

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

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## **ITR - QUARTERLY INFORMATION FIRST QUARTER OF 2019**

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

**Interim financial information  
As at March 31, 2019**

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

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter 03/31/2019</b>	<b>Prior year 12/31/2018</b>
1	Total Assets	11,130,027	10,781,322
1.01	Current assets	1,099,713	1,064,530
1.01.01	Cash and cash equivalents	351,819	326,624
1.01.01.01	Cash and banks	24,516	35,003
1.01.01.02	Financial investments	327,303	291,621
1.01.03	Accounts receivable	644,514	639,054
1.01.03.01	Trade accounts receivable	644,514	639,054
1.01.04	Inventories	38,986	39,120
1.01.06	Recoverable taxes	15,451	15,396
1.01.06.01	Current recoverable taxes	15,451	15,396
1.01.08	Other current assets	48,943	44,336
1.01.08.03	Others	48,943	44,336
1.01.08.03.01	Restricted deposits	5,662	6,720
1.01.08.03.02	Other accounts receivable	43,281	37,616
1.02	Noncurrent assets	10,030,314	9,716,792
1.02.01	Long-term assets	1,282,520	1,195,894
1.02.01.04	Accounts receivable	21,694	22,070
1.02.01.04.01	Trade accounts receivable	21,694	22,070
1.02.01.07	Deferred taxes	519,087	490,938
1.02.01.07.01	Deferred Income and Social Contribution Taxes	519,087	490,938
1.02.01.10	Other noncurrent assets	741,739	682,886
1.02.01.10.03	Restricted deposits	50,009	52,948
1.02.01.10.05	Court deposits	255,155	203,452
1.02.01.10.06	Contractual financial assets	386,687	375,871
1.02.01.10.07	Other receivables	49,888	50,615
1.02.02	Investments	21,397	22,585
1.02.03	Fixed assets	265,107	168,771
1.02.04	Intangible assets	8,461,290	8,329,542

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

<b>Code of Account</b>	<b>Account description</b>	<b>Current quarter 03/31/2019</b>	<b>Prior year 12/31/2018</b>
2	Total Liabilities	11,130,027	10,781,322
2.01	Current liabilities	1,368,515	1,358,832
2.01.01	Payroll and social charges	156,960	151,420
2.01.01.02	Labor liabilities	156,960	151,420
2.01.02	Trade accounts payable	162,277	190,742
2.01.03	Tax liabilities	83,134	68,133
2.01.04	Loans and financing	523,309	478,770
2.01.04.01	Loans and financing	141,878	142,156
2.01.04.02	Debentures	335,895	328,133
2.01.04.03	Financing from finance lease	45,536	8,481
2.01.05	Other liabilities	280,016	319,058
2.01.05.02	Others	280,016	319,058
2.01.05.02.01	Dividends and interest on equity capital payable	183,678	183,678
2.01.05.02.04	Concession contracts	30,632	60,456
2.01.05.02.05	Collaterals and contractual retentions	2,278	2,545
2.01.05.02.06	Unearned revenue	4,200	4,200
2.01.05.02.07	Other accounts payable	59,228	68,179
2.01.06	Provisions	162,819	150,709
2.01.06.02	Other provisions	162,819	150,709
2.01.06.02.04	Provisions for pension plan and health insurance	63,783	62,786
2.01.06.02.05	Labor provisions	99,036	87,923
2.02	Noncurrent liabilities	3,826,776	3,705,302
2.02.01	Loans and financing	2,365,337	2,292,548
2.02.01.01	Loans and financing	1,214,561	1,186,628
2.02.01.02	Debentures	829,176	840,854
2.02.01.03	Financing from finance lease	321,600	265,066
2.02.02	Other liabilities	65,905	71,955
2.02.02.02	Others	65,905	71,955
2.02.02.02.04	Taxes and contributions	899	991
2.02.02.02.05	Unearned revenue	8,050	9,100
2.02.02.02.06	Other accounts payable	56,956	61,864
2.02.04	Provisions	1,395,534	1,340,799
2.02.04.02	Other provisions	1,395,534	1,340,799
2.02.04.02.04	Provisions for pension plan and health insurance	892,957	879,002
2.02.04.02.05	Provisions	502,577	461,797
2.03	Equity	5,934,736	5,717,188
2.03.01	Realized capital stock	2,851,089	2,851,089
2.03.01.01	Paid-in capital stock	2,851,089	2,851,089
2.03.03	Revaluation surplus	73,701	75,111
2.03.03.01	Own assets	73,701	75,111
2.03.04	Income reserves	2,689,041	2,689,041
2.03.04.01	Statutory reserve	282,913	282,913
2.03.04.07	Tax incentive reserve	10,209	10,209
2.03.04.08	Additional proposed dividend	211,907	211,907
2.03.04.10	Investment plan	2,184,012	2,184,012
2.03.05	Retained earnings/(Accumulated losses)	219,136	-
2.03.06	Asset and liability valuation adjustments	5,544	5,722
2.03.08	Other comprehensive income	96,225	96,225

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

<b>Code of Account</b>	<b>Account description</b>	<b>Accumulated in current year 01/01/2019 to 03/31/2019</b>	<b>Accumulated in prior year 01/01/2018 to 03/31/2018</b>
3.01	Revenue from sales of goods and/or services	1,098,581	999,424
3.02	Cost of goods sold and/or services rendered	-429,657	-382,165
3.03	Gross result	668,924	617,259
3.04	Operating expenses/revenues	-298,687	-273,811
3.04.01	Selling expenses	-84,826	-61,910
3.04.02	General and administrative expenses	-131,934	-142,958
3.04.05	Other operating expenses	-80,676	-68,324
3.04.05.01	Provision for contingencies	-40,780	-28,840
3.04.05.02	Pension plan and health insurance	-14,952	-21,455
3.04.05.03	Profit sharing program	-22,940	-17,492
3.04.05.04	Other operating expenses (revenues)	-2,004	-537
3.04.06	Equity in earnings (losses) of controlled companies	-1,251	-619
3.05	Income (loss) before financial income (loss) and tax	370,237	343,448
3.06	Financial income (loss)	-45,782	-55,830
3.06.01	Financial revenues	12,796	13,651
3.06.02	Financial expenses	-58,578	-69,481
3.07	Income (loss) before taxes	324,455	287,618
3.08	Income and Social Contribution Taxes	-106,907	-100,707
3.09	Net income (loss) from continuing operations	217,548	186,911
3.11	Income/Loss for the period	217,548	186,911
3.99	Earnings per share – (Reais/Share)		
3.99.01	Basic earnings per share		
3.99.01.01	Preferred shares	0.44536	0.38265
3.99.01.02	Common shares	0.40488	0.34786
3.99.02	Diluted earnings per share		
3.99.02.01	Preferred shares	0.44536	0.38265
3.99.02.02	Common shares	0.40488	0.34786

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

<b>Code of Account</b>	<b>Account description</b>	<b>Accumulated in current year 01/01/2019 to 03/31/2019</b>	<b>Accumulated in prior year 01/01/2018 to 03/31/2018</b>
4.01	Net income for the period	217,548	186,911
4.03	Comprehensive income for the period	217,548	186,911

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

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated in</b>	<b>Accumulated in</b>
		<b>current year</b>	<b>prior year</b>
		<b>01/01/2019 to 03/31/2019</b>	<b>01/01/2018 to 03/31/2018</b>
6.01	Net cash from operating activities	284,324	302,345
6.01.01	Cash from operations	393,801	353,772
6.01.01.01	Net income for the period	217,548	186,911
6.01.01.02	Depreciation and amortization	82,404	65,758
6.01.01.03	Costs of fixed and intangible assets write-offs	1,857	658
6.01.01.04	Impairment	-1,600	-139
6.01.01.06	Discount to present value of financial assets	-3,849	-2,002
6.01.01.07	Allowance for doubtful accounts	5,928	-3,545
6.01.01.08	Deferred Income and Social Contribution Taxes, net	-28,149	-22,523
6.01.01.09	Provision for contingencies	40,780	28,840
6.01.01.10	Pension plan and medical insurance	14,952	21,455
6.01.01.11	Interest on financing	47,808	55,194
6.01.01.12	Monetary variations on financing	6,001	22,362
6.01.01.13	Interest and monetary restatements Leasing	8,764	0
6.01.01.14	Equity in earnings (losses) of controlled companies	1,251	619
6.01.01.15	Appropriation of costs of funds raised from third parties	169	209
6.01.01.16	Adjustment to Fair Value – Investments	-63	-25
6.01.02	Changes in assets and liabilities	-109,477	-51,427
6.01.02.01	Trade accounts receivable	-11,012	-23,243
6.01.02.02	Recoverable taxes and contributions	-55	-450
6.01.02.03	Inventories	134	583
6.01.02.04	Court deposits	-51,703	-1,299
6.01.02.05	Other receivables and accounts receivable	-4,938	-21,426
6.01.02.06	Contractors and Suppliers	-28,465	-38,571
6.01.02.07	Concession contracts	-29,824	-1,278
6.01.02.08	Taxes and contributions	14,909	19,495
6.01.02.09	Salaries and social charges	16,653	16,203
6.01.02.10	Collaterals and contractual retentions	-267	0
6.01.02.11	Unearned revenues	-1,050	-1,050
6.01.02.12	Other accounts payable	-13,859	-391
6.02	Net cash from investing activities	-212,674	-206,030
6.02.01	Investments in fixed and intangible assets	-212,674	-204,814
6.02.02	Investments	0	-1,216
6.03	Net cash from financing activities	-46,455	-81,120
6.03.01	Financing	61,208	17,902
6.03.02	Amortization of financing	-50,204	-47,091
6.03.03	Payments of interest on financing	-41,243	-50,569
6.03.04	Payments of Mercantile Leases	-20,213	0
6.03.05	Costs of funds raised with third parties	0	-270
6.03.06	Restricted deposits	3,997	-1,092
6.05	Increase (decrease) in cash and equivalents	25,195	15,195
6.05.01	Beginning balance of cash and cash equivalents	326,624	533,888
6.05.02	Ending balance of cash and cash equivalents	351,819	549,083

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

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



**Individual financial statements/ Statement of changes in equity - 01/01/2018 to 03/31/2018**

<b>Code of account</b>	<b>Account description</b>	<b>Paid-in capital stock</b>	<b>Capital reserves, Granted options and Treasury shares</b>	<b>Income reserves</b>	<b>Retained earnings or accumulated losses</b>	<b>Other comprehensive income</b>	<b>Equity</b>
5.01	Initial balances	2,851,089	0	2,162,899	0	138,666	5,152,654
5.03	Adjusted beginning balances	2,851,089	0	2,162,899	0	138,666	5,152,654
5.05	Total comprehensive income	0	0	0	189,164	-2,253	186,911
5.05.01	Net income for the period	0	0	0	186,911	0	186,911
5.05.02	Other comprehensive income	0	0	0	2,253	-2,253	0
5.05.02.06	Realization of revaluation surplus	0	0	0	2,206	-2,206	0
5.05.02.07	Taxes on the realization of revaluation surplus	0	0	0	-750	750	0
5.05.02.08	Realization of adjustment to attributed cost	0	0	0	1,207	-1,207	0
5.05.02.09	Taxes on realization of adjustment to attributed cost	0	0	0	-410	410	0
5.07	Ending balances	2,851,089	0	2,162,899	189,164	136,413	5,339,565

**Individual financial statements/ Statements of value added**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated in current year</b>	<b>Accumulated in prior year</b>
		<b>01/01/2019 to 03/31/2019</b>	<b>01/01/2018 to 03/31/2018</b>
7.01	Revenues	1,173,322	1,079,827
7.01.01	Sales of merchandise, products and services	1,181,254	1,076,819
7.01.02	Other revenues	-2,004	-537
7.01.04	Reversal of/allowance for doubtful accounts	-5,928	3,545
7.02	Inputs acquired from third parties	-362,884	-320,115
7.02.01	Costs of products, merchandise and services sold	-128,202	-112,174
7.02.02	Materials, energy, third-party services and others	-186,035	-159,418
7.02.04	Others	-48,647	-48,523
7.03	Gross value added	810,438	759,712
7.04	Withholdings	-82,404	-65,758
7.04.01	Depreciation, amortization and depletion	-82,404	-65,758
7.05	Net generated value added	728,034	693,954
7.06	Value added received by transfer	11,545	13,032
7.06.01	Equity in earnings (losses) of controlled companies	-1,251	-619
7.06.02	Financial revenues	12,796	13,651
7.07	Total value added to be distributed	739,579	706,986
7.08	Value added distribution	739,579	706,986
7.08.01	Personnel	230,192	220,535
7.08.01.01	Direct compensation	155,194	140,325
7.08.01.02	Benefits	64,134	70,249
7.08.01.03	Severance Pay Fund (FGTS)	10,864	9,961
7.08.02	Taxes, fees and contributions	231,809	217,936
7.08.02.01	Federal	229,081	215,533
7.08.02.02	State	443	404
7.08.02.03	Municipal	2,285	1,999
7.08.03	Return on debt capital	60,030	81,604
7.08.03.01	Interest	58,578	69,481
7.08.03.02	Rents	1,452	12,123
7.08.04	Return on equity capital	217,548	186,911
7.08.04.03	Retained earnings/ Accumulated losses for the period	217,548	186,911

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

We present below the 10 major contracts in % of Total Revenue of the Company, as of March 31, 2019:

10 Major Contracts (% of Total Revenue)*					Coverage index		Total active units (in millions)	
Municipalities	Total revenue %	Remaining period of concession	Type of concession	Type of contract	Water	Sewage collections	Water	Sewage collections
Curitiba	23.2%	29.3 years	Water & Sewage	Program	100%	95.1%	816.4	777.4
Londrina	7.2%	27.3 years	Water & Sewage	Program	100%	91.1%	245.9	226.9
Maringá	5.2%	21.4 years	Water & Sewage	Concession	100%	100.0%	162.8	173.9
Foz do Iguaçu	3.6%	24.9 years	Water & Sewage	Program	100%	77.7%	109.8	86.8
Ponta Grossa	3.5%	7.0 years	Water & Sewage	Concession	100%	90.7%	141.1	127.2
Cascavel	3.3%	5.7 years	Water & Sewage	Concession	100%	99.9%	123.5	125.8
São José dos Pinhais	2.9%	24.8 years	Water & Sewage	Program	100%	72.2%	111.3	81.5
Colombo	1.8%	29.1 years	Water & Sewage	Program	100%	62.8%	84.0	54.4
Guarapuava	1.6%	23.6 years	Water & Sewage	Program	100%	79.1%	64.2	51.7
Araucária	1.4%	13.5 years	Water & Sewage	Concession	100%	74.0%	51.2	37.9
Other	46.3%						2,030.4	1,175.3
<b>Total</b>					<b>100%</b>	<b>72.8%</b>	<b>3,940.6</b>	<b>2,918.8</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 72.8% of the urban population within the concession area, with a treatment rate of 100% as per the Corporate Information System.

Revenues stem mainly from residential water connections, representing 90.8% of the total water connections existing at March 31, 2019.

The number of water connections of 3,152,290 in March 2019 is 1.6% higher than the number of connections (3,101,653) existing in March 2018, which represents an increase of 50,637 water connections, as follows:

Number of Water Connections*	MAR/19 (1)	%	MAR/18 (2)	%	Var. % (1/2)
Residential	2,863,530	90.8	2,818,783	90.9	1.6
Commercial	226,005	7.2	220,820	7.1	2.3
Industrial	12,905	0.4	12,722	0.4	1.4
Public Utility	23,672	0.8	23,348	0.8	1.4
Public Administration	26,178	0.8	25,980	0.8	0.8
<b>Total</b>	<b>3,152,290</b>	<b>100.0</b>	<b>3,101,653</b>	<b>100.0</b>	<b>1.6</b>

\* Information not reviewed by independent auditors.

The number of sewage connections of 2,158,491 in March 2019 is 4.7% higher than the number of connections (2,061,330) existing in March 2018, representing an increase of 97,161 new sewage connections, as shown below:

Number of Sewage Connections*	MAR/19 (1)	%	MAR/18 (2)	%	Var. % (1/2)
Residential	1,948,970	90.3	1,859,423	90.2	4.8
Commercial	175,507	8.1	169,078	8.2	3.8
Industrial	5,243	0.2	5,054	0.2	3.7
Public Utility	14,885	0.7	14,302	0.7	4.1
Public Administration	13,886	0.7	13,473	0.7	3.1
<b>Total</b>	<b>2,158,491</b>	<b>100.0</b>	<b>2,061,330</b>	<b>100.0</b>	<b>4.7</b>

\* Information not reviewed by independent auditors.

## 1.2 PRODUCTIVITY

In 1Q19, the billed volume of treated water was 137.1 million m<sup>3</sup>, against 129.1 million m<sup>3</sup> in 1Q18, representing a growth of 6.2%, reflecting consumption growth in 1Q19 after falling in the same period of 2018, due to climatic factors (increase in rainfall volume and temperature drop), as shown below:

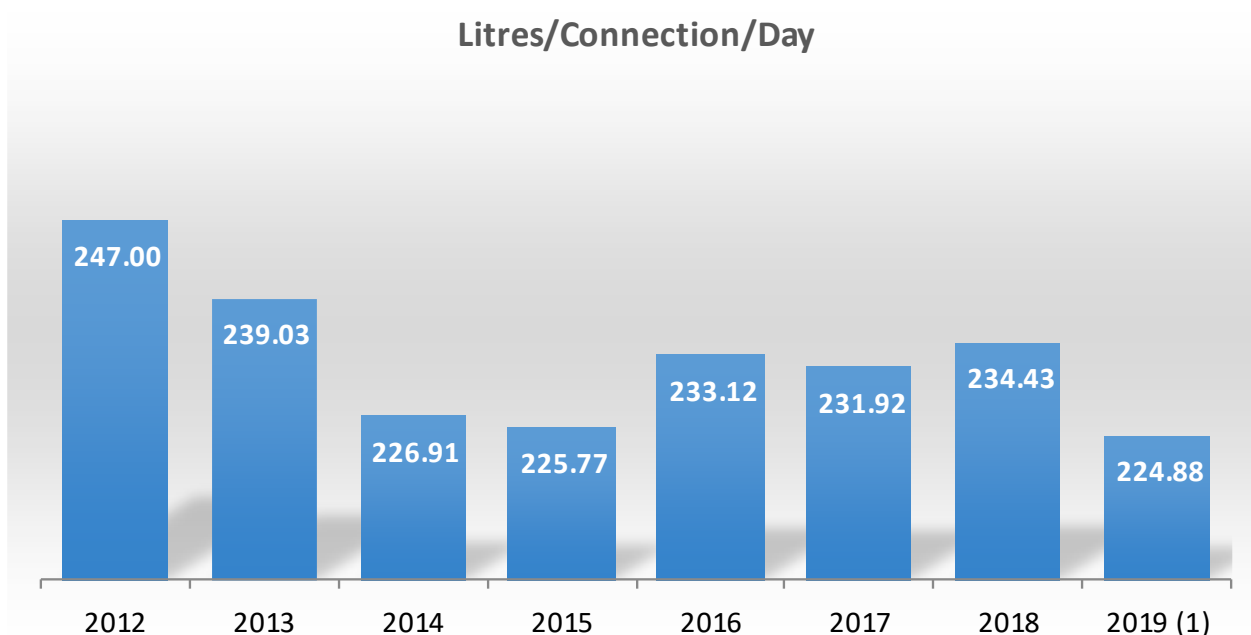
Invoiced Water Volume - million m <sup>3</sup> *	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Residential	116.4	110.1	5.7
Commercial	11.3	10.8	4.6
Industrial	3.6	2.6	38.5
Public Utility	1.1	1.1	0.0
Public Administration	4.7	4.5	4.4
<b>TOTAL MEASURED</b>	<b>137.1</b>	<b>129.1</b>	<b>6.2</b>

\* Information not reviewed by independent auditors.

The volume of sewage billed in the first quarter showed an increase of 8.2% as compared to the same period for the previous year, as shown below:

Invoiced Sewage Volume - million m <sup>3</sup> *	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Residential	85.9	79.1	8.6
Commercial	10.3	9.7	6.2
Industrial	0.8	0.7	14.3
Public Utility	0.9	0.9	0.0
Public Administration	3.5	3.3	6.1
<b>TOTAL INVOICED</b>	<b>101.4</b>	<b>93.7</b>	<b>8.2</b>

\* Information not reviewed by independent auditors.

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


\* Information not reviewed by independent auditors.

(1) Accumulated amounts from January to March 2019.

Water	1Q19 (1)	1Q18 (2)	Var. (1/2)	1Q17 (3)	Var. (2/3)
Units served by the distribution network	3,940,589	3,868,479	1.9 %	3,767,639	2.7 %
Number of treatment stations	168	166	1.2 %	164	1.2 %
Number of wells	1,112	1,070	3.9 %	1,044	2.5 %
Number of surface catchment	229	229	0.0 %	228	0.4 %
Km of laid network	54,373	53,119	2.4 %	51,865	2.4 %
Volume produced	196,146,701	189,701,655	3.4 %	192,398,811	-1.4 %
Loss rate:					
In distribution system - %	32.58	34.49	-1.91 p.p.	32.39	2.10 p.p.
In billings - %	30.11	31.99	-1.88 p.p.	20.15	11.84 p.p.
Evasion of revenues - %	2.51	1.94	0.57 p.p.	2.88	-0.94 p.p.

Sewage*	1Q19 (1)	1Q18 (2)	Var. (1/2)	1Q17 (3)	Var. (2/3)
Units served by the collection network	2,918,825	2,789,849	4.6 %	2,656,202	5.0 %
Number of treatment stations	247	245	0.8 %	239	2.5 %
Km of laid network	36,208	35,407	2.3 %	33,342	6.2 %
Volume collected in m <sup>3</sup>	97,469,780	89,782,691	8.6 %	91,403,691	-1.8 %

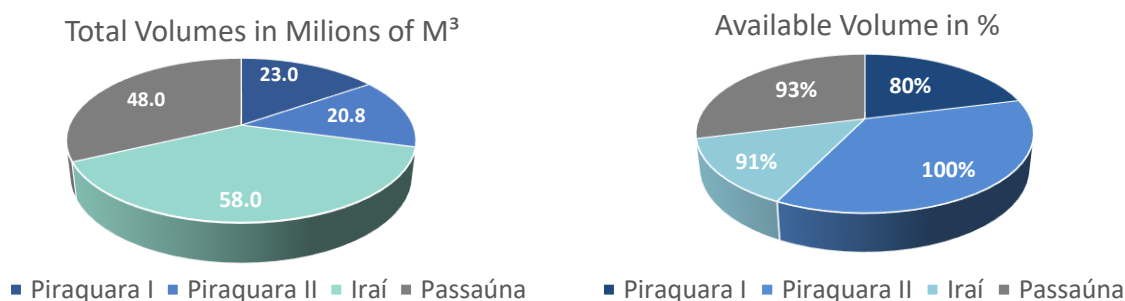
\* Information not reviewed by independent auditors.

## WATER VOLUME

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. Due to the lower rain volume and higher use of the dams, the average storage volume by the end of the quarter was 90,8%.



## 2. FINANCIAL DATA

### 2.1 ECONOMIC PERFORMANCE

Operating revenue	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Revenues from water	716.9	658.9	8.8
Revenues from sewage	418.0	376.6	11.0
Revenues from services	34.5	30.7	12.4
Revenues from solid waste	3.0	2.3	30.4
Services provided to Municipalities	4.4	4.0	10.0
Donations made by clients	3.2	3.0	6.7
Other revenues	1.3	1.3	-
<b>Total operating revenues</b>	<b>1,181.3</b>	<b>1,076.8</b>	<b>9.7</b>

Gross operating revenue increased 9.7%, from R\$ 1,076.8 million in 1T18 to R\$ 1,181.3 million in 1T19, an increase resulting from the tariff revision of IRT (Annual Tariff Adjustment) of 5.12% in effect as of 05/17/2018 and from the increase in water and sewage services and an increase in the number of connections.

Operating costs and expenses	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Personnel	-245.4	-239.1	2.6
Materials	-42.8	-36.9	16.0
Electricity	-112.9	-93.1	21.3
Third-party services	-145.6	-140.5	3.6
Depreciation and amortization	-82.4	-65.8	25.2
Losses in Realization of Credits	-5.9	3.5	268.6
Municipal Sanitation and Environmental Management Fund	-15.8	-7.1	122.5
Regulatory fee	-5.6	-5.2	7.7
Sanepar Rural program	-0.2	-0.4	-50.0
Indemnifications for damages to third parties	-1.2	-3.8	-68.4
Other Costs and Expenses	-13.3	-17.2	-22.7
Expenses Capitalized	24.7	18.5	33.5
Provision for contingencies	-40.8	-28.8	41.7
Pension plan and medical insurance	-15.0	-21.5	-30.2
Profit sharing program	-22.9	-17.5	30.9
Environmental fines	-0.7	-	-
Costs of fixed and intangible assets write-offs	-1.4	-0.5	180.0
Adjustment to Fair Value – Investments	0.1	-	-
Equity in earnings (losses) of controlled companies	-1.3	-0.6	116.7
<b>Total operating costs and expenses</b>	<b>-728.4</b>	<b>-656.0</b>	<b>11.0</b>

Operating costs and expenses accumulated in the first quarter of 2019 increase by 11.0% in comparison to the same period in 2018. The main changes resulted from:

- **Personnel:**

Growth of 2.6%, reflecting the Collective Labor Agreement 2018/2019, signed in June 2018, which included: i) salary adjustment between 2.0% and 4.0%, according to the salary framework of the employee in the career; ii) amount of R\$105.00 linear to all employees; iii) readjustment of 1.81% (INPC) in the food stamps; and (iv) a 2.0% adjustment, retroactive to January 2018, referring to the annual cycle of evaluation of the career plan (gaining a position in the salary scale due to seniority or merit for employees who fulfilled the established criteria);

- **Materials**

Growth of 16.0%, mainly in systems operation materials, material for maintenance and conservation of administrative goods, laboratory maintenance material and treatment material;

- **Electricity**

Increase of 21.3% in electricity expenses allocated to operation costs, resulting from the adjustment of 15.99% in rate as from 06/24/2018.

- **Third-party services**

Growth of 3.6%, mainly in registration and billing services, surveillance services, collection services, network maintenance services and operational technical services;

- **Depreciation and amortization**

Increase of 25.2%, mainly due to the start-up of intangible assets and/or fixed assets, in the period from April 2018 to March 2019, in the amount of R\$736.2 million (net of depreciation and amortization), and R\$11.5 million arising from the registration of leases of right of use by the adoption of CPC 06 R2;

- **Losses on the Realization of Credits**

Growth of 268.6%, mainly due to the provision of accounts receivable from the Municipal Public Sector;

- **Municipal Sanitation and Environmental Management Fund**

Increase of 122.5%, due to the signing of the new Program Contracts, mainly with the Municipality of Curitiba;

- **Other Costs and Expenses**

Reduction of 22.7%, mainly expenses with exhibitions, congresses and events, expenses with programs of social, educational, environmental and research development programs and expenses with fees, licenses and licensing;

- **Provision for Contingencies**

Growth of 41.7%, mainly due to the labor provisions as a result of the filing of new shares and the updating of existing stock values; and

- **Write-off of assets, net**

Growth of 180.0%, mainly reflecting the decrease in property, plant and equipment and intangible assets and the disposal of non-material materials (various ceramic materials - inventories of obsolete materials).

## 2.2 ECONOMIC INDICATORS

Financial income (loss)	1Q19 (1)	1Q18 (2)	Var. % (1/2)
<b>Financial revenues</b>			
Financial investments	6.1	9.3	-34.4
Monetary variation gains	1.6	2.3	-30.4
Other financial revenues	5.1	2.1	142.9
<b>Total financial revenues</b>	<b>12.8</b>	<b>13.7</b>	<b>-6.6</b>
<b>Financial expenses</b>			
Financing and Debenture Interest and Charges	-51.1	-45.1	13.3
Monetary variation losses	-5.8	-22.4	-74.1
Other financial expenses	-1.7	-2.0	-15.0
<b>Total financial expenses</b>	<b>-58.6</b>	<b>-69.5</b>	<b>-15.7</b>
<b>Financial income (loss)</b>	<b>-45.8</b>	<b>-55.8</b>	<b>-17.9</b>



The financial result improved positively by 17.9%, from -R\$55.8 million to -R\$45.8 million in 1Q18 and 1Q19, respectively, mainly due to the increase in other financial revenues of 142.9% (growth of the AVP revenue on Contractual Financial Assets) and the reduction of monetary variations in liabilities by 74.1% (monetary restatement of financial leasing debt accounted for in 1Q18).

Net income (loss)	1Q19 (1)	1Q18 (2)	Var. % (1/2)
<b>Operating income (loss)</b>	<b>370.2</b>	<b>343.4</b>	<b>7.8</b>
Financial income (loss)	-45.8	-55.8	-17.9
Taxes on income	-106.9	-100.7	6.2
<b>Net income</b>	<b>217.5</b>	<b>186.9</b>	<b>16.4</b>

The Company posted a net income of R\$217.5 million in 1T19, 16.4% below the net result of R\$186.9 million registered in 1T18. The result was mainly impacted by net revenue growth of 9.9%.

The result of 1Q19 was not affected by extraordinary or non-recurring items.

Distribution of the Economic Wealth Generated	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Personnel compensation	230.2	220.5	4.4
Government Compensation (Taxes)	231.8	217.9	6.4
Third-party compensation (rents)	1.5	12.1	-87.6
Return on debt capital (interest and monetary variations)	58.6	69.6	-15.8
Net income for the period not distributed	217.5	186.9	-16.4
<b>Total Economic Wealth</b>	<b>739.6</b>	<b>707.0</b>	<b>4.6</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	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Net operating revenue (1)	1,098.6	999.4	9.9 %
Operating profit	370.2	343.4	7.8 %
Net income	217.5	186.9	16.4 %
% Operating margin	27.5	26.7	0.8 p.p.
% Net margin	19.8	18.7	1.1 p.p.
% Mean PL profitability	3.7	3.6	0.1 p.p.
Net debt/ EBITDA (Accumulated 12 month)	1.5	1.5	-

At the end of the first quarter of 2019, the Company's assets amounted to R\$11,130.0 million (R\$10,781.3 million as at 12/31/2018), while total debt of the end of the quarter amounted to R\$5,195.3 million (R\$ 5,064.1 million as at 12/31/2018).

From total debt, R\$ 2,888.6 million (R\$ 2,771.3 million at 12/31/2018) refer to loans, financing and debentures, with an increase of 4.2% in comparison with the end of 2018.

	Reference	MAR/19	DEC/18	Var.
Equity	R\$ million	5,934.7	5,717.2	3,8 %
Share value	R\$	11.78	11.35	3,8 %
Indebtedness level	%	46.7	47.0	-0.3 p.p.
Current ratio	R\$	0.80	0.78	2,6 %
Quick ratio	R\$	0.77	0.75	2,7 %

### EBITDA and Generation of Operating Cash

The EBITDA in 1Q19, which represents the Company's operating income, was R\$452.6 million, against R\$409.2 million in 1Q18. The EBITDA margin increased from 40.9% to 41.2%. The good performance was due to the 9.9% increase in net revenue, while costs and expenses impacting EBITDA increased by 9.5%.

Operating cash generation was of R\$284.3 million, down of 6.0% as compared to the same period in 2018. Conversion of EBITDA into Operating Cash was of 62.8%.

EBITDA	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Net profit for the period	217.5	186.9	16.4 %
(+) Taxes on Income	106.9	100.7	6.2 %
(+) Financial income	45.8	55.8	-17.9 %
(+) Depreciation and amortization	82.4	65.8	25.2 %
<b>TOTAL</b>	<b>452.6</b>	<b>409.2</b>	<b>10.6 %</b>
% EBITDA margin	41.2	40.9	0.3 p.p.
% EBITDA conversion into cash	62.8	73.9	-11.1 p.p.

### 2.3 INVESTMENTS

The investments made in the first quarter of 2019 totaled R\$212.7 million (R\$204.8 million in 1Q18), as shown below:

Investments	1Q19 (1)	1Q18 (2)	Var. % (1/2)
Water	97.4	103.0	-5.4
Sewage	91.9	63.9	43.8
Administrative and others	23.4	37.9	-38.3
<b>Total</b>	<b>212.7</b>	<b>204.8</b>	<b>3.9</b>

**2.2 INDEBTEDNESS**

Gross debt increased from R\$2,771.3 million in December 2018 to R\$2,888.6 in the 1Q19, representing an increase of R\$117.3 million. Net debt went from R\$ 2,444.7 million in December 2018 to R\$2,536.8 million in March 2019.

The leverage ratio, measured by the ratio "Net Debt / EBITDA (accumulated 12 months)" remained stable, remaining at 1.5x in 1Q19 and 1Q18, respectively.

The level of indebtedness was 46.7% at the end of 1Q19 (48.4% in 1Q18).

Next is the breakdown of loans. Financing, debentures and lease, with their respective interest rates, maturities and debt balances as at March 31 2019:

Indebtedness	Annual interest rate	Index	Contract termination	Debt balance	%
Caixa Econômica Federal (Federal Bank)	6.62% to 12.00%	TR	01/19/2042	1,000.8	34.6
BNDES – PAC2	1.67% and 2.05%	TJLP	07/15/2029	276.0	9.6
Lease	11.14%	IPC-FIPE	12/05/2036	272.1	9.4
Debentures 4th Issue – 1st series	1.67%	TJLP	07/15/2027	186.6	6.5
Debentures 6th Issue – 2nd series	0.83%	DI	08/15/2019	171.2	5.9
Debentures 8th Issue – 2nd series	0.51%	DI	06/15/2023	157.5	5.5
Debentures 3rd Issue – 2nd series	6.99%	IPCA	11/15/2020	140.8	4.9
Debentures 2nd Issue – 2nd series	9.19%	IPCA	09/15/2024	115.4	4.0
Debentures 4th Issue – 2nd series	7.44%	IPCA	07/15/2027	100.2	3.5
Debentures 8th Issue – 1st series	0.42%	DI	06/15/2021	96.5	3.4
Lease of right use	6.88%	-	10/05/2023	95.1	3.3
Debentures 2nd Issue – 3rd series	1.92%	TJLP	09/15/2024	89.9	3.1
Debentures 2nd Issue – 1st series	1.92%	TJLP	09/15/2024	67.4	2.3
BNDES	1.82% and 2.50%	TJLP	01/15/2023	46.9	1.6
Banco Itaú – PSI	3.00 to 6.00%	-	01/15/2025	17.8	0.6
Banco do Brasil – PSI	3.00 to 6.00%	-	04/15/2024	14.9	0.5
Debentures 7th Issue – 2nd series*	5.20%	IPCA	11/15/2038	15.3	0.5
Debentures 7th Issue – 1st series*	4.79%	IPCA	11/15/2038	12.3	0.4
Debentures 7th Issue – 4 th series	6.57%	IPCA	11/15/2038	6.6	0.2
Debentures 7th Issue – 1rd series	6.97%	IPCA	11/15/2038	5.3	0.2
<b>Total long and short term debt</b>				<b>2,888.6</b>	<b>100.0</b>

\* IPCA as a variable component of the TLP

We present below the debt profile in relation to maturity:

Description	Debt balance	%
12 months	523.3	18.1
24 months	316.0	10.9
36 months	314.2	10.9
60 months	532.9	18.4
Over 60 months	1,202.2	41.7
<b>Total</b>	<b>2,888.6</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 estimated receivable resulting from the difference between the Required Revenue and the Verified Revenue shall be measured and disclosed during the whole deferral period. representing. up to March 31 2019, R\$1.058 billion. In actual terms, the index of 25.63% to be applied in 2017 resulted in 10.82% added to the Company’s tariff, with 13.36% still deferred until 2024.

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

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

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

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

Up to March 2019, the Company's CVA recorded a positive balance of R\$57.5 million that Sanepar shall recover.

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

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

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

The EBITDA calculation is as follows, considering the estimated amounts of non-manageable items, accumulated up to 1Q19:

<b>EBITDA - R\$ million</b>	<b>1T19</b>
<b>EBITDA</b>	<b>452.6</b>
<b>(+) Itens no manageable</b>	<b>57.5</b>
Electrical energy	11.7
Treatment material	2.9
Fee and charges	42.9
<b>(=) Adjusted EBITDA with non-manageable items</b>	<b>510.1</b>
% EBITDA Margin	46.4

#### **Tariff Adjustment**

The Executive Board of AGEPAR approved on March 28, 2018, through Final Technical Note No. 001/2018, the Annual Tariff Adjustment (IRT) of 5.12% on the services rendered to be applied as from May 17, 2018 and approved the application of the Sanitation Tariff Chart, as per Ratifying Resolution No. 005/2018.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(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 8 (2.3%) of the contracts are currently being renewed for being expired, 54 (15.6%) expire from 2019 to 2027 and 284 (82.1%) were renewed and expire after 2028. In the case of non renewed concessions, the municipalities shall reimburse to the Company the residual amounts of the assets related to the concession upon termination. In addition, the Company is discussing in court the validity of the additive term that renewed the concession with the municipality of Maringá. According to the determination of the Court of Justice of the State of Paraná, the contractual breach with the municipality can only occur after indemnification to the Company of the investments made.

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

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

### 2. PRESENTATION OF THE FINANCIAL STATEMENTS

#### 2.1 Statement of Compliance

The financial statements are presented in conformity with Laws 6.404/76, 11.638/07 and 11.941/09 and were prepared in accordance with Brazilian Accounting Practices which include the Brazilian Corporate Law, the Pronouncements, Guidelines and Interpretations issued by CPC (Committee of Accounting Pronouncements) and also based on the standards and accounting procedures determined by CVM.

The Interim Financial Information was authorized for disclosure by the Company’s Management on May 07, 2019.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(In thousands of Brazilian Reais)

### 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. 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 Basis

The Interim Financial Information was prepared considering historical cost as base value and financial assets measured at fair value.

### 2.4 Functional and Reporting Currency

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

## 3. MAIN ACCOUNTING PRACTICES

The main accounting practices used in the preparation of the Interim Financial Information for the quarter ended March 31, 2019 are consistent with the practices described in Note 3 of the Company's financial statements for the year ended December 31, 2018, except for the adoption of CPC 06 R2 - Leasing Operations, as follows:

As of January 1, 2019, all leases are accounted for through the recognition of a right of use asset and a lease liability, except for:

- Leases of low value assets; and
- Leases whose terms are 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor during the lease term, and the discount rate is determined by the incremental loan rate of the Company. Variable lease payments are included only in the measurement of the lease liability if it depends on an index or rate. In these cases, the initial measurement of the lease liability assumes that the variable element will remain unchanged throughout the lease term. Other variable lease payments are recorded in the period to which they refer.

At initial recognition, the carrying amount of the lease liability also includes:

- Expected amounts to be paid under any residual value guarantee;
- The exercise price of any purchase option granted in favor of the Company, if it is reasonably certain to evaluate this option; and
- Any penalties payable for the termination of the lease, if the lease term has been estimated based on the termination option being exercised.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(In thousands of Brazilian Reais)

Assets of right of use are initially measured at the amount of the lease liability, reduced by any lease incentives received and increased to:

- Lease payments made at the beginning or before the start of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized when the Company is required by contract to disassemble, remove or restore the leased asset.

After initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the outstanding balance and are reduced to lease payments made. Assets of use rights are amortized on a straight-line basis over the remaining term of the lease or during the remaining economic life of the asset if it is rarely considered less than the term of the lease.

When the Company reviews its estimate of the term of any lease, an adjustment is made to the carrying amount of the lease liability to reflect the payments to be made during the review period, which are discounted at the same discount rate applied at the beginning of the lease. The carrying amount of the lease liabilities is reviewed in a similar manner when the variable element of future lease payments dependent on a rate or index is reviewed. In both cases, an adjustment is made equivalent to the book value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) term of the lease.

When the Company renegotiates the contractual terms of a lease with its lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being rented for a price compatible value, regardless of the additional usage rights obtained, the change is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiated term increases the scope of the lease (if this is an extension of the lease term, or one or more additional assets being leased), the lease liability is remeasured using the applicable discount rate on the date of the change, with the asset of the right of use being adjusted by the same value.
- If the renegotiation results in a reduction in the scope of the lease, both the carrying amount of the lease liability and the right of use are reduced in the same proportion to reflect the partial rescission of the lease with any difference recognized in the income for the year. The lease liability is then adjusted to ensure that its book value reflects the amount of the renegotiated payments during the renegotiated term, with lease payments modified discounted at the rate applicable on the date of the modification. The asset of the right of use is adjusted by the same value.



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(In thousands of Brazilian Reais)

As part of the standard practice, for contracts that both entitle the Company to use an identified asset and require certain services to be provided by the lessor, the Company has elected to account for the entire contract as a lease, that is, allocates part of the contractual payments for any services provided by the supplier as part of the contract.

### **Nature of Company's leases:**

The Company leases several properties in the municipalities where it operates, in the net amount of R\$41,300. In some of them, it is customary for leases to provide for payments to increase each year for inflation, or in others to be periodically redefined for market rent rates. In others, the rent amount is fixed over the term of the lease. In all cases, the rental periods do not exceed 5 years. The Company also leases certain equipment and vehicles, respectively, in the net amounts of R\$21,833 and R\$40,297.

Rental of real estate, equipment and vehicles comprise only fixed payments during the lease period.

The Company does not have variable rent payments in its lease agreements, nor does it have any sale and leaseback transactions.

The Company has contractual clauses in its property leases, allowing non-payment of penalties in certain circumstances. On a case-by-case basis, the Company will consider whether the absence of a breach clause exposes it to excessive risk. Typically, the factors considered in the decision to negotiate a contract disruption clause include:

- the duration of the lease term;
- the economic stability of the environment in which the property is located; and
- if the site represents a new area of operations for the Company.

At March 31, 2019, the carrying amounts of property lease liabilities are not reduced by the amount of the payments that would be avoided with the exercise of contract interruption clauses, since it was considered reasonably certain that the Company has no intention of interrupting the said contracts during their term, except for certain real estate rental contracts due to the forecast of change of certain departments of the Company to the new building at the final stage of construction at the address of its headquarters with change scheduled for 2019.

The vehicle rental agreement gives the Company the right to use the vehicles for the contractual term stipulated. Said contract does not stipulate a guaranteed residual value for the vehicle supplier, although there is no restriction on the mileage of the vehicles during the term of the vehicle, since the Company did not want to be operationally restricted in its ability to use the vehicles. In this way, the rent payments do not represent the payment of practically all the fair value of the vehicles.

The weighted average incremental loan rate applied to lease liabilities on January 1, 2019 was 6.88%.

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(In thousands of Brazilian Reais)

The total lease liability recognized in the balance sheet as of January 1, 2019 and the Company's operating lease commitment as of December 31, 2018 may be reconciled as follows:

Description	12/31/2018
Commitment to operating lease	114,974
Effect of discount of rental commitments at the weighted average annual rate of 6.88%	(14,896)
<b>Total</b>	<b>100,078</b>

Asset	1/1/2019	Additions	Amortizations	03/31/2019
Car Rental	41,300	-	(4,589)	36,711
Mobile goods	21,833	-	(2,813)	19,020
Real estate	36,945	3,352	(2,476)	37,821
<b>Balance</b>	<b>100,078</b>	<b>3,352</b>	<b>(9,878)</b>	<b>93,552</b>

Liability	01/01/2019	Additions	Financial charges	Payments	03/31/2019
Current	40,026	3,352	1,636	(8,091)	36,923
Non-current	60,052	-	-	(1,903)	58,149
<b>Total</b>	<b>100,078</b>	<b>3,352</b>	<b>1,636</b>	<b>(9,994)</b>	<b>95,072</b>

### Modified retrospective approach:

In applying the modified retrospective approach, the Company took advantage of the following practical records:

- A single discount rate was applied to groups of leases with fairly similar characteristics; and
- Leases with a remaining term of 12 months or less from the application date were accounted for as short-term leases (ie not recognized in the balance sheet), although the initial lease term from the lease start date may have been greater than 12 months.

### New standards, amendments and interpretations in force for fiscal years beginning on or after January 1, 2019

*Issuance of IFRIC interpretation 23* – Uncertainties in the treatment of income taxes. It establishes aspects of recognition and measurement of IAS 12 when there are uncertainties regarding the treatment of income tax related to current or deferred tax assets, based on taxable income, tax losses, tax bases, unused tax losses, non-tax credits used and tax rates. This interpretation is effective for fiscal years beginning on or after 1/01/2019. The Company does not expect significant impacts on its Financial Statements;

*Amendment of standard IAS 19* – Changes in the plan in cases of reduction or liquidation. Clarifies aspects of measurement and recognition in the result of the effects of reductions and settlements in employee benefit plans. This change in the standard is effective for years beginning on or after 1/01/2019. The Company does not expect impacts on possible future events of reductions and settlements in employee benefit plans;

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Amendment of IFRS 3 – Definition of business. Clarifies aspects for the definition of business, in order to clarify when a transaction should have accounting treatment of business combination or acquisition of assets. This change in the standard is effective for years beginning on or after 1/01/2020. The Company does not expect significant impacts on possible future events of business combinations or acquisition of assets;

Amendment of IAS 1 and IAS 8 – Definition of materiality. Clarifies aspects of materiality for the framework of the accounting standard where this concept is applicable. These policy changes are effective for fiscal years beginning on or after 1/01/2020. The Company does not expect significant impacts on its Financial Statements.

### 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to financial risks, however, they are all 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 wealth in water resources and efficient systems reduce the risk of water shortage. The process of readjustment and review of the tariff is approved by the Regulatory Agency.

**Credit risk:** The Company is exposed to credit risk of the counterpart in its financial transactions (cash and cash equivalents, bank deposits and financial institutions) and accounts receivable (credit to customers and balances with related parties). The maximum exposure is equivalent to the accounting value as at March 31, and stated in Notes 6, 9 e 20. The risks related to trade accounts receivable are reduced 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.

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

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

**Sensitivity analysis of interest rate:** the following is the calculation sensitivity to a possible change in the rate of return on financial investments and interest on the principal of loans and financing subject to variable interest rates, which can have significant impact to the Company. If the return rates of investments and interest on the loans held in real varied around 25% and 50% more or less, with all other variables held constant, the effect on profit before taxes would have been R\$4,767 and R\$9,534 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	1.176	(1.176)	2.352	(2.352)
<b>Assets</b>		<b>1.176</b>	<b>(1.176)</b>	<b>2.352</b>	<b>(2.352)</b>
BNDES	TJLP	(220)	220	(440)	440
BNDES-PAC2	TJLP	(890)	890	(1.780)	1.780
Debentures 2nd Issuance - 1st to 3rd series	TJLP	(695)	695	(1.390)	1.390
Debentures 2nd Issuance - 2nd series	IPCA	(335)	335	(670)	670
Debentures – 3rd Issuance - 2nd series	IPCA	(418)	418	(836)	836
Debentures – 4th Issuance - 1st series	TJLP	(797)	797	(1.594)	1.594
Debentures – 4th Issuance - 2nd series	IPCA	(294)	294	(588)	588
Debentures – 6th Issuance - 2nd series	DI	(772)	772	(1.544)	1.544
Debentures - 7th Issuance - 1st to 4th series	IPCA	(70)	70	(140)	140
Debêntures - 8th Issuance - 1st series	DI	(394)	394	(788)	788
Debêntures - 8th Issuance - 2nd series	DI	(649)	649	(1.298)	1.298
Operating Leasing	IPC	(409)	409	(818)	818
<b>Liabilities</b>		<b>(5.943)</b>	<b>5.943</b>	<b>(11.886)</b>	<b>11.886</b>
<b>Effects on Income before Taxation</b>		<b>(4.767)</b>	<b>4.767</b>	<b>(9.534)</b>	<b>9.534</b>

The TR considered in the 12-month period was of 0.00% and the TJLP, 6.79%, obtained from BACEN - Banco Central do Brasil, IPCA rate of 4.58%, obtained from IBGE – Instituto Brasileiro de Geografia e Estatística, and DI rate of 6.40% obtained from CETIP SA.

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

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Additionally, Company Management approved the dividends and treasury and Market risks policy.

**Derivatives:** the Company has no swap contracts or transactions that may be characterized as derivative financial instruments, and does not have speculative investments or other assets risk, and its market transactions and loans and financing are not exposed to fluctuations in foreign currencies, not requiring entering into hedge instruments.

### 4.2. Capital risk management

The purpose of the capital management of the Company is to guarantee a strong credit rating to financial institutions and an optimal capital ratio in order to support business and maximize values to the shareholders. The Company manages its capital structure by means of adjustments and adequacy to current economic conditions. With this objective, the company can make payments of dividends, enter into new loans, issue promissory notes and contract operations with derivatives. For the period ended on March 31, 2019, 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. For net debt effect loans, financing and debentures are considered, minus cash and cash equivalents:

Description	03/31/2019	12/31/2018
Loans, financing, debentures and lease	2,888,646	2,771,318
Cash and cash equivalents	(351,819)	(326,624)
Net debt	2,536,827	2,444,694
EBITDA	5,934,736	5,717,188
Equity	1,685,461	1,642,028
Ratio Net Debt/Net Equity	0.43	0.43
Ration Net Debt/EBITDA	1.51	1.49

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### 4.3. Financial Instruments

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

	03/31/2019	12/31/2018
<b>Assets</b>		
<b>Fair value measured through income</b>		
Financial investments	327,303	291,621
Restricted deposits	55,671	59,668
<b>Amortized cost</b>		
Cash and banks	24,516	35,003
Trade accounts receivables	666,208	661,124
Contractual financial assets	386,687	375,871
<b>Total</b>	<b>1,460,385</b>	<b>1,423,287</b>
<b>Liabilities</b>		
<b>Amortized cost</b>		
Loans, financing, debentures and lease	2,888,646	2,771,318
Contractors and Suppliers	162,277	190,742
Concession agreements	30,632	60,456
<b>Total</b>	<b>3,081,555</b>	<b>3,022,516</b>

Financial instruments related to financial investments are classified as Level 2, in the hierarchy of fair value.

### 5. CASH AND CASH EQUIVALENTS

These have the following composition:

Description	03/31/2019	12/31/2018
Unrestricted bank deposits	5,998	9,324
Restricted bank deposits	18,518	25,679
	24,516	35,003
Financial investments	327,303	291,621
<b>Total cash and cash equivalents</b>	<b>351,819</b>	<b>326,624</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 funds invested in Investment Funds whose portfolio is comprised mostly of government securities of the Federal Government and Bank Certificate of Deposit contracted at a floating rate of 100.50% to 102.00% of the CDI in accordance with the contracted and completed period of application, with average remuneration of 98.96% of the CDI (99.00% in 2018).

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### 6. TRADE ACCOUNTS RECEIVABLES, NET

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

Description	03/31/2019	12/31/2018
Falling due accounts receivable	253,721	241,474
Accounts receivable from installment payments	55,461	56,272
Adjustment to Present Value	(4,490)	(4,723)
Accounts to be billed (Unbilled consumption)	163,006	186,170
	<u>467,698</u>	<u>479,193</u>
Overdue accounts receivable		
From 1 to 30 days	130,572	120,087
From 31 to 60 days	36,342	30,689
From 61 to 90 days	13,327	13,320
From 91 to 180 days	21,963	21,157
Over 180 days	178,190	172,634
Allowance for losses on doubtful accounts	(181,884)	(175,956)
	<u>198,510</u>	<u>181,931</u>
<b>Total accounts receivable, net</b>	<b><u>666,208</u></b>	<b><u>661,124</u></b>
<b>Current</b>	<b>644,514</b>	<b>639,054</b>
<b>Noncurrent</b>	<b>21,694</b>	<b>22,070</b>

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

Description	Trade accounts receivable	Adjustment to present value	03/31/2019	12/31/2018
Municipal administration	92,863	(52,594)	40,269	43,754
Private	747,819	(133,780)	614,039	606,020
Federal Entity	1,360	-	1,360	1,230
Government State	10,540	-	10,540	10,120
<b>Total</b>	<b><u>852,582</u></b>	<b><u>(186,374)</u></b>	<b><u>666,208</u></b>	<b><u>661,124</u></b>

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

Description	03/31/2019	12/31/2018
Balances at beginning of period	(175,956)	(171,150)
Amounts recorded as expenses	(5,928)	(7,747)
Write-offs, net of recoveries	-	2,941
<b>Balances at end of period</b>	<b><u>(181,884)</u></b>	<b><u>(175,956)</u></b>

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

Description	03/31/2019	12/31/2018
Private customers	132,513	126,754
Federal government agencies	-	-
Municipal Administrations	49,371	49,202
<b>Total</b>	<b><u>181,884</u></b>	<b><u>175,956</u></b>

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

Description	03/31/2019	12/31/2018
Balances at beginning of year	(4,723)	(2,453)
Adjustment to Present Value	233	(2,270)
<b>Balances at end of year</b>	<b>(4,490)</b>	<b>(4,723)</b>

## 7. RECOVERABLE TAXES AND CONTRIBUTIONS

These have the following composition:

Description	03/31/2019	12/31/2018
Income tax to offset	12,737	12,517
Social contribution tax to offset	2,604	2,553
Withheld taxes and contributions – public agencies	110	326
<b>Total</b>	<b>15,451</b>	<b>15,396</b>
<b>Current</b>	<b>15,451</b>	<b>15,396</b>

## 8. RESTRICTED DEPOSITS

Restricted deposits breakdown as follows:

Description	03/31/2019	12/31/2018
National Water Agency - ANA	598	1,773
Health National Foundation - FUNASA	5,064	4,947
Reserves kept in CAIXA (1)	50,009	52,948
<b>Total</b>	<b>55,671</b>	<b>59,668</b>
<b>Current</b>	<b>5,662</b>	<b>6,720</b>
<b>Noncurrent</b>	<b>50,009</b>	<b>52,948</b>

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



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### 9. OTHER ACCOUNTS RECEIVABLE

These break down as follows:

Description	03/31/2019	12/31/2018
Advances to employees	18,503	13,481
Reimbursable payments	17,460	16,054
Guarantee deposits	1,829	2,095
Municipal Fund for the Environment (1)	50,206	50,675
Prepaid expenses	4,202	4,988
Bonds and other receivables	969	938
<b>Total</b>	<b>93,169</b>	<b>88,231</b>
<b>Current</b>	<b>43,281</b>	<b>37,616</b>
<b>Noncurrent</b>	<b>49,888</b>	<b>50,615</b>

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

### 10. CONTRACTUAL FINANCIAL ASSETS

Changes in financial assets are as follows:

Description	12/31/2018	Additions	NPV Revenue	NPV Expense	03/31/2019
Investment Not Amortized	1,110,314	19,640	-	-	1,129,954
Adjustment to Present Value	(734,443)	(12,673)	3,849	-	(743,267)
<b>Total</b>	<b>375,871</b>	<b>6,967</b>	<b>3,849</b>	<b>-</b>	<b>386,687</b>

The equivalent discount rate applied to calculate the present value adjustment was 4.1% (spread between the IPCA projected for the period and the Company's WACC rate) and took into account Program Contracts with terms of 22 to 30 years.

### 11. INVESTMENTS

Description	03/31/2019	12/31/2018
Investment in joint venture - CS Bioenergia S.A.	19,228	20,479
Other investment	2,169	2,106
<b>Total</b>	<b>21,397</b>	<b>22,585</b>

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

The Company holds 40% interest in CS Bioenergia S.A. a company located next to the ETE – Belém Sewage Treatment Plant, whose objective is the exploration and adequate final disposal of solid, organic and sludge produced in said ETE, in addition to production of biogas and energy generation through the biodigestion process. CS Bioenergia S.A. partially started its operation in June 2017 and is still in the pre-operational phase, and in 2018, contributions were made to meet the working capital requirement set forth in the business plan, as well as investments required for the operation of the company. The financial contribution made by the Company comprises the amount of R\$27,314 recorded in its Capital Stock and R\$4,020 as Advance for Future Increase in Capital - AFAC.

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

Statement of financial position – CS Bioenergia S.A.	03/31/2019	12/31/2018
Current assets	4,482	6,873
Noncurrent assets	66,429	67,377
• Fixed assets	43,644	43,279
• Finance lease	17,440	17,856
• Other	5,345	6,242
<b>Total Assets</b>	<b>70,911</b>	<b>74,250</b>
Current liabilities	13,174	7,154
• Loans, financing and finance lease	9,592	3,475
• Other	3,582	3,679
Noncurrent liabilities	9,668	15,899
• Loans, financing and finance lease	9,668	15,899
Equity	48,069	51,197
<b>Total Liabilities and Equity</b>	<b>70,911</b>	<b>74,250</b>

Statement of income (loss) – CS Bioenergia S.A.	03/31/2019	12/31/2018
Revenues	787	5,452
(-) Operational expenses	(2,783)	(11,727)
Financial income (loss)	(1,132)	(3,298)
Income (loss) before taxes	(3,128)	(9,573)
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	-	-
<b>Loss for the year</b>	<b>(3,128)</b>	<b>(9,573)</b>

Changes in the investment in the period are as follows:

Description	03/31/2019	12/31/2018
Balance at beginning of year	20,479	18,832
Financial contribution	-	5,476
Equity in earnings (losses) of controlled company (percentage of interest 40%)	(1,251)	(3,829)
<b>Balance at end of year</b>	<b>19,228</b>	<b>20,479</b>

### Other investments

The Company has investment quotas in FINAM (Amazon Investment Fund) arising from the application of Tax Incentive Income Tax in the amount of R\$2,201 and several investments over which it does not exercise significant influence in the amount of R\$522, which are brought to value fair considering the quotation on 03/31/2019, equivalent to R\$2,169.

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### 12. FIXED AND INTANGIBLE ASSETS

#### a) Fixed assets

These have the following composition:

By account			03/31/2019	12/31/2018
Description	Cost	Accumulated depreciation	Net amount	
Administration	394,572	(130,371)	264,201	168,120
Other fixed assets	2,183	(1,277)	906	651
<b>Total</b>	<b>396,755</b>	<b>(131,648)</b>	<b>265,107</b>	<b>168,771</b>

By nature				03/31/2019	12/31/2018
Description	Annual depreciation rate	Cost	Accumulated depreciation	Net amount	
Plots of land	-	2,372	-	2,372	2,372
Civil construction	*1.84%	109,127	(18,858)	90,269	53,534
Leasehold	2%	2,026	(706)	1,320	1,329
Facilities	*5.83%	3,935	(2,388)	1,547	1,590
Equipment	*6.23%	70,648	(24,498)	46,150	45,197
Furniture and fixtures	7.14%	42,704	(18,342)	24,362	23,745
IT equipment	*19.82%	57,587	(25,262)	32,325	11,323
Vehicles	*13.05%	80,749	(25,303)	55,446	19,104
Machinery, tractors and similar	*19.35%	25,617	(15,895)	9,722	9,124
Tools	6.67%	1,411	(396)	1,015	1,024
Patrimonial assets to incorporate	-	579	-	579	429
<b>Totais</b>		<b>396,755</b>	<b>(131,648)</b>	<b>265,107</b>	<b>168,771</b>

\* Weighted average rate

#### b) Intangible assets

These have the following composition:

By lines			03/31/2019	12/31/2018
Description	Cost	Accumulated amortization	Net amount	
Water mains	4,448,268	(1,517,867)	2,930,401	2,889,919
Sewage mains	5,046,930	(1,112,884)	3,934,046	3,926,332
Solid waste	4,079	(2,660)	1,419	-
System Use and Operation Rights	125,100	(70,412)	54,688	55,156
Other intangible assets	130,462	(64,003)	66,459	64,947
Projects and Work in Progress	1,392,616	-	1,392,616	1,319,120
Inventory for Construction Work	81,661	-	81,661	74,068
<b>Total</b>	<b>11,229,116</b>	<b>(2,767,826)</b>	<b>8,461,290</b>	<b>8,329,542</b>

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By nature				03/31/2019	12/31/2018
Description	Annual amortization rate	Cost	Accumulated amortization	Net amount	
Plots of land	-	164,863	-	164,863	164,454
Wells	*3.10%	142,622	(37,258)	105,364	104,168
Dams	*2.67%	141,212	(55,563)	85,649	86,397
Civil construction	*2.59%	2,138,818	(504,591)	1,634,227	1,616,198
Leasehold	*2.67%	25,243	(3,197)	22,046	20,804
Piping	*2.64%	5,118,551	(1,268,158)	3,850,393	3,830,359
Building connections	3.33%	716,663	(227,879)	488,784	482,499
Facilities	*5.83%	163,316	(58,426)	104,890	103,714
Hydrometers	10%	191,877	(78,799)	113,078	109,414
Macro-meters	10%	5,876	(3,993)	1,883	1,916
Equipments	*6.23%	596,344	(277,026)	319,318	316,846
Furniture and fixtures	7.14%	6,441	(3,480)	2,961	2,930
IT equipment	*19.82%	89,865	(84,650)	5,215	5,278
Computer programs	20%	57,898	(39,408)	18,490	18,269
Vehicles	*13.05%	24,002	(16,861)	7,141	7,699
Machinery, tractors and similar	*19.35%	22,339	(18,831)	3,508	4,945
Tools	6.67%	272	(188)	84	87
Rights of Use of Transmission Lines	6.25%	155	(131)	24	25
Environmental protection and preservation	20%	23,015	(18,975)	4,040	4,329
Concession of the Mun. of Curitiba (1)	1.50%	125,000	(70,312)	54,688	55,156
Concession of the Mun. of Cianorte (2)	5%	100	(100)	-	-
Patrimonial assets to incorporate	-	367	-	367	867
Projects and Work in Progress	-	1,392,616	-	1,392,616	1,319,120
Inventory for Construction Work	-	81,661	-	81,661	74,068
<b>Total</b>		<b>11,229,116</b>	<b>(2,767,826)</b>	<b>8,461,290</b>	<b>8,329,542</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 to provide public utility services of collection, treatment and final disposition of solid waste for a period of 20 years.

The balance of the line “Projects and Work in progress” as at March 31, 2019, refers to 126 (137 in 2018) works of expansion and implementation of Water Supply Systems in 96 (110 in 2018) localities, for the amount of R\$645,829 (R\$625,046 in 2018); 164 (138 in 2018) works in connection with Sewage Collection and Treatment Systems in 118 (106 in 2018) localities, for the amount of R\$531,937 (R\$483,561 in 2018), as well as R\$214,850 (R\$210,513 in 2018) from investments in different operational projects and works in the systems operated by the Company.

In the first quarter of 2019 interest and other finance charges incurred on resources and loans funding the Company’s projects and works were capitalized, for the amount of R\$5,834 (R\$9,757 in 1Q2018). The average rate applied to determine cost amounts of loans subject to capitalization in relation to total cost was 9.5%.

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### Lease:

The Company has: (i) lease agreement for assets valued at R \$ 199.3 million due to the expansion of the sanitary sewage system of the municipalities of Matinhos and Pontal do Paraná, for a term of 240 (two hundred and forty) months, whose payment began in February 2017, with a substantial transfer of the risks and benefits of the assets which will be owned by the Company at the end of the agreement, and (ii) lease agreements vehicles, movable and immovable property, where the risks and benefits of using the property with the landlord. The obligations arising from these contracts are as explained in note 13.

As of March 31, 2019, the carrying amount for each category of assets under lease commitments recorded in Intangible Assets is as follows:

By lines			03/31/2019	12/31/2018
Description	Cost	Accumulated amortization	Net amount	
Buildings	37,434	(1,103)	36,331	36,488
Piping	147,315	(3,977)	143,338	144,075
Building connections	8,226	(402)	7,824	7,893
Facilities	309	(36)	273	278
Equipment	6,013	(627)	5,386	5,480
<b>Coastal Capital Lease</b>	<b>199,297</b>	<b>(6,145)</b>	<b>193,152</b>	<b>194,214</b>
Car Rental	41,300	(4,589)	36,711	-
Rental Movable Goods	21,833	(2,813)	19,020	-
Rental of Real Estate	40,297	(2,476)	37,821	-
<b>Operating Lease</b>	<b>103,430</b>	<b>(9,878)</b>	<b>93,552</b>	<b>-</b>
<b>Total</b>	<b>302,727</b>	<b>(16,023)</b>	<b>286,704</b>	<b>194,214</b>

The Company recorded in the result the amount of R\$1,452 related to low value and short term (less than 12 months) lease agreements.

# Companhia de Saneamento do Paraná - SANEPAR

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### c) Changes to fixed and Intangible assets in the 1<sup>st</sup> Quarter 2019:

Description	12/31/2018	Additions	Depreciation and amortization	Write-offs and losses	Transfers	03/31/2019
<b>Fixed assets</b>						
Plots and land	2,372	-	-	-	-	2,372
Civil construction	53,534	38,507	(2,780)	(3)	1,011	90,269
leasehold	1,329	-	(9)	-	-	1,320
Facilities	1,590	-	(43)	-	-	1,547
Equipment	45,197	2,217	(995)	1	(270)	46,150
Furniture and fixtures	23,745	1,254	(613)	1	(25)	24,362
IT Equipment	11,323	24,802	(3,636)	1	(165)	32,325
Vehicles	19,104	42,877	(6,849)	-	314	55,446
Machinery, tractors and similar	9,124	-	(652)	-	1,250	9,722
Tools	1,024	11	(20)	-	-	1,015
Patrimonial assets to incorporate	429	150	-	-	-	579
<b>Total Fixed Assets</b>	<b>168,771</b>	<b>109,818</b>	<b>(15,597)</b>	<b>-</b>	<b>2,115</b>	<b>265,107</b>
<b>Intangible Asset</b>						
Plots of land	164,454	203	-	-	206	164,863
Wells	104,168	-	(450)	1	1,645	105,364
Dams	86,397	-	(748)	-	-	85,649
Civil construction	1,616,198	2,589	(12,350)	52	27,738	1,634,227
Leasehold	20,804	43	(161)	3	1,357	22,046
Piping	3,830,359	2,794	(30,975)	-	48,215	3,850,393
Building connections	482,499	41	(5,548)	(162)	11,954	488,784
Facilities	103,714	437	(2,469)	47	3,161	104,890
Hydrometers	109,414	-	(4,367)	(667)	8,698	113,078
Macro-meters	1,916	6	(77)	-	38	1,883
Equipment	316,846	6,723	(6,613)	(1,020)	3,382	319,318
Furniture and fixtures	2,930	84	(80)	2	25	2,961
IT Equipment	5,278	3	(236)	-	170	5,215
Computer programs	18,269	1,607	(1,386)	-	-	18,490
Vehicles	7,699	-	(246)	-	(312)	7,141
Machinery, tractors and similar	4,945	-	(187)	-	(1,250)	3,508
Tools	87	-	(3)	-	-	84
Rights of Use of Transmission Lines	25	-	(1)	-	-	24
Environmental protection and preservation	4,329	-	(440)	8	143	4,040
Concession of the Mun. of Curitiba	55,156	-	(468)	-	-	54,688
Concession of the Mun. of Cianorte	-	-	(2)	2	-	-
Patrimonial assets to incorporate	867	(500)	-	-	-	367
<b>Subtotal intangible assets</b>	<b>6,936,354</b>	<b>14,030</b>	<b>(66,807)</b>	<b>(1,734)</b>	<b>105,170</b>	<b>6,987,013</b>
Projects and Works in Progress	1,319,120	186,271	-	1,477	(114,252)	1,392,616
Inventories for Construction Work	74,068	7,593	-	-	-	81,661
<b>Total intangible assets</b>	<b>8,329,542</b>	<b>207,894</b>	<b>(66,807)</b>	<b>(257)</b>	<b>(9,082)</b>	<b>8,461,290</b>
<b>Grand Total</b>	<b>8,498,313</b>	<b>317,712</b>	<b>(82,404)</b>	<b>(257)</b>	<b>(a) (6,967)</b>	<b>8,726,397</b>

(a) Amount transferred to the Contractual Financial Assets line with reference to the expected residual amount receivable by the end of the program contracts, net of present value adjustment.

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

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

Descrição	Effective Annual Interest Rate	Index	03/31/2019			12/31/2018		
			Current	Noncurrent	Total	Current	Noncurrent	Total
Debentures 6th Issuance – 2nd series	0.83%	DI	171,206	-	171,206	174,179	-	174,179
Debentures 3 <sup>rd</sup> Issuance – 2nd series	6.99%	IPCA	72,143	68,711	140,854	68,972	67,876	136,848
Debentures 8th Issuance - 1st series	0.42%	DI	1,616	94,917	96,533	58	94,900	94,958
Debentures 8th Issuance – 2nd series	0.51%	DI	2,721	154,787	157,508	141	154,771	154,912
BNDES	1.82% and 2.50%	TJLP	25,212	21,693	46,905	31,243	23,550	54,793
Banco do Brasil – PSI	3.00% to 6.00%	-	3,394	11,548	14,942	3,391	12,391	15,782
Debentures 2nd Issuance - 1st series	1.92%	TJLP	12,438	54,950	67,388	12,390	57,862	70,252
Debentures 2nd Issuance – 2nd series	9.19%	IPCA	23,601	91,819	115,420	20,872	90,704	111,576
Debentures 2 <sup>nd</sup> Issuance – 3rd series	1.92%	TJLP	16,585	73,266	89,851	16,519	77,150	93,669
Banco Itaú – PSI	3.00% to 6.00%	-	3,579	14,242	17,821	3,576	15,127	18,703
Debentures 4th Issuance - 1st series	1.67%	TJLP	22,930	163,649	186,579	22,814	168,820	191,634
Debentures 4th Issuance – 2nd series	7.44%	IPCA	12,305	87,934	100,239	12,107	89,825	101,932
BNDES – PAC2	1.67% and 2.05%	TJLP	36,404	239,575	275,979	33,239	228,310	261,549
Coastal Capital Lease	11.14%	IPC-FIPE	8,613	263,451	272,064	8,481	265,066	273,547
Operating Lease	6.88%	-	36,923	58,149	95,072	-	-	-
Debentures 7th Issuance - 1st series*	5.20%	IPCA	125	12,144	12,269	1	12,123	12,124
Debentures 7th Issuance – 2 <sup>nd</sup> series*	4.79%	IPCA	149	15,178	15,327	2	15,153	15,155
Debentures 7th Issuance – 3 <sup>rd</sup> series	6.97%	IPCA	35	5,253	5,288	36	5,186	5,222
Debentures 7th Issuance – 4th series	6.57%	IPCA	41	6,568	6,609	42	6,484	6,526
Caixa Econômica Federal	6.62% to 12.00%	TR	73,289	927,503	1,000,792	70,707	907,250	977,957
<b>Balances at end of the year</b>			<b>523,309</b>	<b>2,365,337</b>	<b>2,888,646</b>	<b>478,770</b>	<b>2,292,548</b>	<b>2,771,318</b>
Loans and financing			141,878	1,214,561	1,356,439	142,156	1,186,628	1,328,784
Debentures			335,895	829,176	1,165,071	328,133	840,854	1,168,987
Lease			45,536	321,600	367,136	8,481	265,066	273,547

\* IPCA as a variable component of the TLP

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

Index	03/31/2019	12/31/2018
TR (Reference Rate)	1,000,792	977,957
TJLP (Long-Term Interest Rate)	666,702	671,897
IPCA (National Amplified Consumer Price Index)	396,006	389,383
DI	425,247	424,049
IPC-FIPE	272,064	273,547
No Monetary Adjustment	127,835	34,485
	<b>2,888,646</b>	<b>2,771,318</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 6th Issuance – 2nd series	2016	2019	170,000	17,000	2019	Six-monthly
Debentures 3rd Issuance – 2nd series	2013	2020	100,330	10,033	2019/2020	Six-monthly
Debentures 8th Issuance – 1st series	2018	2021	95,000	9,500	2021	Six-monthly
Debentures 8th Issuance – 2nd series	2018	2023	155,000	15,500	2023	Six-monthly
BNDES - 3 Contracts	2007	2023	295,967	-	Monthly	Quarterly during grace period and monthly at amortization
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 3rd 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 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
BNDES - PAC2 - 5 Contracts	2011 to 2014	2029	682,649	-	Monthly	Quarterly during grace period and monthly at amortization
Coastal Capital Lease	2013	2036	460,592	-	Monthly	Monthly
Operating Lease - 116 Contracts	2014 to 2019	2019 to 2024	109,913	-	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 - 334 Contracts	2003 to 2018	2042	3,515,166	-	Monthly	Monthly



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

Description	2019	2020	2021	2022	2023	2024	2025 a 2042	Total
Debentures 2nd Issue	45,501	46,856	46,856	46,856	46,856	39,734	-	272,659
Debentures 3rd Issue	72,143	68,711	-	-	-	-	-	140,854
Debentures 4th Issue	26,658	34,308	34,308	34,308	34,308	34,308	88,620	286,818
Debentures 6th Issue	171,206	-	-	-	-	-	-	171,206
Debentures 7th Issue	362	-	93	2,308	2,308	2,308	32,114	39,493
Debentures 8th Issue	4,372	-	94,769	-	154,900	-	-	254,041
<b>Subtotal Debentures</b>	<b>320,242</b>	<b>149,875</b>	<b>176,026</b>	<b>83,472</b>	<b>238,372</b>	<b>76,350</b>	<b>120,734</b>	<b>1,165,071</b>
BNDES	23,297	7,656	7,656	7,656	640	-	-	46,905
BNDES - PAC2	27,533	35,480	35,480	31,449	30,137	30,137	85,763	275,979
Banco do Brasil - PSI	2,552	3,369	3,369	3,369	2,093	190	-	14,942
Banco Itaú - PSI	2,693	3,542	3,542	3,542	3,056	1,420	26	17,821
Caixa Econômica Federal	54,335	77,955	71,185	62,546	51,716	54,941	628,114	1,000,792
<b>Subtotal loans and financing</b>	<b>110,410</b>	<b>128,002</b>	<b>121,232</b>	<b>108,562</b>	<b>87,642</b>	<b>86,688</b>	<b>713,903</b>	<b>1,356,439</b>
Coastal Capital Lease	7,533	6,748	7,418	8,164	8,995	9,922	223,284	272,064
Operating Lease	28,699	32,464	16,737	8,473	8,629	70	-	95,072
<b>Subtotal lease</b>	<b>36,232</b>	<b>39,212</b>	<b>24,155</b>	<b>16,637</b>	<b>17,624</b>	<b>9,992</b>	<b>223,284</b>	<b>367,136</b>
<b>Total</b>	<b>466,884</b>	<b>317,089</b>	<b>321,413</b>	<b>208,671</b>	<b>343,638</b>	<b>173,030</b>	<b>1,057,921</b>	<b>2,888,646</b>

As at March 31, 2019, present value of minimum future financial obligations in reference to Finance Lease is shown below:

Description	Minimum Future Payments	Finance charges	03/31/2019	12/31/2018
			Present Value of Minimum Future Payments	Present Value of Minimum Future Payments
<b>Coastal Capital Lease</b>				
Less than one year	34,448	(25,834)	8,614	8,482
Later than one year and not later than 5 years	137,793	(105,962)	31,831	31,076
Over 5 years	418,214	(186,595)	231,619	233,989
<b>Subtotal</b>	<b>590,455</b>	<b>(318,391)</b>	<b>272,064</b>	<b>273,547</b>
<b>Operating Lease</b>				
Less than one year	42,022	(5,099)	36,923	-
Later than one year and not later than 5 years	63,297	(5,148)	58,149	-
<b>Subtotal</b>	<b>105,319</b>	<b>(10,247)</b>	<b>95,072</b>	<b>-</b>
<b>Total</b>	<b>695,774</b>	<b>(328,638)</b>	<b>367,136</b>	<b>273,547</b>

The weighted average of the discount rate applied was 10.6% per annum for the Rental of Coastal Assets and 6.88% per year for vehicles, real estate and movable property.

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

Description	03/31/2019		12/31/2018	
	Current	Noncurrent	Current	Noncurrent
<b>Balances at beginning of year</b>	<b>478,770</b>	<b>2,292,548</b>	<b>562,548</b>	<b>2,154,290</b>
Releases	-	61,208	-	490,910
Interest and fines	56,572	-	220,724	-
Monetary Variations	-	6,001	-	64,029
Transfers	97,736	(97,736)	470,910	(470,910)
Amortization	(111,660)	-	(775,587)	-
Costs of funds raised with third parties	66	103	175	(1,228)
Lease	1,825	103,213	-	55,457
<b>Balances at end of year</b>	<b>523,309</b>	<b>2,365,337</b>	<b>478,770</b>	<b>2,292,548</b>

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

In the first quarter of 2019, the Company obtained and amortized funds from third parties, as stated below:

Index	Releases	Amortization
Debentures 2nd Issue	-	10,130
Debentures 3rd Issue	-	-
Debentures 4th Issue	-	13,742
Debentures 5th Issue	-	-
Debentures 6th Issue	-	6,062
Debentures 7th Issue	-	394
Debentures 8th Issue	-	-
BNDES	-	9,000
BNDES - PAC2	22,000	13,284
Banco do Brasil - PSI	-	983
Banco Itaú - PSI	-	1,096
Caixa Econômica Federal	39,208	36,756
Operating Lease	105,038	20,213
<b>Total</b>	<b>166,246</b>	<b>111,660</b>

### 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	2.1
Net Bank Debt/ EBITDA	Equal to or under 3.0	Equal to or under 3.8 and higher than 3.0	1.5
Other Onerous Debt/ EBITDA	Equal to or under 1.0	Equal to or under 1.3 and higher than 1.0	0.6

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### (ii) Covenants of contracts of the 3rd, 6th and 8th Issuance of Debentures

Index	Limit	Realized
Net Bank Debt / adjusted EBITDA	Equal to or higher than 1.5	8.8
Adjusted EBITDA /Net Financial Expenses	Equal to or under 3.0	1.5

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

Index	Limit	Realized
Adjusted EBITDA /Net Financial Expenses	Equal to or higher than 1.5	8.8
Net Bank Debt / adjusted EBITDA	Equal to or under 3.0	1.5
Other Onerous Debt/Adjusted EBITDA	Equal to or under 1.0	0.6

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 3rd, 6th and 8th issuances of simple debentures, not convertible into shares, the type species, considering that it does not confer any special or general privilege to the holders, the Company must maintain the ratios mentioned above throughout the period and until the final maturity.

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

On March 31, 2019, the Company is fully complying with the restrictive clauses stipulated upon the issuance of BNDES and Caixa debentures and financing.

## 14. CONCESSION AGREEMENT

The Company advanced the maturity the onerous concession contract entered into with the Municipality of Curitiba and signed on June 5, 2018, a Program Contract for a 30-year term for the operation of the public utility services of water supply and collection, removal and treatment of sewage. As compensation for the early maturity, the Company shall transfer to the municipality of Curitiba through the Municipal Basic Sanitation Fund, the amount of R\$88.771 in three (03) instalments, the first paid upon the signature of the contract, the second paid in March 2019 and the third to be paid in November 2019. The balance recorded in current liabilities on March 31, 2019 is R\$30,632, which will be monetarily adjusted by IPCA.

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### 15. TAXES AND CONTRIBUTIONS

The composition is as follows:

Description	03/31/2019	12/31/2018
Income Tax	32,923	-
Social Contribution payable	13,182	-
COFINS (tax on sales) payable	22,550	24,292
PASEP (tax on sales) payable	4,889	5,265
IPTU (Property tax) - installment payment (1)	1,363	1,443
Taxes and Contributions Withheld at Source	9,126	38,124
<b>Total taxes and contributions</b>	<b>84,033</b>	<b>69,124</b>
<b>Current</b>	<b>83,134</b>	<b>68,133</b>
<b>Noncurrent</b>	<b>899</b>	<b>991</b>

- (1) This amount is in reference to IPTU (Urban Property Tax) by the City of Curitiba, relevant to the legal expropriation of property subject to an area occupied by ETE CIC/Shale, for the period 2002-2013, encompassing interest, and monetary indexed and legal fees of 10% on the total amount of debt. The amount of debt of R\$1,664, was divided by the Company in 90 monthly installments restated by the IPCA, plus moratorium interest of 1% per month, and until 03/31/2019, 55 installments had been paid for the amount of R\$1,564.

### 16. INCOME AND SOCIAL CONTRIBUTION TAXES

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

Description	03/31/2019		03/31/2018	
	Income Tax	Social Contribution Tax	Income Tax	Social Contribution Tax
Income before Income and Social Contribution Taxes	324,455	324,455	287,618	287,618
<b>Income and social contribution taxes - current rate</b>	<b>(81,113)</b>	<b>(29,200)</b>	<b>(71,905)</b>	<b>(25,886)</b>
Workers' Meal Program – PAT (1)	3,939	-	3,597	-
Corporate Citizen Incentive (2)	127	-	177	-
Equity in earnings (losses) of the controlled companies	(313)	(113)	(155)	(56)
Finance lease	-	-	(4,641)	(1,670)
Other	(159)	(75)	(106)	(62)
<b>Total expenses</b>	<b>(77,519)</b>	<b>(29,388)</b>	<b>(73,033)</b>	<b>(27,674)</b>
<b>Total Income and Social Contribution taxes</b>	<b>(106,907)</b>		<b>(100,707)</b>	
<b>Effective rate</b>	<b>32.9%</b>		<b>35.0%</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	03/31/2019	03/31/2018
Income tax	(98,301)	(89,679)
Social Contribution Tax	(36,755)	(33,551)
Realization of Deferred Income Tax	20,782	16,646
Realization of Deferred Social Contribution	7,367	5,877
<b>Total</b>	<b>(106,907)</b>	<b>(100,707)</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	03/31/2019			12/31/2018	
		Calculation basis	Income tax	Social Contribution Tax	Total	Total
<b>ASSETS</b>						
NPV on Contractual Financial Assets	30 years	743,267	185,817	66,894	252,711	249,711
Coastal Capital Lease	20 years	272,064	68,016	24,486	92,502	93,006
Pension and Health Plans	15 years	956,740	239,185	86,107	325,292	320,208
Impairment on assets	10 years	12,628	3,157	1,136	4,293	4,838
Civil, Labor, Tax and Environmental Provisions	5 years	502,577	125,644	45,232	170,876	157,011
Operating Lease	5 years	95,072	23,768	8,556	32,324	-
Allowance for doubtful accounts	3 years	44,795	11,199	4,032	15,231	14,994
PAI – Encouraged Retirement Program	2 years	6,406	1,602	576	2,178	2,813
Provision for PPR	1 year	116,434	29,108	10,479	39,587	31,787
Fair Value – Investment FINAM	1 year	554	139	50	189	210
NPV of accounts receivable	1 year	4,490	1,122	404	1,526	1,606
<b>TOTAL</b>			<b>688,757</b>	<b>247,952</b>	<b>936,709</b>	<b>876,184</b>
<b>LIABILITIES</b>						
NPV on Contractual Financial Assets	30 years	719,508	179,877	64,756	244,633	242,567
IRPJ Deferred on Construction and Improvements	24 years	124,862	31,216	-	31,216	31,535
Coastal Capital Lease	20 years	193,152	48,288	17,384	65,672	66,032
Donations from Public Agencies	20 years	10,209	2,552	919	3,471	3,471
Revaluation surplus	13 years	111,668	27,917	10,050	37,967	38,694
Operating Lease	5 years	93,552	23,388	8,420	31,808	-
Attribution of New Cost to Fixed Assets	3 years	8,399	2,100	755	2,855	2,947
<b>Total</b>			<b>315,338</b>	<b>102,284</b>	<b>417,622</b>	<b>385,246</b>
<b>Total Net</b>			<b>373,419</b>	<b>145,668</b>	<b>519,087</b>	<b>490,938</b>

# Companhia de Saneamento do Paraná - SANEPAR

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

The estimated future realization of deferred tax assets and deferred tax liabilities as at March 31, 2019 is as follows:

Periods of Realization	Deferred Tax Assets			Deferred Tax Liabilities		
	Income Tax	Social Contribution Tax	Total	Income Tax	Social Contribution Tax	Total
2019	48,118	17,323	65,441	13,304	4,435	17,739
2020	38,894	14,002	52,896	17,739	5,913	23,652
2021	42,056	15,140	57,196	17,739	5,913	23,652
2022 to 2024	213,214	76,757	289,971	46,002	15,141	61,143
2025 to 2027	76,935	27,697	104,632	36,155	11,596	47,751
2028 to 2030	76,621	27,584	104,205	36,155	11,596	47,751
2031 to 2033	76,621	27,584	104,205	31,776	10,020	41,796
2034 to 2036	32,771	11,797	44,568	29,586	9,231	38,817
2037 to 2039	26,233	9,444	35,677	27,478	8,472	35,950
2040 to 2042	18,582	6,689	25,271	21,931	6,476	28,407
2043 to 2045	18,582	6,689	25,271	17,987	6,476	24,463
2046 to 2048	18,582	6,689	25,271	17,987	6,476	24,463
2049 to 2051	1,548	557	2,105	1,499	539	2,038
<b>Total</b>	<b>688,757</b>	<b>247,952</b>	<b>936,709</b>	<b>315,338</b>	<b>102,284</b>	<b>417,622</b>

## 17. REVENUE TO BE APPROPRIATED

The Company renewed the session 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 for the first quarter 2019 was of R\$1,050 (R\$1,050 for the same period in 2018), The balance as at March 31, 2019 was of R\$12,250 (R\$13,300 as at 12/31/2018), with R\$4,200 (R\$4,200 as at 12/31/2018) entered in current liability and R\$8,050 (R\$9,100 as at 12/31/2018) 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	12/31/2018	Additions	Reversals	Payments	03/31/2019
Labor claims (i)	229,509	41,852	(3,180)	(3,774)	264,407
Civil claims (ii)	208,129	2,191	(3,110)	(229)	206,981
Environmental claims (iii)	6,689	7,664	-	(648)	13,705
Tax claims (iv)	17,470	14	-	-	17,484
<b>Total</b>	<b>461,797</b>	<b>51,721</b>	<b>(6,290)</b>	<b>(4,651)</b>	<b>502,577</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 civil, environmental and tax claims, is as follows:

Nature	Contingent liabilities	
	03/31/2019	12/31/2018
Labor claims (i)	44,584	44,382
Civil claims (ii)	386,066	375,364
Environmental claims (iii)	336,085	339,737
Tax claims (iv)	16,779	16,554
<b>Total</b>	<b>783,514</b>	<b>776,037</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; 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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### (iii) Environmental

Environmental claims are in connection with violation notices issued by different environmental agencies, mainly for: i) damages to the environment and leaks/extra leakage of sewage collection systems, and discharge of effluents of sewage treatment plants not compliant with parameters required by legislation; ii) installation and operation of water and sewage treatment plants without environmental license.

### (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, Campo Mourão and Porecatu.

### c) Court deposits

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

The breakdown is as follows:

Nature	Court deposits	
	03/31/2019	12/31/2018
Labor claims	149,646	137,502
Civil claims	94,377	54,555
Environmental claims	5,363	5,689
Tax claims	5,769	5,706
<b>Total</b>	<b>255,155</b>	<b>203,452</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.

The retirement/pension plan managed by FUSAN has the following main features: defined contribution during the working phase and defined benefit with lifetime income for retirees, pensioners and risk benefits (disability retirement, death pension, sickness and accident), In first quarter, the Sponsor passed on the amount of R\$7,296 (R\$6,824 for the same period in 2018) as contribution to FUSAN.

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



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

SaneSaúde is a collective of medical and dental care insurance plan, self-managed, financed by pre-payment, and the contributions made on average 63.7% for the sponsor and 36.3% 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 third quarter, the Company transferred the amount of R\$16,617 (R\$15,628 for the same period in 2018).

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

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

Description	Pension Plan	Medical Insurance	03/31/2019	12/31/2018
Current	22,030	41,753	63,783	62,786
Noncurrent	308,420	584,537	892,957	879,002
<b>Liabilities recognized at the end of the year</b>	<b>330,450</b>	<b>626,290</b>	<b>956,740</b>	<b>941,788</b>

The table below shows the projected expenses for the year of 2019:

Description	Pension Plan	Medical Insurance	2019
Current service cost	7,142	5,733	12,875
Interest cost	103,118	56,855	159,973
Expected return on the plan's assets	(73,464)	(41)	(73,505)
Contributions of the sponsor/participants	(16,622)	(22,915)	(39,537)
<b>Total</b>	<b>20,174</b>	<b>39,632</b>	<b>59,806</b>

The amount of R\$59,806 was the actuarial estimate for expected variation in the plans for year 2018, which is being booked by the Company on a monthly basis with an accrual in the first quarter of 2019 the amount of R\$14,952 (R\$21,455 in the first quarter of 2018), At the end of 2019, a new actuarial review will be performed to determine the accounting adjustments in the plans, If abnormal variations in the rules of the pension and health care plan occur during the year, or even in the base of participants, which have not occurred to date, an interim actuarial review can be performed,

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### 20. RELATED-PARTY TRANSACTIONS

As at March 31, 2019, the State of Paraná holds credits for interest on Self Owned Capital for the amount of R\$61,248 (R\$74,755 for the same period in 2018) and additional proposed dividends of R\$18,349 (R\$1,226 for the same period in 2018), totaling R\$79,597 (R\$75,981 for the same period in 2018). The Company also supplied water and sewage services to the state of Paraná for a revenue of R\$28,701 and R\$26,089 up to the first period of 2019 and 2018, respectively,

The Company provides water and sanitary sewage services to a number of city administrations, in particular in the state of Paraná, with which it maintains Concession Contracts and Municipal Program Contracts, with the revenues from said contracts with municipal administrations being, until the first quarter of 2019, R\$22,647 (R\$21,246 for the same period in 2018). The Company also provides services in urban solid waste management in some municipalities of the State of Paraná, with the revenue being R\$2,990 (R\$2,334 for the same period in 2018). In addition, the Company has accounts receivable from these prefectures in the amount of R\$92,863 in March 31, 2019 (R\$96,358 in December 31, 2018), as shown in Note 6.

The Company transacted with CS Bioenergia S.A, and until the first quarter of 2019, it obtained revenues from treatment of sewage effluents in the amount of R\$370, rental of property in the amount of R\$49 (R\$73 for the same period in 2018) and the supply of water and sewage services in the amount of R\$459, and expenses related to the removal of sludge from Sewage Treatment Plant - ETE Belem in the amount of R\$665 (R\$1,267 for the same period in 2018).

The Company also carries out operations with the Sanepar Foundations (Health Plan and Pension Plan), and until the first quarter of 2019 obtained revenues for the supply of water and sewage services in the amount of R\$5 (R\$4 for the same period in 2018), expenses of rent of property in the amount of R\$151 (R\$143 for the same period in 2018) and of employer contributions to the employee benefit plans in the amount of R\$23,913 (R\$22,452 for the same period in 2018), 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.

#### **Management compensation**

The overall annual management compensation for the year ending December 31, 2019 was approved by 55<sup>a</sup>/2019 Annual General Meeting (AGO) of April 24, 2019, for the amount of R\$13,918, For 2018, the approval was issued by the 54<sup>a</sup>/2018 Annual General Meeting (AGO) held on 26 April, 2018, for the amount of R\$13,918.

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The following are the payments made to managers

Description	03/31/2019	03/31/2018
Remuneration	2,358	2,401
Charges and Benefits	561	635
Social charges	519	593
Health plan (Sanesaúde)	14	16
Sanepar Foundation (Fusan)	28	26
<b>Total</b>	<b>2,919</b>	<b>3,036</b>

## 21. OTHER ACCOUNTS PAYABLE

The composition is as follows:

Description	03/31/2019	12/31/2018
Programs Linked to Agência Nacional de Águas - ANA	707	2,099
Contracts and Agreements with third parties	10,327	10,397
Agreements with municipal administrations	14,434	15,707
Collaterals and amounts reimbursable	8,289	10,643
Labor Indemnities – PAI/PDVTC	130	689
Installment payment IBAMA – PRD Law No. 13.494/2017 (1)	77,240	81,316
Municipal Sanitation and Environmental Management Fund	4,807	8,942
Other account payables	250	250
<b>Total</b>	<b>116,184</b>	<b>130,043</b>
<b>Current</b>	<b>59,228</b>	<b>68,179</b>
<b>Noncurrent</b>	<b>56,956</b>	<b>61,864</b>

(1) Installment payment of debts referring to 31 environmental assessment notices from the Brazilian Institute of Environment and Renewable Natural Resources – IBAMA, in accordance with the Non-Tax Debt Settlement Program – PRD created by Law No. 13,494/2017. Until 12/31/2017, 20% of consolidated debt amounting to R\$ 29,083 (adhesion to installment payment) was settled and the remaining was paid in installment up to 60 monthly installments, adjusted at SELIC interest rate, and until 03/31/2019, 15 installments in the amount of R\$23,632 were paid.

## 22. EQUITY

### a) Capital Stock

Capital stock, fully paid-in, is composed by 503,735,173 shares, with no par value, being 167,911,753 common shares and 335,823,420 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.

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The equity amount of each share as at March 31, 2019 is R\$11,78 (R\$11,35 as at December 31, 2018) considering a provision for additional dividends proposed by the Management,

The Capital stock underwritten and fully paid in as at March 31, 2019 is of R\$2,854,952, that net of the share issuance costs is of R\$2,851,089, and the shareholding structure is the following:

Shareholders	Number of shares					
	Common	%	Preferred	%	Total	%
State of Paraná	100,914,575	60.1	1	-	100,914,576	20.0
Municipal Administrations	-	-	2,285,969	0.7	2,285,969	0.5
Foreign Investors	33,030,471	19.7	173,023,219	51.5	206,053,690	40.9
Other Investors	33,966,707	20.2	160,514,231	47.8	194,480,938	38.6
<b>Total</b>	<b>167,911,753</b>	<b>100.0</b>	<b>335,823,420</b>	<b>100.1</b>	<b>503,735,173</b>	<b>100.0</b>

### b) Revaluation surplus

The reevaluation surplus was realized in the year, transferring to Retained earnings the amount of R\$1,411 (R\$1,456 for the same period in 2018), net of Income Tax and Social Contribution. The realization of this reserve occurs in the same ratio as of right down and depreciation of assets registered in the fixed and intangible assets line, object of said reevaluation.

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

Description	03/31/2019	03/31/2018
Balances at beginning of year	75,111	81,204
Realization of revaluation surplus	(2,137)	(2,206)
Realization of Taxes on the Revaluation surplus	727	750
<b>Balances at end of year</b>	<b>73,701</b>	<b>79,748</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.

The amount of R\$178 (R\$797 for the same period in 2018), net of Income Tax and Social Contribution, was transferred to Retained Earnings in this quarter. 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:

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Description	03/31/2019	03/31/2018
<b>Balance at beginning of year</b>	<b>5,722</b>	<b>8,007</b>
Realization of Adjustments to Assigned Cost.	(270)	(1,207)
Realization of Taxes on Adjustments to Assigned Cost	92	410
<b>Balance at end of year</b>	<b>5,544</b>	<b>7,210</b>

### d) Reserve for Investment Plan

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

### e) Legal Reserve

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

### f) Tax incentive reserve

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

### g) Other Comprehensive Income

Pursuant to CPC 33 (R1) - Employee Benefits, adjustments to the fair value of actuarial liabilities related to employee benefit plans (Note 19) arising from actuarial gains or losses are recorded directly in Shareholders' Equity.

### 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.

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On April 24, 2019, the Shareholder Meeting approved the payment of Interest on Equity Capital and Additional Dividends, credited to shareholders in the year of 2018, for the gross amount of R\$423.814, which will be paid until June 21, 2019.

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

Description	2018	2017
Common Shares	0.78876	0.60603
Preferred shares	0.86763	0.66663
Value for 1 "Unit"	4.25930	1.66949

### e) Earnings per share

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

Basic and diluted earnings (loss) por share	03/31/2019	03/31/2018
<b>Numerator</b>		
Net profit for the period attributed to Company shareholders		
Common Shares	67,984	58,410
Preferred shares	146,564	128,501
<b>Denominator (in thousands of shares)</b>		
Weighted average of number of common shares	167,911,753	167,911,753
Weighted average of number of preferential shares	335,823,420	335,823,420
<b>Basic and diluted earnings (loss)</b>		
Per ordinary share	0.40488	0.34786
Per preferential share	0.44536	0.38265

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### 23. OPERATING REVENUES

Operating Revenues composition, by nature, is the following:

Description	01/01/2019 to 03/31/2019	01/01/2018 to 03/31/2018
<b>Revenue</b>		
Revenues from Water	716,922	658,946
Revenues from Sewage	418,024	376,570
Revenues from services	34,534	30,739
Revenues from Solid Waste	2,990	2,334
Services Provided to Municipalities	4,392	3,953
Donations made by clients	3,167	3,002
Other Revenue	1,225	1,275
<b>Total operating revenues</b>	<b>1,181,254</b>	<b>1,076,819</b>
<b>Deductions from Operating Revenues</b>		
COFINS	(67,942)	(63,613)
PASEP	(14,731)	(13,782)
<b>Total Deductions</b>	<b>(82,673)</b>	<b>(77,395)</b>
<b>Total operating revenues, net</b>	<b>1,098,581</b>	<b>999,424</b>

The Company had revenues and incurred in costs from construction contracts linked to the program contracts of R\$14,030 (R\$28,607 for the same period in 2018), during this first quarter of 2019, 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	01/01/2019 to 03/31/2019			01/01/2018 to 03/31/2018		
	Water	Sewage	Total	Water	Sewage	Total
Personnel	(65,524)	(24,414)	(89,938)	(62,496)	(21,711)	(84,207)
Materials	(20,356)	(11,385)	(31,741)	(18,641)	(8,541)	(27,182)
Electricity	(101,421)	(11,486)	(112,907)	(82,792)	(10,356)	(93,148)
Third-party services	(55,592)	(37,923)	(93,515)	(50,094)	(35,799)	(85,893)
Depreciation and amortization	(33,872)	(32,763)	(66,635)	(30,558)	(29,301)	(59,859)
Indemnities of third-party damages	(742)	(228)	(970)	(721)	(203)	(924)
Other costs	(24,875)	(9,076)	(33,951)	(24,089)	(6,863)	(30,952)
<b>Total</b>	<b>(302,382)</b>	<b>(127,275)</b>	<b>(429,657)</b>	<b>(269,391)</b>	<b>(112,774)</b>	<b>(382,165)</b>

# Companhia de Saneamento do Paraná - SANEPAR

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(In thousands of Brazilian Reais)

### 25. SELLING, ADMINISTRATIVE AND OTHER EXPENSES

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

Description	01/01/2019 to 03/31/2019	01/01/2018 to 03/31/2018
<b>Selling</b>		
Personnel	(29,749)	(25,244)
Materials	(1,006)	(765)
Third-party services	(24,536)	(20,881)
Depreciation and amortization	(2,823)	(1,615)
Municipal Sanitation and Environmental Management Fund	(15,751)	(7,103)
Losses in Realization of Credits	(5,928)	3,545
Indemnities of third-party damages	(167)	(2,384)
Sanepar Rural program	(184)	(436)
Other expenses	(4,682)	(7,027)
<b>Total selling expenses</b>	<b>(84,826)</b>	<b>(61,910)</b>
<b>Administrative</b>		
Personnel	(125,707)	(129,691)
Materials	(10,038)	(8,993)
Third-party services	(27,515)	(33,730)
Depreciation and amortization	(12,946)	(4,284)
Regulatory fee	(5,595)	(5,205)
Travel expenses	(1,331)	(1,516)
Environmental and social programs	(48)	(1,952)
Exhibitions, congresses and events	(2,677)	(4,909)
Other expenses	(5,439)	(4,700)
Transfers to Selling expenses and cost (1)	34,704	33,464
Expenses Capitalized (2)	24,658	18,558
<b>Total administrative expenses</b>	<b>(131,934)</b>	<b>(142,958)</b>
<b>Other operating revenues (expenses)</b>		
<b>Expenses</b>		
Environmental fines	(711)	(38)
Write-off of assets	(1,356)	(524)
Adjustment to Fair Value – Investments	63	25
<b>Total other operating revenues (expenses), net</b>	<b>(2,004)</b>	<b>(537)</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 Service Units,

### 26. PROFIT SHARING PROGRAM

The Company accrued R\$22,940 (R\$17,492 in the same period of 2018), Profit Sharing in the first quarter of 2019, which is recorded in the account of Wages and Social Charges, in the current liabilities.



# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(In thousands of Brazilian Reais)

### 27. FINANCIAL INCOME (LOSS)

Description	01/01/2019 to 03/31/2019	01/01/2018 to 03/31/2018
<b>Financial revenues</b>		
Financial investments	6,150	9,249
Monetary variation gains	1,581	2,307
Other financial revenues	5,065	2,095
<b>Total financial revenues</b>	<b>12,796</b>	<b>13,651</b>
<b>Financial expenses</b>		
Financing and Debenture Interest and Charges and leases	(51,130)	(45,074)
Monetary variation losses	(5,777)	(22,362)
Other financial expenses	(1,671)	(2,045)
<b>Total financial expenses</b>	<b>(58,578)</b>	<b>(69,481)</b>
<b>Financial income (loss), net</b>	<b>(45,782)</b>	<b>(55,830)</b>

### 28. INFORMATION BY BUSINESS SEGMENT

The Company has two clearly identifiable business segments, to wit, water distribution and treatment 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. 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:

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(In thousands of Brazilian Reais)

Description	01/01/2019 to 03/31/2019			01/01/2018 to 03/31/2018		
	Water	Sewage	Total	Water	Sewage	Total
Direct operating revenue	742,683	429,787	1,172,470	682,764	385,825	1,068,589
Other operating revenues	5,050	3,734	8,784	4,768	3,462	8,230
<b>Total gross operating Revenue</b>	<b>747,733</b>	<b>433,521</b>	<b>1,181,254</b>	<b>687,532</b>	<b>389,287</b>	<b>1,076,819</b>
Revenue Deductions (PASEP and COFINS)	(47,424)	(35,249)	(82,673)	(44,833)	(32,562)	(77,395)
<b>Net operating revenue</b>	<b>700,309</b>	<b>398,272</b>	<b>1,098,581</b>	<b>642,699</b>	<b>356,725</b>	<b>999,424</b>
Cost	(302,382)	(127,275)	(429,657)	(269,391)	(112,774)	(382,165)
<b>Gross profit</b>	<b>397,927</b>	<b>270,997</b>	<b>668,924</b>	<b>373,308</b>	<b>243,951</b>	<b>617,259</b>
Selling expenses	(48,759)	(36,067)	(84,826)	(35,863)	(26,047)	(61,910)
Administrative expenses	(75,838)	(56,096)	(131,934)	(82,812)	(60,146)	(142,958)
Other operating revenues (expenses)	(1,871)	(133)	(2,004)	(670)	133	(537)
Equity in earnings (losses) of controlled companies	-	(1,251)	(1,251)	-	(619)	(619)
Financial income (loss), net	(19,127)	(26,655)	(45,782)	(12,441)	(43,389)	(55,830)
Profit sharing program	(13,186)	(9,754)	(22,940)	(10,133)	(7,359)	(17,492)
Provisions	(23,372)	(17,408)	(40,780)	(16,710)	(12,130)	(28,840)
Pension plan and medical insurance	(8,576)	(6,376)	(14,952)	(12,428)	(9,027)	(21,455)
<b>Income before taxes and contributions</b>	<b>207,198</b>	<b>117,257</b>	<b>324,455</b>	<b>202,251</b>	<b>85,367</b>	<b>287,618</b>
Income and social contribution taxes	(68,271)	(38,636)	(106,907)	(70,816)	(29,891)	(100,707)
<b>Net income for the year</b>	<b>138,927</b>	<b>78,621</b>	<b>217,548</b>	<b>131,435</b>	<b>55,476</b>	<b>186,911</b>
Operating margin	27.7%	27.0%	27.5%	29.4%	21.9%	26.7%
Net margin	19.8%	19.7%	19.8%	20.5%	15.6%	18.7%
<b>EBITDA</b>	<b>269,244</b>	<b>183,397</b>	<b>452,641</b>	<b>248,668</b>	<b>160,538</b>	<b>409,206</b>
EBITDA margin	38.4%	46.0%	41.2%	38.7%	45.0%	40.9%
Investments in fixed /Intangible assets in the year (a)	109,456	103,218	212,674	126,386	78,428	204,814
Shareholding Interest – CS Bioenergia	-	19,228	19,228	-	19,429	19,429
Indebtedness – Loans, Financing, Debentures and Finance Lease	1,112,080	1,776,566	2,888,646	1,054,072	1,660,503	2,714,575
Fixed assets and intangible assets, net	3,879,783	4,846,614	8,726,397	3,525,596	4,509,169	8,034,765
Depreciation and amortization for the year	(42,919)	(39,485)	(82,404)	(33,976)	(31,782)	(65,758)
Accounts receivable (current and non-current) (b)	556,338	296,244	852,582	540,258	275,367	815,625
Total assets	4,948,444	6,181,583	11,130,027	4,542,391	5,809,631	10,352,022
Total current and noncurrent liabilities	2,266,749	2,928,542	5,195,291	2,136,984	2,875,473	5,012,457
Number of Users – Not Audited/Reviewed (c)	3,152,290	2,158,491	-	3,101,653	2,061,330	-
Volume Thousand m3 Invoiced – Not Audited/Reviewed (d)	137,078	101,396	-	129,009	93,698	-

- (a) The amounts invested in administrative assets were allocated in proportion to the investments of each segment;
- (b) Presented by the gross value;
- (c) The users included in the sewage sector are practically all included in the water sector;
- (d) Billed volumes of the sewage sector are derived from the billed volumes of the water utility sector,

# Companhia de Saneamento do Paraná - SANEPAR

## NOTES TO THE FINANCIAL STATEMENTS

Base Date March 31, 2019

(In thousands of Brazilian Reais)

### 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\$1,437,172, with coverage term from 03/12/2019 to 03/10/2020, basic cover for fire, wind and electrical damages to the equipment.

Assets	Amount insured
Buildings	654,596
Machinery, equipment and vehicles	715,556
Inventory	67,020
<b>Total</b>	<b>1,437,172</b>

Additionally, the Company has legal guarantee insurance policies to guarantee values that would be deposited and/or replace the values already deposited and/or seized property in legal proceedings of labor, civil, environmental, and tax proceedings. Until March 31, 2019, the Company offered guarantees through Guarantee Insurance in 123 legal proceedings in the amount of R\$283,168 with Pottencial Seguradora S/A.

The Company also entered into an agreement with Zurich Minas Brasil Seguros S.A. for insurance coverage for members, directors and managers of Sanepar (D&O - Directors and Officers) with national and international coverage, with an indemnity cap of R\$20,000, effective contract for 365 days and expiring on 04/14/2019. The Company has bidding process, with the objective of again contracting the services of in the form of civil liability (D & O - Directors and Officers).

### 30. SUBSEQUENTS EVENTS

#### Tariff Adjustment

The Governing Board of the Regulatory Agency for Public Services of the Infrastructure of Paraná - AGEPAR approved, on April 15, 2019, through the Extraordinary Meeting No 013/2019 / RCDE, the Annual Tariff Adjustment - IRT of 12.12944% on services rendered to be applied as of May 17, 2019 and approved the application of the Sanitation Tariff Schedule, according to Official Resolution No. 006/2019 of April 16, 2019.

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

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

### **Introduction**

We have reviewed the interim financial information of Companhia de Saneamento do Paraná - Sanepar ("Company") contained within the Quarterly Financial Information - ITR, for the quarter ended on March 31, 2019, which comprise the balance sheet on March 31, 2019 and the related statements of income and comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as a summary of the significant accounting practices and other notes.

Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and with the International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for 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 that causes us to believe that the interim financial information included in the Quarterly Financial information - ITR referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to Quarterly Financial Information - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).



## Other issues

### Statement of added value

We have also reviewed the interim statement of added value for the three-month period ended March 31, 2019, prepared under the responsibility of the Company's management, whose disclosure in the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Financial Information - ITR and considered as supplemental information by the International Financial Accounting Standards (IFRS), which do not require the disclosure of the Statement of Added Value. This statement was submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the interim financial information taken as a whole.

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

Curitiba, May 7, 2019.



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

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

## **STATEMENT**

Through this instrument, the Executive Board of Companhia de Saneamento do Paraná – Sanepar, mixed capital state administration corporation, listed in stock exchange, 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 insets V and VI of article 25 of CVM Instruction no. 480/2009, state that they have reviewed, discussed and are in agreement with Sanepar interim financial statements for the period ended on March 31, 2019.

Curitiba, April 29, 2019.

**CLAUDIO STABILE**  
President

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

**PAULO ALBERTO DEDAVID**  
Director of Operations

**JOEL DE JESUS MACEDO**  
Director of Investments

**ELERIAN DO ROCIO ZANETTI**  
Commercial Director

**ANDREI DE OLIVEIRA RECH**  
Legal Director

**PRISCILA MARCHINI BRUNETTA**  
Administrative Director

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

## STATEMENT

Through this instrument, the Executive Board of Companhia de Saneamento do Paraná – Sanepar, mixed capital state administration corporation, listed in stock exchange, 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 insets V and VI of article 25 of CVM Instruction no. 480/2009, state that they have reviewed, discussed and are in agreement with the opinions stated in the audit report issued by BDO RCS Auditores Independentes with respect to the Sanepar interim financial statements for the period ended on March 31, 2019.

Curitiba, May 7, 2019.

**CLAUDIO STABILE**  
President

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

**PAULO ALBERTO DEDAVID**  
Director of Operations

**JOEL DE JESUS MACEDO**  
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Administrative Director

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