	6,128
Concession of the Mun. of Cianorte	53,281	-	(937)	-	-	-	52,344
Patrimonial assets to incorporate	-	-	(3)	3	-	-	-
	1,392	1,153	-	-	-	-	2,545
<b>Subtotal intangible assets</b>	<b>7,223,560</b>	<b>24,620</b>	<b>(144,832)</b>	<b>(5,827)</b>	<b>465,591</b>	<b>(7,763)</b>	<b>7,555,349</b>
<b>Grand Total</b>	<b>7,521,276</b>	<b>55,707</b>	<b>(176,331)</b>	<b>(6,059)</b>	<b>(a) 471,322</b>	<b>(b) (20,473)</b>	<b>7,845,442</b>

(a) Amount transferred from the Contract Assets account (Note 11);

(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 10).

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

Due to the impacts of the Coronavirus (COVID-19), as described in Note 31, 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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### 14. LOANS, FINANCING, DEBENTURES AND FINANCE LEASE

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

Description	Annual Interest Rate	Index	06/30/2020			12/31/2019		
			Current	Non-current	Total	Current	Non-current	Total
<b>Currency:</b>								
Debentures 3rd Issuance – 2nd series	6.99%	IPCA	71,317	-	71,317	70,916	-	70,916
Debentures 8th Issuance - 1st series	106.50% of DI		94,984	-	94,984	20	94,966	94,986
Bank Credit Notes - CCB	DI + 2.75%		66,045	132,318	198,363	-	-	-
Debentures 8th Issuance – 2nd series	108.00% of DI		19	154,870	154,889	78	154,836	154,914
BNDES	TJLP + 1.82%		7,715	12,131	19,846	7,732	15,961	23,693
Banco do Brasil - PSI	3.00% to 6.00%	-	3,386	7,337	10,723	3,388	9,022	12,410
Debentures 2nd Issuance – 1st series	TJLP + 1.92%		12,363	39,711	52,074	12,394	45,821	58,215
Debentures 2nd Issuance – 2nd series	9.19%	IPCA	25,631	75,610	101,241	21,261	75,205	96,466
Debentures 2nd Issuance – 3rd series	TJLP + 1.92%		16,484	52,948	69,432	16,525	61,095	77,620
Debentures 9th Issuance - 1st series	106.05% of DI		208	199,060	199,268	443	199,044	199,487
Banco Itaú - PSI	3.00% to 6.00%	-	3,568	9,815	13,383	3,571	11,586	15,157
Debentures 9th Issuance – 2nd series	107.25% of DI		166	150,768	150,934	346	150,760	151,106
Debentures 4th Issuance - 1st series	TJLP + 1.67%		24,317	145,169	169,486	24,394	157,102	181,496
Debentures 4th Issuance – 2nd series	7.44%	IPCA	13,486	80,253	93,739	13,406	86,383	99,789
Debentures 10th Issuance – Single issued	4.66%	IPCA	2,963	339,604	342,567	-	-	-
BNDES - PAC2	TJLP + 1.67% to 2.05%		42,975	242,011	284,986	41,687	252,149	293,836
Lease - Litoral	11.14%	IPC-FIPE	9,683	264,437	274,120	9,374	268,165	277,539
Lease – Right of use	5.16%	-	50,430	41,378	91,808	48,763	49,029	97,792
Debentures 7th Issuance - 1st series*	5.20%	IPCA	40	45,137	45,177	286	31,141	31,427
Debentures 7th Issuance – 2nd series*	4.79%	IPCA	22	55,692	55,714	429	48,686	49,115
Debentures 7th Issuance – 3rd series	6.97%	IPCA	157	19,609	19,766	103	13,576	13,679
Debentures 7th Issuance – 4th series	6.57%	IPCA	183	24,263	24,446	153	21,165	21,318
Caixa Econômica Federal	6.62% to 12.00%	TR	82,249	1,036,097	1,118,346	81,944	975,487	1,057,431
<b>Total in Brazilian Reais</b>			<b>528,391</b>	<b>3,128,218</b>	<b>3,656,609</b>	<b>357,213</b>	<b>2,721,179</b>	<b>3,078,392</b>
<b>Foreign currency</b>								
KfW Bank	1.35%	EURO	-	5,783	5,783	-	2,039	2,039
<b>Total Foreign currency</b>			<b>-</b>	<b>5,783</b>	<b>5,783</b>	<b>-</b>	<b>2,039</b>	<b>2,039</b>
<b>Balances at end of the period</b>			<b>528,391</b>	<b>3,134,001</b>	<b>3,662,392</b>	<b>357,213</b>	<b>2,723,218</b>	<b>3,080,431</b>
Loans and financing			205,938	1,445,492	1,651,430	138,322	1,266,244	1,404,566
Debentures			262,340	1,382,694	1,645,034	160,754	1,139,780	1,300,534
Lease			60,113	305,815	365,928	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.



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

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

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

The Company contracted hedge derivative financial instruments, with Banco Bradesco S.A., Banco Santander Brasil S.A. and Itaú Unibanco S.A., which were signed on 11/6/2017, 12/7/2017 and 1/22/2018 respectively, to mitigate foreign exchange risk, assuming as a counterparty a CDI variation, as described in Note 4.1. Until first quarter ended June 30, 2020, KfW bank released €1,082 thousand, and swaps were carried out in the period to hedge interest rate and exchange variation, without speculative character, converting the financial charges to 114.01% of CDI (weighted average), which represents the percentage of 5.23% for a rate of 4.59% of the CDI.

### **Lease:**

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

(i) The asset lease agreement resulting from the expansion of the sanitary sewage system in the municipalities of Matinhos and Pontal do Paraná (Lease - Litoral) provides for an annual monetary update of the debt balance linked to the IPC-FIPE during the term of the agreement. The discount rate applied in the initial recognition of this contract was carried out in the period in which the contractual stages were delivered, being the weighted average of 11.1%; and

(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 June 30, 2020, the discount rate applied to the recognition of these contracts was 5.16%. 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	06/30/2020
Lease - Litoral	277,539	-	14,457	(17,877)	274,119
Lease - Right of use	97,792	12,337	2,885	(21,205)	91,809
<b>Total</b>	<b>375,331</b>	<b>12,337</b>	<b>17,342</b>	<b>(39,082)</b>	<b>365,928</b>
Current	58,137				60,113
Non-current	317,194				305,815

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

Description	Minimum Future Payments	Financial charges	06/30/2020	12/31/2019
			Present Value of Future Payments	Present Value of Future Payments
<b>Lease - Litoral</b>				
Less than a year	35,754	(26,071)	9,683	9,374
More than a year and less than five years	143,016	(105,726)	37,290	46,797
Above five years	389,375	(162,228)	227,147	221,368
<b>Subtotal</b>	<b>568,145</b>	<b>(294,025)</b>	<b>274,120</b>	<b>277,539</b>
<b>Lease - Right of Use</b>				
Less than a year	54,508	(4,077)	50,431	48,764
More than a year and less than five years	45,014	(3,637)	41,377	49,028
<b>Subtotal</b>	<b>99,522</b>	<b>(7,714)</b>	<b>91,808</b>	<b>97,792</b>
<b>Total</b>	<b>667,667</b>	<b>(301,739)</b>	<b>365,928</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	06/30/2020
Vehicles	29,732
Mobile goods	28,458
Real estate	50,014
<b>Total</b>	<b>108,204</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	15,459	11,645	3,997	-	-	-	<b>31,101</b>
Mobile goods	12,232	10,137	5,037	2,898	-	-	<b>30,304</b>
Real estate	5,563	10,976	10,972	11,613	12,802	6,884	<b>58,810</b>
<b>Total</b>	<b>33,254</b>	<b>32,758</b>	<b>20,006</b>	<b>14,511</b>	<b>12,802</b>	<b>6,884</b>	<b>120,215</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	06/30/2020	12/31/2019
TR (Reference Rate)	1,118,346	1,057,431
TJLP (Long-Term Interest Rate)	595,824	634,860
IPCA (National Amplified Consumer Price Index)	753,967	382,710
DI	798,438	600,493
IPC-FIPE	274,120	277,539
EURO	5,783	2,039
No Monetary Adjustment	115,914	125,359
<b>Total</b>	<b>3,662,392</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
Bank Credit Notes - CCB	2020	2022	200,000	-	Monthly	Monthly
Debentures 8th Issuance – 2nd series	2018	2023	155,000	15,500	2023	Six-monthly
BNDES - 1 Contract	2007	2023	81,357	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 9th Issuance – 1st series	2019	2024	199,150	19,915	2024	Six-monthly
Banco do Brasil - PSI - 11 Contracts	2013 to 2014	2024	30,793	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 2nd Issuance - 1st and 3rd series	2011	2024	276,609	7,000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 2nd Issuance – 2nd series	2011	2024	118,547	3,000	Annual	Annual
Banco Itaú - PSI - 13 Contracts	2013 to 2014	2025	33,175	-	Monthly	Quarterly during grace period and monthly at amortization
Debentures 9th Issuance – 2nd series	2019	2026	150,850	15,085	2026	Six-monthly
Debentures 4th Issuance – 1st series	2014	2027	230,012	7,000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 4th Issuance – 2nd series	2014	2027	98,576	3,000	Monthly	Quarterly during grace period and monthly at amortization
Debentures 10th Issuance – Single issue	2020	2027	350,000	35,000	2027	Six-monthly
BNDES - PAC2 - 4 Contracts	2011 to 2014	2029	629,594	-	Monthly	Quarterly during grace period and monthly at amortization
KfW Bank (Euro)	2017	2032	50,000	-	Six-monthly	Six-monthly
Lease - Litoral	2013	2036	460,592	-	Monthly	Monthly
Lease - Right of Use	2015 to 2020	2020 to 2025	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 - 328 Contracts	2003 to 2018	2042	3,415,695	-	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	40,222	47,413	47,413	47,413	40,286	-	-	222,747
Debentures 3rd Issue	71,317	-	-	-	-	-	-	71,317
Debentures 4th Issue	19,275	37,058	37,058	37,058	37,058	37,058	58,660	263,225
Debentures 7th Issue	402	688	8,513	8,513	8,513	8,513	109,961	145,103
Debentures 8th Issue	4	94,967	-	154,902	-	-	-	249,873
Debentures 9th Issue	374	-	-	-	-	199,068	150,760	350,202
Debentures 10th Issue	2,963	-	-	-	-	-	339,604	342,567
<b>Subtotal Debentures</b>	<b>134,557</b>	<b>180,126</b>	<b>92,984</b>	<b>247,886</b>	<b>85,857</b>	<b>244,639</b>	<b>658,985</b>	<b>1,645,034</b>
BNDDES	3,885	7,661	7,661	639	-	-	-	19,846
BNDDES - PAC2	21,875	42,200	38,245	37,034	37,034	37,034	71,564	284,986
Banco do Brasil - PSI	1,701	3,369	3,369	2,093	191	-	-	10,723
Banco Itaú - PSI	1,797	3,542	3,542	3,056	1,420	26	-	13,383
Bank Credit Notes - CCB	-	132,158	66,205	-	-	-	-	198,363
Caixa Econômica Federal	44,136	75,982	71,320	61,096	64,900	68,941	731,971	1,118,346
KfW Bank	-	-	142	564	564	564	3,949	5,783
<b>Subtotal loans and financing</b>	<b>73,394</b>	<b>264,912</b>	<b>190,484</b>	<b>104,482</b>	<b>104,109</b>	<b>106,565</b>	<b>807,484</b>	<b>1,651,430</b>
Lease - Litoral	6,564	7,699	8,474	9,336	10,298	11,372	220,377	274,120
Lease - Right of Use	33,054	27,106	15,611	11,169	3,742	1,126	-	91,808
<b>Subtotal lease</b>	<b>39,618</b>	<b>34,805</b>	<b>24,085</b>	<b>20,505</b>	<b>14,040</b>	<b>12,498</b>	<b>220,377</b>	<b>365,928</b>
<b>Total</b>	<b>247,569</b>	<b>479,843</b>	<b>307,553</b>	<b>372,873</b>	<b>204,006</b>	<b>363,702</b>	<b>1,686,846</b>	<b>3,662,392</b>

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

Description	06/30/2020		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	-	694,682	-	659,830
Interest and fines	113,208	-	236,214	-
Monetary Variations	-	(895)	-	25,137
Transfers	273,617	(273,617)	357,594	(357,594)
Amortization	(226,659)	-	(749,537)	-
Costs of funds raised with third parties	(1,325)	(10,362)	190	108
Exchange rate variation	-	975	-	(24)
Lease	12,337	-	33,982	103,213
<b>Balances at end of period</b>	<b>528,391</b>	<b>3,134,001</b>	<b>357,213</b>	<b>2,723,218</b>

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

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

Index	Releases	Amortization
Debentures 2nd Issue	-	18,693
Debentures 3rd Issue	-	2,365
Debentures 4th Issue	-	27,836
Debentures 7th Issue	29,585	4,890
Debentures 8th Issue	-	4,834
Debentures 9th Issue	-	7,003
Debentures 10th Issue	350,000	-
BNDES	-	4,576
BNDES - PAC2	12,000	30,571
Banco do Brasil - PSI	-	1,906
Banco Itaú - PSI	-	2,116
KfW Bank	3,645	22
Bank Credit Notes - CCB	200,000	-
Caixa Econômica Federal	99,452	82,765
Lease (1)	12,337	39,082
<b>Total</b>	<b>707,019</b>	<b>226,659</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	2.8
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 and of Bank Credit Notes - CCB

Index	Limit	Realized
Net Bank Debt / adjusted EBITDA	Equal to or higher than 1.5	12.6
Adjusted EBITDA /Net Financial Expenses	Equal to or under than 3.0	1.3

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

Index	Limit	Realized
Adjusted EBITDA /Net Financial Expenses	Equal to or higher than 1.5	12.6
Net Bank Debt / adjusted EBITDA	Equal to or under 3.0	1.3
Other Onerous Debt/Adjusted EBITDA	Equal to or under 1.0	0.6

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

Index	Limit	Realized
EBITDA / Debt service	Equal to or higher than 1.5	2.8
Net Bank Debt / Adjusted EBITDA	Equal to or under than 3.0	1.3
Other Onerous Debt / Adjusted EBITDA	Equal to or under 1.0	0.6
Levels of debt	Equal to or under 60	49.4

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 and for the Bank Credit Notes - CCB contracted with Banco BTG Pactual, considering that it does not confer any special or general privilege to the holders, the Company must maintain the ratios mentioned above throughout the period and until the final maturity.

In relation to the contracts of the Caixa Econômica Federal, related to the 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 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 June 30, 2020, the Company is fully complying with the restrictive covenants stipulated by the issuance of debentures and financing from BNDES and Caixa Econômica Federal and KfW Bank.

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### 15. TAXES AND CONTRIBUTIONS

The composition is as follows:

Description	06/30/2020	12/31/2019
Income tax payable	-	12,671
Social contribution payable	-	8,682
COFINS (tax on sales) payable	96,057	31,792
PASEP (tax on sales) payable	20,824	6,895
IPTU (Property tax) - installment payment (1)	899	1,100
Taxes and Contributions Withheld at Source	29,819	40,226
<b>Total taxes and contributions</b>	<b>147,599</b>	<b>101,366</b>
<b>Current</b>	<b>147,234</b>	<b>100,770</b>
<b>Non-current</b>	<b>365</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 06/30/2020, 70 installments had been paid for the amount of R\$2,192.

### 16. INCOME AND SOCIAL CONTRIBUTION TAXES

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

Description	06/30/2020		06/30/2019	
	Income Tax	Social Contribution Tax	Income Tax	Social Contribution Tax
Income before Income and Social Contribution Taxes	732,175	732,175	598,224	598,224
<b>Income and social contribution taxes - current rate</b>	<b>(183,044)</b>	<b>(65,896)</b>	<b>(149,556)</b>	<b>(53,840)</b>
Benefit of the Deductibility of Interest on Equity	37,672	13,562	43,541	15,675
Workers' Meal Program – PAT (1)	6,083	-	-	-
Corporate Citizen Incentive (2)	280	-	261	-
Equity in earnings (losses) of the controlled companies	(512)	(184)	(555)	(200)
Other	230	45	(2,530)	(947)
<b>Total expenses</b>	<b>(139,291)</b>	<b>(52,473)</b>	<b>(108,839)</b>	<b>(39,312)</b>
<b>Total Income and Social Contribution taxes</b>	<b>(191,764)</b>		<b>(148,151)</b>	
<b>Effective rate</b>	<b>26.2%</b>		<b>24.8%</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



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

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

Description	06/30/2020	06/30/2019
Income Tax	(151,693)	(147,297)
Social Contribution Tax	(56,709)	(52,926)
Realization of Deferred Income Tax	12,402	38,458
Realization of Deferred Social Contribution	4,236	13,614
<b>Total</b>	<b>(191,764)</b>	<b>(148,151)</b>

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

### c) Deferred income and social contribution taxes

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

Description	Estimated realization term	06/30/2020				12/31/2019
		Calculation basis	Income tax	Social Contribution Tax	Total	Total
<b>ASSETS</b>						
NPV on Contractual Financial Assets	30 years	809,305	202,326	72,838	275,164	264,470
Lease (Asset)	20 years	274,120	68,530	24,671	93,201	94,364
Impairment on the investment - CS Bionergia	18 years	16,245	4,061	1,462	5,523	5,897
Pension and Health Plans	15 years	1,270,016	317,504	114,301	431,805	420,445
Impairment on assets	10 years	13,291	3,323	1,196	4,519	4,763
Investments valued at fair value	10 years	274	68	25	93	18
NPV of trade accounts receivable	10 years	3,543	886	319	1,205	1,390
Civil, Labor, Tax and Environmental Provisions	5 years	552,156	138,039	49,694	187,733	185,869
Lease - Right of Use (Asset)	5 years	91,809	22,952	8,263	31,215	33,249
Net realisable value of inventories	5 years	3,064	766	276	1,042	438
Allowance for doubtful accounts	3 years	49,335	12,334	4,440	16,774	15,677
Provision for expected on accounts receivable - CPC 48	3 years	5,993	1,498	539	2,037	-
PAI – Encouraged Retirement Program	2 years	14,846	3,712	1,336	5,048	132
Provision for PPR	1 year	34,583	8,646	3,112	11,758	25,141
<b>Total</b>		<b>784,645</b>	<b>282,472</b>	<b>282,472</b>	<b>1,067,117</b>	<b>1,051,853</b>
<b>LIABILITIES</b>						
NPV on Contractual Financial Assets	30 years	766,627	191,657	68,996	260,653	255,737
Donations from Public Agencies	30 years	10,381	2,595	935	3,530	3,513
IRPJ Deferred on Construction and Improvements	24 years	118,460	29,615	-	29,615	30,252
Lease - Litoral (Liabilities)	20 years	187,852	46,963	16,907	63,870	64,590
Revaluation surplus	13 years	101,348	25,337	9,121	34,458	35,833
Attribution of New Cost to Fixed Assets	10 years	7,600	1,900	684	2,584	2,677
Lease - Right of use (Liabilities)	5 years	78,549	19,637	7,069	26,706	30,188
<b>Total</b>		<b>317,704</b>	<b>103,712</b>	<b>103,712</b>	<b>421,416</b>	<b>422,790</b>
<b>Total Net</b>		<b>466,941</b>	<b>178,760</b>	<b>178,760</b>	<b>645,701</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 June 30, 2020 is as follows:

Periods of Realization	Deferred Tax Assets			Deferred Tax Liabilities		
	Income Tax	Social Contribution Tax	Total	Income Tax	Social Contribution Tax	Total
2020	23,481	8,453	31,934	9,210	3,089	12,299
2021	48,185	17,347	65,532	18,419	6,177	24,596
2022	53,372	19,214	72,586	18,419	6,177	24,596
2023	39,540	14,234	53,774	18,419	6,177	24,596
2024	171,021	61,568	232,589	12,808	4,157	16,965
2025 to 2027	97,606	35,138	132,744	38,425	12,473	50,898
2028 to 2030	98,131	35,327	133,458	38,225	12,400	50,625
2031 to 2033	96,890	34,880	131,770	35,799	11,526	47,325
2034 to 2036	65,139	23,450	88,589	31,745	10,067	41,812
2037 to 2039	20,465	7,367	27,832	23,206	6,993	30,199
2040 to 2042	20,233	7,284	27,517	23,206	6,993	30,199
2043 to 2045	20,233	7,284	27,517	20,685	6,993	27,678
2046 to 2048	20,233	7,284	27,517	19,425	6,993	26,418
2049 to 2051	10,116	3,642	13,758	9,713	3,497	13,210
<b>Total</b>	<b>784,645</b>	<b>282,472</b>	<b>1,067,117</b>	<b>317,704</b>	<b>103,712</b>	<b>421,416</b>

### 17. REVENUE TO BE APPROPRIATED

The Company renewed the cession contract for operation of financial services with Caixa Econômica Federal for a sixty-month term (sixty), starting in March/2017, for the amount of R\$21,000. Revenues corresponding to this contract are recognized on a monthly basis, for the term of the contract, on the accrual basis. The amount recognized in the results until the second quarter of 2020 was of R\$2,100 (R\$2,100 for the same period in 2019), The balance as at June 30, 2020 was of R\$7,000 (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\$2,800 (R\$4,900 as at 12/31/2019) in non-current liabilities.

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### 18. 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	Reversals	Payments	06/30/2020
Labor claims (i)	302,119	33,275	(17,314)	(8,350)	309,730
Civil claims (ii)	206,654	19,689	(4,633)	(43,112)	178,598
Environmental claims (iii)	18,256	38,101	(10,224)	-	46,133
Tax claims (iv)	19,643	156	(2,104)	-	17,695
<b>Total</b>	<b>546,672</b>	<b>91,221</b>	<b>(34,275)</b>	<b>(51,462)</b>	<b>552,156</b>

#### 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	
	06/30/2020	12/31/2019
Labor claims (i)	60,940	55,933
Civil claims (ii)	577,862	465,131
Environmental claims (iii)	418,627	328,049
Tax claims (iv)	26,797	16,989
<b>Total</b>	<b>1,084,226</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.

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

### (iii) Environmental

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

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

In the Civil context 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 and Instituto Água e Terra - IAT 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 (December/2017), 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.

**Subsequent event:** On July 1, 2020, a decision was issued by the 2nd Court of the Public Treasury of Maringá, judging the requests for embargoes for execution filed by the Company, as partially upheld and determining that the 3 (three) infraction notices drawn up by the Municipal Secretariat of Maringá referring to discharges of liquid effluents outside the parameters determined by Ordinances of the Institute of Waters of Paraná and Resolutions SEMA and respective environmental licenses, which resulted in administrative collection, which was classified as a probable loss in the amount of R\$21,119, come to prevail with the amount of R\$23.

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### (iv) Taxes

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

### c) Court deposits

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

The breakdown is as follows:

Nature	Court deposits	
	06/30/2020	12/31/2019
Labor claims	208,077	185,806
Civil claims	65,423	99,786
Environmental claims	5,052	2,492
Tax claims	9,874	9,671
<b>Total</b>	<b>288,426</b>	<b>297,755</b>

## 19. PENSION PLAN AND MEDICAL INSURANCE

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

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

**Fusanprev:** In this scenario, despite the fact that the plan presented a negative result of 1.12% at the end of the 2nd Quarter of 2020, it presents an accumulated profitability of 3.64% in the months after the crisis (April, May and June), due to the fact that 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, provides sufficient liquidity to honor the payment of benefits. Considering the governance structure of FUSAN for decision making, following the advice of the regulatory bodies linked to Supplementary Pension Plans, for the practice of being closely monitoring the investments made, including checking the investment opportunities that arose in the crisis, due to the very strong performance of the Central Banks of the World that are injecting a significant volume of resources into the economy, thus maintaining the liquidity and functioning of the system, and the measures that are being adopted by the governments that are having the expected effects to contain the disease, the gradual reopening of the activity business in major economies, news about progress in vaccines and positive surprises with data on economic activity, especially in the American labor market, providing a recovery even above expectations, we

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understand that for the end of this quarter, we do not expect any change in the provision values this quarter.

**Sanesaúde:** The Sanesaúde plan presented a surplus result at the end of the Second Quarter of 2020, mainly due to the reduction in the demand for service from the beneficiaries, and its technical reserves and solvency margin indicate that the plan is in balance. The plan presented a number of medical admissions (main expense of the Plan) in the second quarter 32.9% lower than the same period of the previous year, due to the elective character of hospitalization due to the recommendation to postpone these visits in order to reduce the risk of contagion, as well as ensuring the availability of beds to face the pandemic. It is noteworthy that so far the impact of COVID-19 cases on Plan expenses is quite limited, and 16 infected beneficiaries were registered who did not need to be hospitalized, 11 who were hospitalized and 2 deaths. Considering that Fundação Sanepar adhered to the model established by ANS (RN nº 451/2020), in which, in April 2020, it disengaged part of the solvency margin provisions that became part of the Plan's result and increased the capacity to cope with the growing costs and impacts of the pandemic. Another measure that will have an impact in the coming months is the postponement of the formation of the funds for the Provision for Events Occurred and Not Reported - Peona SUS and Provision for Insufficient Payments - PIC to 2021. The monthly contributions of the Plan were readjusted in June 2020 in 7.64%, which, under current conditions, should maintain the balance between income and expenses in the next 12 months, however it is expected that when the pandemic cooling in Paraná occurs and the consequent relaxation of the measures to postpone elective procedures, there is a probable increase in the demand for care, a fact that should consume part of the positive result generated in the First Semester of 2020. Considering that the Sanepar Foundation monitors the scenario daily based on the hospitalization census, with a view to taking the necessary measures to the management of the Plan, as well as assessing the impacts of the pandemic and carefully monitoring the measures and recommendations of the regulating agencies related 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). Until the second quarter the Sponsor passed on the amount of R\$15,896 (R\$15,050 for the same period in 2019) as contribution to FUSAN.

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

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.

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SaneSaúde is a collective of medical and dental care insurance plan, self-managed, financed by pre-payment, and the contributions made on average 63.6% for the sponsor and 36.4% for active and retired beneficiaries through defined monthly contributions for the regulation of the plan, which are determined annually based on actuarial calculations, which take into account the age of the beneficiary, and the existence of limiting factors for use of the services offered.

As a contribution to the Foundation, in these quarter, the Company transferred the amount of R\$36,093 (R\$33,645 for the same period in 2019).

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

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

Description	Pension Plan	Medical Insurance	06/30/2020	12/31/2019
Current	31,328	53,340	84,668	82,440
Non-current	438,595	746,753	1,185,348	1,154,162
<b>Total</b>	<b>469,923</b>	<b>800,093</b>	<b>1,270,016</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 until second quarter of 2020 the amount of R\$33,414 (R\$29,903 for the same period in 2019). At the end of 2020, a new actuarial review will be performed to determine the accounting adjustments in the plans. If abnormal variations in the rules of the pension and health care plan occur during the year, or even in the base of participants, which have not occurred to date, an interim actuarial review can be performed.

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### 20. RELATED-PARTY TRANSACTIONS

As at June 30, 2020, the State of Paraná holds credits for interest on Self Owned Capital for the amount of R\$28,301 (R\$32,710 for the same period in 2019). The Company also supplied water and sewage services to the state of Paraná for a revenue of R\$58,465 and R\$58,786 until the second 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 second quarter of 2020, R\$48,064 (R\$48,803 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\$6,099 (R\$5,940 for the same period in 2019). In addition, the Company has accounts receivable from these City Halls in the amount of R\$38,117 until the second quarter (R\$48,703 in December 31, 2019), as shown in Note 6a.

The Company transacted with CS Bioenergia S.A., and until the second quarter of 2020, it obtained revenues from treatment of sewage effluents in the amount of R\$94 (R\$945 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\$3,772 (R\$1,442 for the same period in 2019). Additionally, on June 30, 2020, the Company has accounts receivable from CS Bioenergia S.A. in the following composition:

- i) in the amount of R\$507 (of which R\$222 for electricity and R\$285 for generator rental expenses); and
- ii) installment payment of debt from the period from 09/2018 to 02/2020 in the total amount of R\$1,187, in 150 installments.

The Company also carries out operations with the Sanepar Foundations (Health Plan and Pension Plan), and until the second quarter of 2020 obtained revenues for the supply of water and sewage services in the amount of R\$9 (R\$9 for the same period in 2019), expenses of rent of property in the amount of R\$291 (R\$300 for the same period in 2019) and of employer contributions to the employee benefit plans in the amount of R\$51,989 (R\$48,695 for the same period in 2019), as described in note 19.

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



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### *Management compensation*

The overall annual management compensation for the year ending December 31, 2020 was approved by 56<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.

The following are the payments made to managers

Description	06/30/2020	06/30/2019
Remuneration	4,703	4,804
Charges and Benefits	1,329	1,218
Social charges	1,243	1,137
Health plan (Sanesaúde)	31	26
Sanepar Foundation (Fusan)	55	55
<b>Total</b>	<b>6,032</b>	<b>6,022</b>

## 21. OTHER ACCOUNTS PAYABLE

The composition is as follows:

Description	06/30/2020	12/31/2019
Contracts and Agreements with third parties	8,007	7,370
Agreements with municipal administrations	15,914	16,238
Collaterals and amounts reimbursable	6,756	5,938
Installment payment IBAMA – PRD Law No. 13.494/2017 (1)	54,010	63,888
Municipal Sanitation and Environmental Management Fund	6,128	5,506
Other account payables	250	250
<b>Total</b>	<b>91,065</b>	<b>99,190</b>
<b>Current</b>	<b>58,548</b>	<b>56,496</b>
<b>Non-current</b>	<b>32,517</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 06/30/2020, 30 installments in the amount of R\$50,310 were paid.

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### 22. EQUITY

#### a) Capital Stock

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

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

Preferential shares are not entitled to vote, but they have assured: (i) equally participate with ordinary shares in the distribution of shares or any other bonds or benefits, including incorporation of reserves to capital stock; (ii) priority treatment in the reimbursement of capital in case of the Company's liquidation; and (iii) the right to receive compensation, of at least 10% higher than the amount attributed to each ordinary share.

The equity value of each share on June 30, 2020 is R\$4.29 (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 June 30, 2020 is of R\$4,000,000, that net of the share issuance costs is of R\$3,996,137, and the shareholding structure is the following:

Shareholders	Number of shares					
	Common	%	Preferred	%	Total	%
State of Paraná	302,743,725	60.1	3	-	302,743,728	20.0
Municipal Administrations	-	-	5,809,539	0.6	5,809,539	0.4
Foreign Investors	97,923,169	19.4	505,118,598	50.1	603,041,767	39.9
Other Investors	103,068,365	20.5	496,542,120	49.3	599,610,485	39.7
<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 revaluation surplus was realized until the second quarter, transferring to Retained earnings the amount of R\$2,669 (R\$2,751 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

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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	06/30/2020	06/30/2019
<b>Balances at beginning of period</b>	<b>69,559</b>	<b>75,111</b>
Realization of revaluation surplus	(4,044)	(4,168)
Realization of Taxes on the Revaluation surplus	1,375	1,417
<b>Balances at end of period</b>	<b>66,890</b>	<b>72,360</b>

### c) Valuation Adjustments to Equity

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

During this quarter it was transferred to retained earnings, the amount of R\$180 (R\$305 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	06/30/2020	06/30/2019
<b>Balance at beginning of period</b>	<b>5,196</b>	<b>5,722</b>
Realization of Adjustments to Assigned Cost	(273)	(462)
Realization of Taxes on Adjustments to Assigned Cost	93	157
<b>Balance at end of period</b>	<b>5,016</b>	<b>5,417</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

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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 19) arising from actuarial gains or losses are recorded directly in Shareholders' Equity. Adjustments are also made referring to the Realizations of the Revaluation Surplus and the Adjustment to the Deemed Cost.

### h) Shareholders' compensation

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

The tax laws allow companies to proceed, within certain limits, with payments of interest on shareholders' equity to shareholders and to treat said payments as deductible expenses in calculating Income Tax and Social Contribution owed.

This distribution, applicable to mandatory dividends payable by the Company, is treated for accounting purposes as a deduction of the shareholders' equity, similar to dividends. On these values is withheld income tax at the rate of 15%, and paid by the Company upon the payment of interest.

On April 23, 2020, the Shareholder Meeting approved the payment of Interest on Equity Capital and Additional Dividends, credited to shareholders in the year of 2019, for the gross amount of R\$330,411, net of withholding income tax represented R\$303,843, and until 06/30/2020, the amount of R\$303,427 was paid.

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

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

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In the 2nd quarter of 2020, the Company's Management proposed and the Board of Directors approved, in accordance with the 6th/2020 Ordinary Meeting of the Board of Directors of June 25, 2020, the credit of Interest on Equity, observing the legal limit the variation in the TJLP in the period, based on the results obtained in the first half of 2020. The gross amount of Interest on Equity, calculated for the first half of 2020, was R\$150,687, with the amount of R\$18,268 being retained as Income Tax Withholding Tax. This credit generated tax savings of R\$51,234.

### i) Earnings per share

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

Basic and diluted earnings por share	06/30/2020	06/30/2019
<b>Numerator</b>		
Net profit for the period attributed to Company shareholders		
Common Shares	168,878	140,648
Preferred shares	371,533	309,425
<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	0.33525	0.83763
Per preferential share	0.36878	0.92139

## 23. OPERATING REVENUES

Operating Revenues composition, by nature, is the following:

Description	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
<b>Revenue</b>				
Revenues from Water	747,631	710,954	1,557,874	1,427,876
Revenues from Sewage	447,536	420,892	930,786	838,916
Revenues from services	24,873	34,586	58,545	69,120
Revenues from Solid Waste	2,936	2,950	6,099	5,940
Services Provided to Municipalities	5,034	4,485	9,942	8,877
Donations made by clients	5,437	6,259	10,739	9,426
Other Revenue	1,456	1,296	2,706	2,521
<b>Total operating revenues</b>	<b>1,234,903</b>	<b>1,181,422</b>	<b>2,576,691</b>	<b>2,362,676</b>
<b>Deductions from Operating Revenues</b>				
COFINS	(69,744)	(67,501)	(148,353)	(135,443)
PASEP	(15,120)	(14,630)	(32,163)	(29,361)
<b>Total Deductions</b>	<b>(84,864)</b>	<b>(82,131)</b>	<b>(180,516)</b>	<b>(164,804)</b>
<b>Total operating revenues, net</b>	<b>1,150,039</b>	<b>1,099,291</b>	<b>2,396,175</b>	<b>2,197,872</b>

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The Company incurred revenue and costs from construction contracts linked to the program contracts of R\$24,620 (R\$30,229 for the same period in 2019), until the second quarter of 2020, i.e., with a null margin. These revenues are shown net of construction costs.

### 24. COST OF PRODUCTS AND SERVICES

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

Description	04/01/2020 to 06/30/2020			04/01/2019 to 06/30/2019		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(76,189)	(31,469)	(107,658)	(72,740)	(28,305)	(101,045)
Materials	(22,761)	(18,927)	(41,688)	(19,761)	(14,085)	(33,846)
Electricity	(102,874)	(12,322)	(115,196)	(98,918)	(12,636)	(111,554)
Third-party services	(59,228)	(47,183)	(106,411)	(57,540)	(38,709)	(96,249)
Depreciation and amortization	(36,983)	(36,086)	(73,069)	(34,279)	(33,008)	(67,287)
Indemnities of third-party damages	(2,563)	(2,853)	(5,416)	(988)	(3,496)	(4,484)
Other costs	(20,641)	(9,600)	(30,241)	(26,304)	(10,665)	(36,969)
<b>Total</b>	<b>(321,239)</b>	<b>(158,440)</b>	<b>(479,679)</b>	<b>(310,530)</b>	<b>(140,904)</b>	<b>(451,434)</b>

Description	01/01/2020 to 06/30/2020			01/01/2019 to 06/30/2019		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(141,979)	(59,321)	(201,300)	(138,264)	(52,719)	(190,983)
Materials	(46,741)	(38,086)	(84,827)	(40,117)	(25,470)	(65,587)
Electricity	(209,631)	(25,518)	(235,149)	(200,339)	(24,122)	(224,461)
Third-party services	(112,388)	(89,673)	(202,061)	(113,132)	(76,632)	(189,764)
Depreciation and amortization	(72,979)	(71,135)	(144,114)	(68,151)	(65,771)	(133,922)
Indemnities of third-party damages	(3,764)	(3,167)	(6,931)	(1,730)	(3,724)	(5,454)
Other costs	(46,697)	(20,145)	(66,842)	(51,179)	(19,741)	(70,920)
<b>Total</b>	<b>(634,179)</b>	<b>(307,045)</b>	<b>(941,224)</b>	<b>(612,912)</b>	<b>(268,179)</b>	<b>(881,091)</b>

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### 25. SELLING, ADMINISTRATIVE AND OTHER EXPENSES

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

Description	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
<b>Selling</b>				
Personnel	(35,939)	(32,977)	(67,808)	(62,726)
Materials	(850)	(1,072)	(1,937)	(2,078)
Third-party services	(27,948)	(25,221)	(56,781)	(49,757)
Depreciation and amortization	(3,018)	(3,031)	(6,001)	(5,854)
Losses in Realization of Credits	(15,029)	(5,595)	(26,656)	(11,523)
Municipal Sanitation and Environmental Management Fund	(17,251)	(14,598)	(34,964)	(30,349)
Indemnities of third-party damages	(271)	(1,441)	(651)	(1,608)
Sanepar Rural program	(842)	(417)	(1,532)	(601)
Other expenses	(212)	(5,312)	(745)	(9,994)
<b>Total selling expenses</b>	<b>(101,360)</b>	<b>(89,664)</b>	<b>(197,075)</b>	<b>(174,490)</b>
<b>Administrative</b>				
Personnel	(151,790)	(145,159)	(287,430)	(270,866)
Materials	(8,896)	(10,894)	(20,910)	(20,932)
Third-party services	(31,494)	(26,184)	(61,001)	(53,699)
Depreciation and amortization	(13,349)	(13,409)	(26,216)	(26,355)
Losses from realization of credits	(154)	-	(154)	-
Adjustment to the Net Realizable Value of the Inventory	(898)	-	(1,777)	-
Regulatory fee	(6,342)	(5,598)	(12,684)	(11,193)
Travel expenses	(498)	(1,962)	(1,768)	(3,293)
Exhibitions, congresses and events	(4)	(224)	(49)	(272)
Environmental and social programs	(824)	(1,497)	(4,966)	(4,174)
Indemnities of third-party damages	(375)	(731)	(729)	(831)
Other expenses	(2,794)	(3,723)	(7,677)	(9,062)
Transfers to Selling expenses and cost (1)	27,352	38,898	60,150	73,602
Expenses Capitalized (2)	21,851	27,012	39,787	51,670
<b>Total administrative expenses</b>	<b>(168,215)</b>	<b>(143,471)</b>	<b>(325,424)</b>	<b>(275,405)</b>
<b>Other operating revenues (expenses)</b>				
<b>Expenses</b>				
Eventual or extraordinary losses (3) (4)	(16)	(28,716)	(37,155)	(28,716)
Environmental fines	(3)	(84)	(30)	(795)
Write-off of assets	(2,067)	(1,955)	1,365	(3,311)
Adjustment to Fair Value – Investments	83	36	(221)	99
<b>Total other operating revenues (expenses), net</b>	<b>(2,003)</b>	<b>(30,719)</b>	<b>(36,041)</b>	<b>(32,723)</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;

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

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

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### 26. PROFIT SHARING PROGRAM

The Company provisioned the amount of R\$38,762 (R\$50,137 in the same period of 2019), of which R\$4,180 refer to the complement of the provision for the Profit Sharing Program for the Year of 2019 and R\$34,582 related to the provision for Profit Sharing until the 2nd quarter of 2020, which is recorded in the Salaries and Social Charges account, in current liabilities.

### 27. FINANCIAL INCOME (LOSS)

Description	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
<b>Financial revenues</b>				
Financial investments	7,833	7,651	12,724	13,801
Monetary variation gains	1,536	3,081	5,520	4,662
Gain with derivative financial instrument	423	-	944	-
Other financial revenues	5,735	5,023	11,458	10,088
<b>Total financial revenues</b>	<b>15,527</b>	<b>15,755</b>	<b>30,646</b>	<b>28,551</b>
<b>Financial expenses</b>				
Financing and Debenture Interest and Charges and leases	(52,187)	(54,006)	(103,161)	(105,136)
Monetary variation losses	5,975	(5,005)	1,250	(10,783)
Exchange rate variation - losses	(436)	-	(975)	-
Other financial expenses (1)	(619)	(1,353)	(12,287)	(3,023)
<b>Total financial expenses</b>	<b>(47,267)</b>	<b>(60,364)</b>	<b>(115,173)</b>	<b>(118,942)</b>
<b>Financial income (loss), net</b>	<b>(31,740)</b>	<b>(44,609)</b>	<b>(84,527)</b>	<b>(90,391)</b>

(1) R\$11,057 (2020) refers to the change in the useful life of the items Fluidized Sludge Anaerobic Reactors and High Efficiency Upflow Anaerobic Reactors from 60 to 40 years, reflected in the accounting for the Adjustment to Present Value of the contractual financial assets.

### 28. 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 06/30/2020			01/01/2019 to 06/30/2019		
	Water	Swage	Total	Water	Swage	Total
Direct operating revenue	1,601,633	951,671	2,553,304	1,479,966	861,886	2,341,852
Other operating revenues	13,325	10,062	23,387	11,933	8,891	20,824
<b>Total gross operating Revenue</b>	<b>1,614,958</b>	<b>961,733</b>	<b>2,576,691</b>	<b>1,491,899</b>	<b>870,777</b>	<b>2,362,676</b>
Revenue Deductions (PASEP and COFINS)	(102,857)	(77,659)	(180,516)	(94,434)	(70,370)	(164,804)
<b>Net operating revenue</b>	<b>1,512,101</b>	<b>884,074</b>	<b>2,396,175</b>	<b>1,397,465</b>	<b>800,407</b>	<b>2,197,872</b>
Cost	(634,179)	(307,045)	(941,224)	(612,912)	(268,179)	(881,091)
<b>Gross profit</b>	<b>877,922</b>	<b>577,029</b>	<b>1,454,951</b>	<b>784,553</b>	<b>532,228</b>	<b>1,316,781</b>
Selling expenses	(112,287)	(84,788)	(197,075)	(99,990)	(74,500)	(174,490)
Administrative expenses	(185,416)	(140,008)	(325,424)	(157,818)	(117,587)	(275,405)
Other operating revenues (expenses)	(20,535)	(15,506)	(36,041)	(20,025)	(12,698)	(32,723)
Equity in earnings (losses) of controlled companies	-	(2,049)	(2,049)	-	(2,222)	(2,222)
Financial income (loss), net	(36,427)	(48,100)	(84,527)	(37,668)	(52,723)	(90,391)
Profit sharing program	(22,085)	(16,677)	(38,762)	(28,731)	(21,406)	(50,137)
Provisions	(3,107)	(2,377)	(5,484)	(36,276)	(27,010)	(63,286)
Pension plan and medical insurance	(19,038)	(14,376)	(33,414)	(17,133)	(12,770)	(29,903)
<b>Income before taxes and contributions</b>	<b>479,027</b>	<b>253,148</b>	<b>732,175</b>	<b>386,912</b>	<b>211,312</b>	<b>598,224</b>
Income and social contribution taxes	(125,463)	(66,301)	(191,764)	(95,820)	(52,331)	(148,151)
<b>Net income for the period</b>	<b>353,564</b>	<b>186,847</b>	<b>540,411</b>	<b>291,092</b>	<b>158,981</b>	<b>450,073</b>
Operating margin	29.7%	26.3%	28.4%	25.9%	24.3%	25.3%
Net margin	23.4%	21.1%	22.6%	20.8%	19.9%	20.5%
<b>EBITDA (1)</b>	<b>606,790</b>	<b>386,243</b>	<b>993,033</b>	<b>511,188</b>	<b>343,558</b>	<b>854,746</b>
EBITDA margin	40.1%	43.7%	41.4%	36.6%	42.9%	38.9%
Investments in fixed /Intangible assets in the year (2)	217,881	228,688	446,569	235,842	228,142	463,984
Shareholding Interest – CS Bioenergia	-	250	250	-	18,257	18,257
Indebtedness – Loans, Financing, Debentures and Lease	1,528,562	2,133,830	3,662,392	1,244,352	1,972,565	3,216,917
Contract of assets, Fixed assets and intangible assets, net	4,267,329	5,267,095	9,534,424	3,961,029	4,927,681	8,888,710
Depreciation and amortization for the period	(91,336)	(84,995)	(176,331)	(86,608)	(79,523)	(166,131)
Accounts receivable (current and non-current) (3)	642,798	350,589	993,387	571,687	308,269	879,956
Total assets	5,734,845	7,078,427	12,813,272	5,078,792	6,318,223	11,397,015
Total current and noncurrent liabilities	2,943,025	3,380,541	6,323,566	2,462,507	3,153,319	5,615,826
Number of Users – Not Audited/Reviewed (4)	3,225,142	2,259,553	-	3,164,075	2,174,267	-
Volume Thousand m3 Invoiced – Not Audited/Reviewed (5)	265,611	200,562	-	264,971	197,425	-

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

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

(3) Presented by the gross value;

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

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

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### 29. INSURANCE

The Company has insurance contract with MAPFRE Seguros Gerais S/A covering its main assets located in a number of localities throughout the State of Paraná, for the amount of R\$1,647,329, with coverage term from 03/13/2020 to 03/13/2021, basic cover for fire, wind and electrical damages to the equipment.

Assets	Amount insured
Buildings	785,971
Machinery, equipment and vehicles	776,007
Inventory	85,351
<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 June 30, 2020, the Company offered guarantees through Guarantee Insurance in 150 legal proceedings in the amount of R\$192,634 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 366 days ending on 09/09/2020.

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

#### Operations “Rádio Patrulha” and “Integração”:

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

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

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

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

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

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

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

On November 28, 2019, in compliance with the opinion issued by CEI and in accordance with the best governance practices, the Company hired the law firm "Taulil & 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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### Operation “Águas Claras”:

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

Notwithstanding the initiation of said operation occurred after the beginning of the internal investigation work independent of the operations “Rádio Patrulha” and “Integração”, by resolution 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”.

### Operation “Ductos”:

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

### Progress of the “Operations”:

Since December 2019, the independent forensic investigation initiated to verify the allegations related to the Operations continues in progress, continues to be conducted by the Investigation Team and accompanied by CEI and the Company's external auditor. Until the publication of this interim financial information, the work of the Investigation Team, despite having evolved and being on schedule, and considering the need to adjust the scope of the work resulting from the two most recently launched operations, still have no conclusion.

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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.

### 31. 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.

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

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

- Revenues, costs, trade accounts receivable and cash flows: In the Company's view, revenues from the sanitation sector will be less affected due to the effects of the pandemic, as they have more protected revenues than other sectors, as they are essential services for the population. Pressure on operating cash flow was impacted collection, due to a slight increase in defaults and a temporary extension of the maturity of water and sewage accounts, especially for low-income consumers. In this regard, the Company published a Material Fact on March 23, 2020, informing about the postponement of the collection of water and sewage bills, for customers registered in the Social Tariff, approximately 184 thousand families, for a period of 90 days. On June 24, 2020, the Company published a new Material Fact extending the postponement of collection for another 90 days. This measure started on March 25, 2020, with an estimated impact of approximately R\$16.8 million in the 180-day period.

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

After the beginning of the quarantine period, starting on March 19, 2020, the Company has been analyzing collection and defaults on a daily basis, and considering the best estimate for the moment, constituted a provision for expected losses on accounts receivable in the amount of R\$6.0 million.

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

- 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 and 2nd quarter of 2020, the Company obtained funds in the amount of R\$695 million referring to the settlement of the 10th issue of incentive debentures, raising of R\$200 million through the Bank Credit Notes - CCB and funds released by CAIXA, BNDES and KfW.
- Leases: The Company has (i) an asset lease agreement with a substantial transfer of the risks and benefits of the assets which will be owned by the Company at the end of the agreement; (ii) vehicle, movable and immovable lease agreements, in which the benefits of the assets will remain with the lessor. There was no change in the terms and conditions of the contracts.
- Management evaluated the impacts on employee benefits and the Company's obligations, and understands that this quarter, despite the great uncertainty in the financial market and the impacts on the health scenario, considering the best information available, did not identify any adjustment to be made in the record of the provisions arising from the Retirement and Medical Assistance Plans.
- Additionally, Management assessed and concluded that there is no evidence of impairment of its Assets linked to Concessions and Right of Use Assets at the end of the Quarterly Information for the period ended June 30, 2020.

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

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

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

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

## 32. SUBSEQUENT EVENTS

On July 20, 2020, the Company published a Notice to the Market on the "Duct Operation", related to an investigation that investigates conduct involving people related to the Company, as described in note 30.

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Base date March 31, 2019

(In thousands of Brazilian Reais)

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



## **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 June 30, 2020, which comprise the balance sheet on June 30, 2020 and the related statements of income and comprehensive income for the three and six-month period then ended, and the statement of changes in equity and cash flows for the six-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**

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

As mentioned in Note 30 to the interim financial information, the Company’s Board of Directors on August 15, 2019 ratified the creation of the “External Investigation Committee” and on August 23, 2019 elected the members of the Committee, to coordinate investigations with the purpose of providing clarifications on the investigations in the scope of the operations “Rádio Patrulha” and “Integração”. Subsequently, in December 2019, the “Águas Claras” operation was included in the scope of the investigations and recently the “Ductos” operation, the later started in July 2020 by the Special Action Group to Combat Organized Crime (GAECO) of the Public Ministry of Paraná. The Internal investigation, which has been monitored by the “External Investigation Committee” are still ongoing in the evaluation phase of the collected data in relation to the operations “Rádio Patrulha”, “Integração” and “Águas Claras”, and still in scope definition phase in the case of the “Ductos” operation and at this moment, it is not possible to predict future developments for the Company resulting from them nor is there knowledge about development on the side of public authorities. Our conclusion is not being qualified in relation to this matter.

## **Other matters**

### **Statement of added value**

The quartely information referred to above includes the interim statements of value added (SVA) for the six-month period ended June 30, 2020, prepared under the responsibility of Company management and presented as supplementary information for IAS 34 purposes. This information have been subject to review procedures performed in conjunction with the review of quartely information to conclude wheter they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and contente 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 interim financial statements have been translated into English for the convenience of readers outside Brazil.

Curitiba, August 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 June 30, 2020.

Curitiba, July 27, 2020.

**CLAUDIO STABILE**  
President

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

**ELERIAN DO ROCIO ZANETTI**  
Commercial Director

**LEURA LUCIA CONTE DE OLIVEIRA**  
Director of Investments and Director of Operations  
Interim

**PRISCILA MARCHINI BRUNETTA**  
Administrative Director

**ANDREI DE OLIVEIRA RECH**  
Legal 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 June 30, 2020.

Curitiba, August 07, 2020.

**CLAUDIO STABILE**  
President

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

**SERGIO WIPPEL**  
Director of Operations

**LEURA LUCIA CONTE DE OLIVEIRA**  
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