

(Convenience Translation into English from the  
Original Previously Issued in Portuguese)

## **EcoRodovias Infraestrutura e Logística S.A.**

Individual and Consolidated  
Financial Statements  
for the Year Ended  
December 31, 2019 and  
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Directors and Officers of  
EcoRodovias Infraestrutura e Logística S.A.

### **Opinion**

We have audited the accompanying individual and consolidated financial statements of EcoRodovias Infraestrutura e Logística S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2019, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of EcoRodovias Infraestrutura e Logística S.A. as at December 31, 2019, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 24.e) and f) to the financial statements, where the Company describes the nature, stage and potential consequences regarding certain ongoing investigations.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

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*a) Recognition of revenue from toll collection*

The revenue from toll collection derives from the terms and conditions set out in the highway concession arrangements, which prescribe that “concession is a public service preceded by the performance of public works (intangible assets) which will be operated under toll collection regime and based on other services provided to users”. Toll charges are annually adjusted as set forth in the concession arrangements, directly impacting the revenue of each concessionaire based on the highway traffic volume. Toll collection systems are used to measure and collect toll charges from cars passing through the toll plazas, through manual (payment at the toll booths) and automatic collection (automatic opening of the toll gate after the electronic identification device (“tag”) affixed inside cars is read, including the reading of the number of axles of each car passing through the toll gate, and the comparison between the number of axles registered in the tag and the real number of axles of the car). Based on such context, we considered the recognition of revenues from toll collection as a key audit matter that required special audit consideration.

Our key audit procedures aimed at confirming the proper recognition of revenues from toll collection including, without limitation: (i) understanding the internal controls designed by the Company and relevant for the collection, processing and recognition of toll collection revenues; (ii) involving our system audit specialists to test the automated controls used by the Company and its subsidiaries; (iii) recalculating toll collection revenues based on the traffic reports extracted from the collection system and based on the effective toll charges; and (iv) assessing the disclosures in the financial statements.

Based on the audit evidence obtained through the procedures adopted, we believe that the recognition of the revenue from toll collection is acceptable within the context of the financial statements for the year ended December 31, 2019 taken as a whole.

*b) Assessment of the risk of impairment of concession-related non-financial assets*

As described in notes 3.b) and 15 to the financial statements, the Company annually assesses the existence or not of any indication of impairment of its intangible assets with definite useful life (concession assets). The assessment comprises the estimates related to internal and external factors that can affect the assets and require a significant level of judgment by Management. For this reason, this matter is considered as a key audit matter. Accordingly, our audit procedures included, without limitation, involving financial and economic valuation specialists and assessing the reasonableness of the assumptions and methodologies adopted by the Company, in particular those related to the expected revenue growth indicators arising from toll collection, which can be impacted by the economic slowdown or growth, expected inflation rates, demographic growth and vehicle traffic volume, among other observable market assumptions and economic indicators associated with the Company’s concessions.

Based on the audit procedures adopted, we believe that the assessment of the risk of impairment of assets, as well as the related disclosures in the notes to the financial statements, are reasonable, within the context of the individual and consolidated financial statements.

*c) Capitalization of expenditures in concession intangible assets*

The highway concession arrangements represent the right to operate the infrastructure, in accordance with technical interpretation ICPC 01 (R1) - Concession Arrangements, which provides for the obligation to build and/or operate the infrastructure (concession intangible asset) for the provision of public services in the name of the concession grantor, as set forth in the arrangement.

This matter was considered as a key audit matter, as the capitalizations in the concession intangible assets require the use of assumptions and judgments and the maintenance of controls by the highway concession management, since these capitalizations may not be in accordance with the obligations set forth in the concession arrangement and, when provided for, they can be recorded at incorrect amounts or be unduly capitalized.

Our key audit procedures adopted to confirm the proper recording of and control over these assets included, without limitation: (i) assessing the adequacy of the capitalization policies for the investees' concession intangible assets; (ii) conducting documentary tests with respect to the additions to the concession intangible assets, including validations by the engineering area of the measurements made based on the percentage-of-completion of the works, matching with the service agreements and/or related invoices; and (iii) assessing the nature of the expenditures capitalized as concession intangible assets, considering the criteria and requirements set out in the concession arrangement. Additionally, we assessed the related disclosures in the financial statements.

Based on the audit procedures adopted with respect to the capitalization test for expenditures in the concession intangible assets, which is based on Management's assessment, we believe that the expenditure capitalization policies are reasonable, pursuant to the criteria and requirements set out in the concession arrangement to support the judgments, estimates and information included within the context of the financial statements taken as a whole.

## **Other matters**

### *Statements of value added*

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2019, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

## **Other information accompanying the individual and consolidated financial statements and the independent auditor's report**

Management is responsible for the other information. The other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and those charged with governance for the individual and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and of the consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRS, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

## **Auditor's responsibilities for the audit of the individual and consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, when applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

São Paulo, February 18, 2020

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

  
Alexandre Cassini Decourt  
Engagement Partner

(Convenience translation into English of the original previously issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2019 AND 2018  
(Em milhares de reais - R\$)

ASSETS	Notes	Parent		Consolidated		LIABILITIES AND EQUITY	Notes	Parent		Consolidated	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018			12/31/2019	12/31/2018	12/31/2019	12/31/2018
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	8	15,275	141,953	1,856,248	2,650,489	Trade payables		635	2,832	97,773	100,708
Short-term investments	9	1,470	-	105,678		Borrowings and financing	17	-	-	97,105	81,029
Securities	10	-	-	84,195	61,521	Debentures	18	1,419,332	2,183	3,190,642	1,417,300
Trade receivables	11	-	-	164,749	138,338	Leases payable	19	-	-	7,291	-
Recoverable taxes		2,855	25,258	80,242	100,757	Taxes, fees and contributions payable		450	26,301	48,684	64,704
Dividends and interest on capital receivable		137,778	-	-	-	Payroll and related taxes		7,904	10,339	77,382	65,572
Prepaid expenses		506	239	12,070	8,112	Tax Recovery Program - REFIS		-	-	775	778
Related parties	20	1,105	29,708	-	186	Related parties	20	-	174,000	31,228	19,881
Other receivables		3,228	158	38,431	35,405	Payables to concession grantor	23	-	-	18,064	10,608
Assets held for sale	7.b)	-	74,443	-	80,502	Provision for income tax and social contribution	16.c)	-	-	13,382	45,091
Other receivables - sale of interest	7.b)	<u>13,008</u>	<u>13,215</u>	<u>13,008</u>	<u>13,215</u>	Provision for maintenance	21	-	-	147,328	79,074
Total current assets		<u>175,225</u>	<u>284,974</u>	<u>2,354,621</u>	<u>3,088,525</u>	Provision for future construction works	22	-	-	36,495	71,841
NONCURRENT ASSETS						Other payables		2,510	2,506	36,399	45,813
Securities	10	-	-	22,721	15,809	Leniency agreement	24.c)	15,467	-	195,326	-
Deferred taxes	16.a)	-	-	421,425	367,380	Other payables - acquisition of companies		-	-	10,445	-
Escrow deposits	12	2,525	2,448	206,010	189,732	Liabilities held for sale		-	-	-	6,059
Related parties	20	5,176	42,029	-	-	Total current liabilities		<u>1,446,298</u>	<u>218,161</u>	<u>4,008,319</u>	<u>2,008,458</u>
Other receivables		1,725	21,325	26,731	27,818	NONCURRENT LIABILITIES					
Other receivables - sale of interest		61,050	69,848	61,049	69,848	Borrowings and financing	17	-	-	1,285,185	564,712
Prepaid expenses		-	-	10,302	13,713	Debentures	18	148,266	516,207	4,093,406	5,445,468
Investments:						Leases payable	19	-	-	5,481	-
In subsidiaries and associates	13.a)	1,484,498	1,419,268	250	1,105	Related parties	20	-	808,146	-	-
Goodwill	13.c)	359,216	370,806	-	-	Deferred taxes	16.a)	-	-	12,559	22,666
Property, plant and equipment	14	1,984	2,526	545,424	523,532	Provision for tax, labor and civil risks	25	-	-	206,659	185,464
Intangible assets	15	<u>63</u>	<u>157</u>	<u>7,893,920</u>	<u>5,723,473</u>	Provision for maintenance	21	-	-	279,011	241,401
Total noncurrent assets		1,916,237	1,928,407	9,187,832	6,932,410	Provision for future construction works	22	-	-	767	25,026
						Payables to concession grantor	23	-	-	890,759	764,830
						Leniency agreement	24.c)	16,371	-	179,487	-
						Other payables		25,176	30,548	93,173	84,062
						Other payables - acquisition of companies		-	-	32,296	38,529
						Total noncurrent liabilities		<u>189,813</u>	<u>1,354,901</u>	<u>7,078,783</u>	<u>7,372,158</u>
						EQUITY					
						Issued capital	26.a)	360,900	360,900	360,900	360,900
						Earnings reserve - legal	26.c)	46,140	46,140	46,140	46,140
						Earnings reserve - capital budget		196,821	196,821	196,821	196,821
						Capital reserve - stock option plan		51,802	51,706	51,802	51,706
						Capital reserve - sale of noncontrolling interests		14,219	14,219	14,219	14,219
						Treasury shares	26.e)	(29,071)	(29,467)	(29,071)	(29,467)
						Accumulated losses		<u>(185,460)</u>	-	<u>(185,460)</u>	-
						Attributable to noncontrolling interests		455,351	640,319	455,351	640,319
						Noncontrolling interests in subsidiaries' equity	26.f)	-	-	-	-
						Total equity		455,351	640,319	455,351	640,319
TOTAL ASSETS		<u>2,091,462</u>	<u>2,213,381</u>	<u>11,542,453</u>	<u>10,020,935</u>	TOTAL LIABILITIES AND EQUITY		<u>2,091,462</u>	<u>2,213,381</u>	<u>11,542,453</u>	<u>10,020,935</u>

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English of the original previously issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF PROFIT AND LOSS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In thousands of Brazilian reais - R\$, except basic/diluted earnings per share)

	Note	Parent		Consolidated	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018
NET REVENUE	27	-	-	3,952,889	3,169,267
Cost of services	28	-	-	(2,449,007)	(1,780,016)
GROSS PROFIT		-	-	1,503,882	1,389,251
OPERATING INCOME (EXPENSES)					
General and administrative expenses	28	(77,217)	(39,329)	(301,213)	(219,173)
Share of profit (loss) of subsidiaries	13.a)	78,629	544,076	10	34
Amortization of goodwill on investment	13.a)	(11,590)	(11,590)	-	-
Leniency agreement		(74,577)	-	(469,050)	-
Other income (expenses) - net		671	630	62,067	14,192
OPERATING INCOME/(LOSS) BEFORE FINANCE INCOME (COSTS)		(84,084)	493,787	795,696	1,184,304
FINANCE INCOME (COSTS)					
FINANCE INCOME (COSTS)	29	11,570	15,539	187,495	206,951
Finance costs	29	(112,766)	(116,169)	(887,567)	(667,695)
		(101,196)	(100,630)	(700,072)	(460,744)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(185,280)	393,157	95,624	723,560
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	16.b)	-	(142)	(331,133)	(327,910)
Deferred	16.b)	-	-	50,229	4,990
		-	(142)	(280,904)	(322,920)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(185,280)	393,015	(185,280)	400,640
LOSS FROM DISCONTINUED OPERATIONS	7.b)	(180)	(18,505)	(180)	(18,505)
PROFIT/(LOSS) FOR THE YEAR		(185,460)	374,510	(185,460)	382,135
ATTRIBUTABLE TO:					
Owners of the Company		(185,460)	374,510	(185,460)	374,510
Noncontrolling interests		-	-	-	7,625
		(185,460)	374,510	(185,460)	382,135
EARNINGS/(LOSS) PER SHARE - CONTINUING AND DISCONTINUED OPERATIONS					
Basic earnings/(loss) attributable to owners of the Company holders of common shares	30			(0.33)	0.67
Diluted earnings/(loss) attributable to owners of the Company holders of common shares	30			(0.33)	0.67
EARNINGS/(LOSS) PER SHARE FROM CONTINUING OPERATIONS					
Basic earnings/(loss) attributable to owners of the Company holders of common shares	30			(0.33)	0.72
Diluted earnings/(loss) attributable to owners of the Company holders of common shares	30			(0.33)	0.71

The accompanying notes are an integral part of these financial statements.



(Convenience translation into English of the original previously issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In thousands of Brazilian reais - R\$)

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	Parent		Consolidated	
	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
PROFIT/(LOSS) FOR THE YEAR	(185,460)	374,510	(185,460)	382,135
OTHER COMPREHENSIVE INCOME	-	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR	<u>(185,460)</u>	<u>374,510</u>	<u>(185,460)</u>	<u>382,135</u>
ATTRIBUTABLE TO:				
Owners of the Company			<u>(185,460)</u>	<u>374,510</u>
Noncontrolling interests			<u>-</u>	<u>7,625</u>

The accompanying notes are an integral part of these financial statements.

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(Convenience translation into English of the original previously issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF VALUE ADDED  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
REVENUES				
From toll collection	-	-	2,952,132	2,528,660
From construction works	-	-	1,007,724	653,066
Port	-	-	390,167	355,416
Logistics	-	-	24,256	-
Accessory and intercompany services	-	-	87,631	96,871
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of services rendered	-	-	(1,616,020)	(1,130,868)
Materials, electric power, third-party services and other	(34,537)	(16,473)	(135,229)	(79,768)
GROSS VALUE ADDED (CONSUMED)	<u>(34,537)</u>	<u>(16,473)</u>	<u>2,710,661</u>	<u>2,423,377</u>
DEPRECIATION AND AMORTIZATION	(587)	(664)	(567,505)	(433,569)
AMORTIZATION OF INVESTMENTS	(11,590)	(11,590)	-	-
Other	(73,906)	631	(575,655)	(158,486)
NET VALUE ADDED (USED)				
GENERATED BY THE COMPANY	<u>(120,620)</u>	<u>(28,096)</u>	<u>1,567,501</u>	<u>1,831,322</u>
VALUE ADDED RECEIVED IN TRANSFER				
Finance income	11,570	15,539	187,495	206,951
Share of profit (loss) of subsidiaries	78,629	544,076	10	34
Other	-	-	-	-
	<u>90,199</u>	<u>559,615</u>	<u>187,505</u>	<u>206,985</u>
TOTAL VALUE ADDED TO BE DISTRIBUTED	<u>(30,421)</u>	<u>531,519</u>	<u>1,755,006</u>	<u>2,038,307</u>
DISTRIBUTION OF VALUE ADDED	<u>(30,421)</u>	<u>531,519</u>	<u>1,755,006</u>	<u>2,038,307</u>
Personnel:	<u>40,599</u>	<u>21,123</u>	<u>407,989</u>	<u>321,581</u>
Directed compensation	34,846	20,302	326,110	251,010
Benefits	596	245	59,683	55,032
Severance Pay Fund (FGTS)	5,157	576	22,196	15,539
Taxes, fees and contributions:	<u>-</u>	<u>142</u>	<u>621,254</u>	<u>614,987</u>
Federal	-	142	447,686	468,621
State	-	-	16	4
Municipal	-	-	173,552	146,362
Lenders and lessors	<u>114,260</u>	<u>117,239</u>	<u>911,043</u>	<u>701,099</u>
Interest	92,959	82,739	582,247	422,187
Lease	1,495	1,069	23,477	33,404
Other finance charges	19,806	33,431	305,319	245,508
Shareholders	<u>(185,280)</u>	<u>393,015</u>	<u>(185,280)</u>	<u>400,640</u>
Noncontrolling interests	-	-	-	7,625
Legal reserve	-	18,725	-	18,725
Profit (loss) on discontinued operations	-	18,505	180	18,505
Interim dividends paid	-	158,964	-	158,964
Recognition of reserve	-	196,821	-	196,821
Retained earnings/(accumulated losses) for the year	(185,280)	-	(185,460)	-
Dividends paid (payable) in the next year <i>exercício seguinte</i>	-	-	-	-

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English of the original previously issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In thousands of Brazilian reais - R\$)

	Note	Attributable to owners of the Company					Retained earnings (accumulated losses)	Equity attributable to owners of the Company	Noncontrolling interests in subsidiaries' equity	Consolidated equity
		Capital	Capital reserve, stock options granted and treasury shares	Legal	Earnings reserves Capital budget	Proposed additional dividends				
BALANCE AS AT DECEMBER 31, 2017		360,900	27,446	27,415	-	242,862	-	658,623	97,947	756,570
Capital budget		-	-	-	177,892		(177,892)	-	-	-
Recognized stock options granted		-	9,012	-	-	-	-	9,012	3	9,015
Acquisition of noncontrolling interests		-	-	-	-	-	-	-	(103,420)	(103,420)
Dividends paid (R\$0.72 per share)		-	-	-	-	(242,862)	(158,964)	(401,826)	(2,155)	(403,981)
Profit for the year		-	-	-	-	-	374,510	374,510	7,625	382,135
Allocation of profit:										
Legal reserve	26.c)	-	-	18,725	-	-	(18,725)	-	-	-
Recognition for dividend reserve (R\$0.35 per share)	26.d)	-	-	-	-	18,929	(18,929)	-	-	-
BALANCE AS AT DECEMBER 31, 2018		360,900	36,458	46,140	177,892	18,929	-	640,319	-	640,319
Treasury shares - stock option plan		-	492	-	-	-	-	492	-	492
Profit/(loss) for the year		-	-	-	-	-	(185,460)	(185,460)	-	(185,460)
BALANCE AS AT DECEMBER 31, 2019		360,900	36,950	46,140	177,892	18,929	(185,460)	455,351	-	455,351

The accompanying notes are an integral part of these financial statements.

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(Convenience translation into English of the original previously issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the year from continuing operations	(185,280)	393,015	(185,280)	400,640
Discontinued operations net of cash	(180)	(120,993)	(180)	(120,993)
Indemnity assets and liabilities from discontinued operations		3,494		3,494
Adjustments to reconcile profit for the year to net cash generated by (used in) operating activities:				
Depreciation and amortization	587	664	567,505	433,569
Amortization of goodwill	11,590	11,590	-	-
Capital reserve - option premium	492	-	492	-
Share-based option premium	-	143	-	234
Share-based option premium - noncontrolling interests	-	-	-	4
Loss/write-off of property, plant and equipment and intangible assets	255	-	5,481	8,494
Finance charges on and inflation adjustment of borrowings, financing and debentures	81,203	13,377	704,596	576,354
Inflation adjustment of payables to concession grantor	-	-	120,378	(50)
Provision for civil, labor and tax risks	-	-	24,534	4,068
Inflation adjustment of provision for civil, labor and tax risks	-	-	10,419	8,513
Provision for maintenance and provision for construction works	-	-	200,873	143,014
Inflation adjustment of provision for maintenance and provision for construction works	-	-	39,072	31,329
Income from securities	-	-	(4,812)	(4,668)
Allowance for doubtful debts	-	-	747	2,015
Share of profit (loss) of subsidiaries and interest on capital received	(78,629)	(544,076)	(10)	(34)
Withdrawal of escrow deposits	11	-	192,271	11,404
Inflation adjustment of escrow deposits	(73)	(149)	(7,882)	(3,252)
Inflation adjustment of acquisition of interest	-	-	5,056	1,730
Deferred taxes	-	-	(50,229)	(4,990)
Interest income on sale of Elog's interest	(4,933)	-	(4,933)	-
Interest on loans	(2,900)	(3,939)	-	-
Interest on borrowings	10,535	31,332	-	-
Interest on debt assignment	18,810	82,739	-	-
Provision - Leniency agreement	74,577	-	469,050	-
Inflation adjustment of leniency agreement	577	-	6,619	-
Interest capitalization	-	-	(66,557)	(27,680)
Payables to Concession Grantor	-	-	68,217	61,183
Provision for income tax and social contribution	-	142	331,133	327,910
Changes in operating assets:				
Trade receivables	-	-	(13,057)	8,601
Due to related parties	28,603	(27,793)	11,288	-
Recoverable taxes	22,403	1,918	21,429	(45,071)
Prepaid expenses	(267)	(217)	1,054	(47)
Payment of escrow deposits	(15)	-	(199,229)	(9,414)
Other receivables	16,530	3,278	77	(8,238)
Changes in operating liabilities:				
Trade payables	(2,197)	2,312	(49,662)	11,164
Payroll and related taxes	(2,435)	(541)	5,772	(2,105)
Taxes, fees and contributions payable	(25,851)	26,072	(18,786)	28,629
Payment of leniency agreement	(43,316)	-	(100,856)	-
Due to related parties	-	-	-	4,287
Payment of provision for civil, labor, and tax risks	-	-	(19,857)	(24,325)
Payments of maintenance	-	-	(169,757)	(120,376)
Payments of construction works	-	-	(58,364)	(482)
Other payables	(5,368)	334	(10,020)	3,472
Payables to Concession Grantor	-	-	(70,349)	(60,430)
Income tax and social contribution paid	-	(142)	(362,842)	(307,370)
Net cash generated by (used in) operating activities	<u>(85,271)</u>	<u>(127,440)</u>	<u>1,393,401</u>	<u>1,330,583</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends and interest on capital received	60,864	604,368	865	-
Capital contribution from noncontrolling shareholders	-	-	-	(60,000)
Net investment from discontinued operations	-	-	4,443	-
Acquisition of interest - free of cash	-	-	(650,399)	-
Purchase of property, plant and equipment and intangible assets	(206)	(52)	(1,001,576)	(739,673)
Investment in subsidiaries - acquisition of Eco101	-	-	(844)	-
Effect of payment/receipt due to sale of Elog	13,938	(8,106)	13,938	(8,106)
Investment in subsidiaries - capital contributions	<u>(110,800)</u>	<u>(167,201)</u>	<u>-</u>	<u>-</u>
Net cash generated by (used in) investing activities	<u>(36,204)</u>	<u>429,009</u>	<u>(1,633,573)</u>	<u>(807,779)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Intragroup loans	(323,855)	(186,938)	-	-
Payables to Concession Grantor	-	-	(41,012)	(6,281)
Securities	-	-	19,091	(2,826)
Short-term investments	(1,470)	-	(105,678)	-
Borrowings, financing and debentures	1,090,035	425,925	2,588,138	2,010,117
Payment of borrowings, financing and debentures	(80,000)	-	(2,421,658)	(670,050)
Related parties - debt assignment	(647,883)	-	-	397
Tax Recovery Program - REFIS	-	-	(3)	(3,298)
Payment of dividends and interest on capital	-	(401,826)	-	(401,825)
Interest paid	<u>(42,030)</u>	<u>(4,965)</u>	<u>(592,947)</u>	<u>(406,528)</u>
Net cash used in (generated by) financing activities	<u>(5,203)</u>	<u>(167,804)</u>	<u>(554,069)</u>	<u>519,706</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	<u>(126,678)</u>	<u>133,765</u>	<u>(794,241)</u>	<u>1,042,510</u>
Cash and cash equivalents at the beginning of the year	141,953	8,188	2,650,489	1,607,979
Cash and cash equivalents at the end of the year	15,275	141,953	1,856,248	2,650,489
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	<u>(126,678)</u>	<u>133,765</u>	<u>(794,241)</u>	<u>1,042,510</u>

The accompanying notes are an integral part of these financial statements.

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

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1. GENERAL INFORMATION

EcoRodovias Infraestrutura e Logística S.A. ("EcoRodovias", "EcoRodovias Infraestrutura", "Company" or "EIL") is a publicly held corporation listed on B3 S.A. – Brasil, Bolsa, Balcão, where Company shares are traded under the ticker symbol "ECOR3". The Company is primarily engaged in operating road, port, and logistics concession assets, and companies that provide services related to its core business. EcoRodovias current portfolio includes nine highway concessions, one logistics platform (Ecopátio Cubatão), and one port asset (Ecoporto) in seven states, located in the main trade corridors of the South and Southeast of Brazil. The Company's registered office is located at Rua Gomes de Carvalho, 1.510 - conjuntos 31 e 32, in the city of São Paulo, State of São Paulo (SP).

The Company's direct and indirect subsidiaries ("EcoRodovias Group") are summarized in note 13.

As at December 31, 2019, the Company recognized consolidated negative net working capital in the amount of R\$1,681,279 (current assets of R\$2,327,040 and consolidated current liabilities of R\$4,008,319), mainly deriving from short-term debentures. Management assessed the Company's capacity to settle short-term obligations and concluded on its capacity to continue as a going concern due to the expected cash generation for the next 12 months, debt renegotiation and extension of payment date.

These financial statements were approved by the Company's executive committee and authorized for issue on February 18, 2020.

2. PRESENTATION OF FINANCIAL STATEMENTS

2.1. Statement of compliance and basis of preparation

The Company's financial statements comprise:

Parent's individual and consolidated financial statements

The individual and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil ("BR GAAP").

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporate Law and the technical pronouncements, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by the Federal Accounting Council ("CFC") and the Brazilian Securities and Exchange Commission ("CVM").

As there is no difference between the consolidated equity and the consolidated profit or loss attributable to the Parent's shareholders, disclosed in the consolidated financial statements prepared in accordance with IFRSs and the accounting practices adopted in Brazil, and the Parent's equity and profit or loss disclosed in the individual financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated financial statements in a single set, using a side-by-side format.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

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Management asserts that all relevant information for the financial statements, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

The financial statements have been prepared based on historical cost. The historical cost is generally based on the fair value of the consideration paid in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market players at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market players would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on this basis, except for share-based payment transactions that are within the scope of IFRS 2 (CPC 10 (R1)), or value in use in IAS 36 (CPC 01 (R1)) - Impairment of Assets.

## 2.2. Basis of consolidation and investments in subsidiaries

The consolidated financial statements comprise the control achieved when the Company is exposed, has rights to variable returns from its involvement with the investee and has the ability to affect those returns through the power exercised over an investee, which corresponds in the Company to an associate and joint venture.

An associate is an entity over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without exercising individual or joint control over those policies.

Joint venture is a joint business through which its parties holding joint control over the arrangement are entitled to the net assets of the joint venture. Joint control is the contractually agreed sharing of control, applicable solely when the decisions on the relevant activities require the unanimous approval of the parties sharing such control.

The Company's investments in its associate and joint venture are accounted for under the equity method of accounting.

The associates' financial statements have been prepared for the same reporting period as the Company's reporting period. Adjustments are made so that the accounting policies are aligned with those of the Company, when necessary.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

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The ownership interests in subsidiaries and joint ventures, which are all entities domiciled in Brazil, are shown below:

	12/31/2019	12/31/2018	Core business
<u>Direct subsidiaries:</u>			
Ecorodovias Concessões e Serviços S.A.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder, and also providing administrative, financial, human resources, information technology, engineering and procurement services.
EIL01 Participações Ltda.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
Ecoporto Santos S.A.	100%	100%	Engaged in performing port activities, import and export cargo handling and storage in the Port of Santos.
Termares - Terminais Marítimos Especializados Ltda.	100%	100%	Engaged in customs controlled import and export cargo handling and storage.
ELG-01 Participações Ltda.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
EIL04 S.A.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
EIL02 S.A. (100% up to September 2018)	-	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
EIL03 S.A.	100%	100%	Engaged in holding ownership interests in other entities, as a partner or shareholder.
Concessionária do Rodoanel Norte S.A. - Ecorodoanel	100%	100%	In preoperating stage, in the future engaged in operating the highway system Ponte Rodoanel Norte under concession regime.
<u>Joint venture:</u>			
Consórcio Rota do Horizonte S.A.	20%	20%	Engaged in operating the North Metropolitan Ring Road of the Metropolitan Region of the City of Belo Horizonte in Minas Gerais.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	12/31/2019	12/31/2018	Core business
Indirect subsidiaries: via Ecorodovias Concessões e Serviços S.A.			
Concessionária Ecovias dos Imigrantes S.A.	100%	100%	Engaged in operating the highway system comprised of the Anchieta-Imigrantes System under concession regime.
Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas	100%	100%	Engaged in operating the highway system through the collection of toll charges and accessory revenues, as set forth in the concession arrangement.
Concessionária Ecovia Caminho do Mar S.A.	100%	100%	Engaged in operating Lot 006 of the Paraná State Highway Concession Program under concession regime.
Rodovia das Cataratas S.A. - Ecocataratas	100%	100%	Engaged in operating Lot 003 of the Paraná State Highway Concession Program under concession regime.
Empresa Concessionária de Rodovias do Sul S.A. – Ecosul (90% up to February/2018)	100%	100%	Engaged in operating certain sections comprising the so-called Pelotas Highway System under concession regime.
ECO101 Concessionária de Rodovias S.A. (58% up to August/2018)	100%	100%	Engaged in operating the concession of highway BR-101 ES/BA.
Concessionária da Ponte Rio-Niterói S.A. Ecoponte	100%	100%	Engaged in operating the concession of highway BR-101/RJ – Access to Ponte Presidente Costa e Silva (Niterói) – Entr. RJ-071 (Linha Vermelha) "Ponte Rio-Niterói".
Eco135 Concessionária de Rodovias S.A.	100%	-	Engaged in operating the lot of highways of the Minas Gerais State under concession regime.
EIL02 S.A. (beginning October/2018)	100%	-	Engaged in holding ownership interests in other entities, as a partner or shareholder.
Concessionária de Rodovias Minas Gerais Goiás S.A. Eco050	100%	-	Engaged in operating the concession of highway BR-050 MG/GO.
Concessionária Ecovias do Cerrado S.A.	100%	-	Engaged in operating the concession of highway BR 364/365 MG/GO.

On September 28, 2018, the Company has transferred all shares held in EIL02 S.A. to its direct subsidiary Ecorodovias Concessões e Serviços S.A., through the sale of all of its 3,300 shares, representing 100% of EIL02's capital, for R\$2,045.38.



ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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2.3 Concession arrangements

The Company's main concession arrangements are described below by entity:

I) Concessionária Ecovias dos Imigrantes S.A.

Engaged in operating the Anchieta-Imigrantes System, which has a total length of 176.8 km, and basically comprises the following: (a) Anchieta highway (SP-150 - from km 9.7 to km 65.6); (b) Imigrantes highway (SP-160 - from km 11.5 to km 70.0); (c) Planalto intersection (SP-041 - with a length of 8 km); (d) Baixada intersection (SP-059 - with a length of 1.8 km); (e) Padre Manoel da Nóbrega highway (SP-055/170 - from km 270.6 to km 292.2); and (f) Cônego Domênico Rangoni highway (SP-055/248 - from km 0 to km 8.4 and km 248.0 to km 270.6). The arrangement, which was accounted for as an intangible asset, will be effective up to June 2026.

II) Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas

Engaged in operating the set of traffic lanes of the Ayrton Senna-Carvalho Pinto corridor, respective rights-of-way and buildings, facilities and equipment therein, with a length of 143.5 km. The arrangement, which was accounted for as an intangible asset, will be effective up to June 2039.

III) Concessionária Ecovia Caminho do Mar S.A.

Engaged in operating the section of 136.7 km comprising the following: (a) BR-277 highway stretch between the City of Curitiba and the Port of Paranaguá, with a length of 85.7 km; (b) PR-508 highway stretch between the BR-277 highway and the City of Matinhos, with a length of 32 km; and (c) PR-407 highway stretch between the BR-277 Highway and Praia de Leste, with a length of 19 km. The Company's head office is located at BR-277 highway, km 60.5. The arrangement, which was accounted for as an intangible asset, will be effective up to November 2021.

IV) Rodovia das Cataratas S.A. - Ecocataratas

Engaged in operating the section of 387.1 km between the City of Guarapuava, in the State of Paraná, and the City of Foz do Iguaçu, also in the State of Paraná. The concession arrangement will be effective for 24 years. The arrangement, which was accounted for as an intangible asset, will be effective up to November 2021.

V) Empresa Concessionária de Rodovias do Sul S.A. - Ecosul

Engaged in operating the so-called Pelotas Highway System, the following highways and sections under concession regime: BR-116, between the cities of Pelotas and Camaquã, with a length of 123.4 km; BR-116, between the cities of Pelotas and Jaguarão, with a length of 137.1 km; BR-392, between the cities of Pelotas and Rio Grande, with a length of 68.4 km and BR-392, between the cities of Pelotas and Santana da Boa Vista, with a length of 128.4 km. The arrangement, which was accounted for as an intangible asset, will be effective up to March 2026.

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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VI) ECO101 Concessionária de Rodovias S.A.

Engaged in operating the BR-101/ES/BA federal highway between BA-698 (access to Mucuri-BA) up to the border of the states of ES/RJ under concession regime. The 25-year concession (counted from the asset assumption and transfer date on May 10, 2013) consists of operating the infrastructure and providing public recovery, operating, maintenance, monitoring, upkeep, improvement implementation and highway system capacity expansion services for BR101/ES/BA federal highway between BA-698 (access to Mucuri-BA) up to the border of the states of ES/RJ, through the collection of toll charges and other sources of accessory revenue. The arrangement, which was accounted for as an intangible asset, will be effective up to May 2038.

VII) Concessionária da Ponte Rio-Niterói S.A. Ecoponte

Engaged in operating for 30 years, under concession regime, as from June 1, 2015, BR-101/RJ infrastructure and providing public operating, maintenance, monitoring and upkeep, and highway system improvement implementation services, through the collection of toll charges: Access to Ponte Presidente Costa e Silva (Niterói) – Entr. RJ-071 (Linha Vermelha). The arrangement, which was accounted for as an intangible asset, will be effective up to June 2045.

VIII) Ecoporto Santos S.A.

Lease agreement PRES 028/1998 ("Agreement") entered into between Companhia Docas do Estado de São Paulo ("CODESP") and Ecoporto Santos S.A. ("Ecoporto Santos") is effective for 25 years and expected to be terminated in June 2023. Five amendments to the agreement were entered into so far without changing the initially established agreement period. However, Clause Sixteen to the agreement provides for the possibility of extension for an equal period (25 years), subject to sector regulation. In the aftermath of the industry's new regulatory framework, the concession grantor is now the Ministry of Infrastructure, while the National Water Transportation Agency (ANTAQ) is responsible for the industry's oversight and regulation. Ecoporto Santos has timely requested the early extension of the Agreement term by filing a request and all the relevant documentation. On December 19, 2019, ANTAQ Resolution 7549, which approved the Technical, Economic and Environmental Feasibility Study ("EVTEA") submitted by Ecoporto Santos, contemplating the economic and financial balance and extension of the contractual term through 2048, was published. On January 6, 2020, Ecoporto Santos has filed an administrative appeal against said Resolution for the recognition of the right to the economic and financial balance arising from the subsequent substitution of the area originally delimited in the Agreement for new areas, not close, with total meter length 20% below (170,000m<sup>2</sup> x 136,444.03m<sup>2</sup>), resulting in loss of operational efficiency.

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

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FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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IX) ECO135 Concessionária de Rodovias S.A.

Provides, under the concession regime, public services consisting of the operation, management, widening, upkeep and investments required to operate the highway system denominated Highway Lot: (i) BR-135 – from km 367.65 (beginning of the interchange ramp in the intersection of BR-135 with BR-122/251/365 – contorno Montes Claros) to km 668.85 (beginning of the interchange ramp in the intersection of BR-135 with BR-040(A) – São José da Lagoa, 301.20 km long; (ii) MG-231 – from km 41.00 (intersection of MG-231 with LMG-754 – Cordisburgo city urban limits) to km 63.65 (beginning of the interchange ramp in the intersection of MG-231 with BR-040 - Paraopeba), 22.65 km long; and (iii) LMG-754 – from km 2.85 (end of the interchange ramp in the intersection of LMG-754 with Avenida Brasil – Curvelo city urban limits) to km 42.95 (intersection of LMG-754 with MG-231 – Cordisburgo city urban limits), 40.10 km long, a total length of 363.95 km, as well as performance and management of delegated services, support to inspection and management of supplementary services directly provided by the concessionaire. The collection of toll charges started on April 1, 2019. The arrangement, which was accounted for as an intangible asset, will be effective up to 2048.

X) Concessionária do Rodoanel Norte S.A. – Ecorodoanel

Established on February 20, 2018 to solely provide, under the concession regime, public services consisting of the operation, management, widening, upkeep and investments required to operate the highway system denominated North Ring Road Lot between the cities of Guarulhos and São Paulo, located at Rodovia dos Imigrantes, S/N, 1º andar, Sala 01, Bairro Alvarenga – São Bernardo do Campo – SP. The North Ring Road section has 46 km. The company is in preoperating stage, waiting for the execution of the concession arrangement.

XI) Concessionária de Rodovias Minas Gerais Goiás S.A. – Eco050

Operates, under the concession regime, the section with 436.6 km of BR-050, from the intersection with BR-040, in Goiás, until the border of the State of Minas Gerais and the State of São Paulo, considering the outline existing in Uberlândia, including the elements comprising the right-of-way, in addition to accesses and rings, buildings and land, central, lateral, marginal or local lanes directly connected or connected using devices for interconnection with the highway, roadsides, special artworks and any other elements concentrated on the limits of the right-of-way, as well as the areas occupied by operational and administrative facilities listed in the concession arrangement "Invitation to Bid 001/2013 Part VII", entered into with the Brazilian government through the National Highway Transportation Agency (ANTT) on December 5, 2013. The highway will be operated upon the collection of a toll charge, with a 30-year concession period counted from January 8, 2014, the agreement assumption date.

On May 30, 2019, the sale of 100% of the capital of Concessionária de Rodovias Minas Gerais Goiás S.A. ("MGO Rodovias") was completed, by way of its holding Argovias Administração e Participações S.A., to Ecorodovias Group, through Ecorodovias Concessões e Serviços S/A. EcoRodovias Concessões e Serviços S.A. ("EcoRodovias Concessões") is engaged in holding interest in other entities, as a partner or shareholder, and also providing the following services: administrative, financial, human resources, information technology, engineering, corporate procurement, advertising space sale, among others. The arrangement, which was accounted for as an intangible asset, will be effective up to January 8, 2044.

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FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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XII) Concessionária Ecovias do Cerrado S.A.

It is engaged in operating the highway system comprised of sections of BR-364/365/GO/MG, under the concession regime, in the intersection with BR-060 (Jataí/GO) and intersection with LMG-479 (Western border of Uberlândia/MG). The company has executed the concession agreement with the Brazilian Land Transportation Agency (ANTT) on December 19, 2019, and the Asset Inventory and Transfer instrument on January 20, 2020. The concession is valid for a 30-year period and will be effective up to January 20, 2050.

2.4. Functional presentation currency

The financial statements of the Parent and its subsidiaries included in the consolidated financial statements are presented in Brazilian reais, the currency of the main economic environment where the companies operate ("functional currency").

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies described below were consistently applied for all years presented and for the Company's individual and consolidated financial statements:

a) Financial instruments

Financial assets and financial liabilities are recognized in the Company's and its direct and indirect subsidiaries' balance sheet when the Company and its subsidiaries are parties to the underlying contract. Financial assets and financial liabilities are initially measured at their fair values. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, if applicable, upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

Financial assets

All financial assets recognized are subsequently measured at amortized cost or at fair value, depending on their classification. The classification is made based on both the Company's business model for the financial asset management and the contractual cash flow characteristics of the financial asset.

Classification of financial assets

The debt instruments are subsequently measured at amortized cost provided that the following conditions are met:

- i) The financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

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- ii) The contractual terms of the financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

The debt instruments are subsequently measured at fair value through other comprehensive income provided that the following conditions are met:

- i) The financial assets are held within a business model whose objective is achieved upon collecting contractual cash flows and selling financial assets; and
- ii) The contractual terms of the financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount. In general, all other financial assets are subsequently measured at fair value through profit or loss.

Amortized cost

The effective interest method is used to calculate the amortized cost of a debt instrument and allocate its interest income over the relevant period.

For financial assets, except for impaired financial assets acquired or originated (i.e., assets that might be impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), less any expected credit losses, through the expected life of the debt instrument or, when appropriate, over a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For impaired financial assets acquired or originated, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, plus expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of financial assets corresponds to the amount at which the financial assets are measured on initial recognition, less any principal repayments, including accumulated amortization of any difference between the original amount and the amount repayable at maturity determined using the effective interest method, adjusted for any loss allowance.

The gross carrying amount of a financial asset corresponds to its amortized cost before adjustment for any loss allowance. Interest income is recognized using the effective interest method for debt instruments subsequently measured at amortized cost. For financial assets, except for impaired financial assets acquired or originated, interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets other than financial assets that might be subsequently impaired. For financial assets that might be subsequently impaired, the Company and its subsidiaries recognize interest income by applying the effective interest rate to the amortized cost of financial assets. If, in subsequent reporting periods, the credit risk underlying the impaired financial instruments improves so that the financial assets are no longer impaired, interest income will be recognized by applying the effective interest rate to the gross carrying amount of financial assets.

Interest income is recognized in profit or loss and included in "Finance income" (see note 29).

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Financial assets measured at fair value through comprehensive income

Financial assets are measured at fair value through comprehensive income if they satisfy cash flow criterion that are solely payments of outstanding principal and interest, and that are held within a business model whose objective is achieved both by obtaining contractual cash flows and selling financial assets. Not applicable to the Company and its subsidiaries.

Financial assets measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss when assets fail to satisfy the classification criteria of other previous categories or when they are designated to eliminate or reduce an accounting mismatch upon initial recognition.

Impairment of financial assets

At the balance sheet date the Company assesses whether there is any objective evidence that determines if the financial assets or groups of financial assets are impaired as a result of one or more events that occurred after initial recognition, with an impact on the estimated future cash flows of the financial assets or groups of financial assets, that can be reasonably estimated.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost under the effective interest method or measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss

Financial liabilities are measured at fair value through profit or loss when they are (i) a contingent consideration from a buyer in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company refer to contracts that require payment for the holder's reimbursement for losses incurred when the specified debtor fails to make the payment according to the terms of the corresponding debt instrument. Financial guarantee contracts are initially recognized as a liability measured at fair value, adjusted by transaction costs directly related to the issuance of the guarantee. Subsequently, the liability is measured based on the higher of the best estimate of the expense required to settle the present obligation at the balance sheet date or the recognized amount less amortization.

Derecognition

A financial liability is derecognized when the obligation is revoked or discharged, or when it expires. When an existing financial liability is replaced for another one from the same lender with terms and conditions substantially different, or the terms of an existing liability are significantly modified, such replacement or modification is recognized as derecognition of the original liability and recognition of a new liability, and the difference in the carrying amounts is recorded in the income statement.

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b) Impairment test of non-financial assets

Management reviews annually the carrying amount of assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable value, an allowance for impairment is recorded to adjust the carrying amount to the recoverable value.

The following criterion is applied to assess the impairment loss of specific assets:

Goodwill paid based on expected future earnings

Goodwill is annually tested for impairment (on December 31) or whenever circumstances indicate that it is impaired. As at December 31, 2019 and 2018, there is no goodwill not amortized as a result of the terms set out in the concession agreements.

Intangible assets

Intangible assets with definite useful lives are annually tested for impairment (on December 31), individually or at the cash-generating unit level, as the case may be, or whenever circumstances indicate that they are impaired.

The Company's concession agreements, mainly relating to highway concessions, have long term and are subject to discussions and negotiations with the Concession Grantor. Consequently, changes may occur during the contractual term. In addition to the impairment indicator assessments (either internal or external) described in note 15, the Company annually reviews the cash flow projections of its agreements to determine whether there is any indication that the unavoidable costs to satisfy the contractual obligations exceed the economic benefits that are expected to be received during the contractual term. As at December 31, 2019, the Company conducted the relevant assessments and did not identify any need to recognize an allowance for losses related to onerous contracts, as set forth in CPC 25.

c) General provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects that the amount of a provision will be reimbursed, whether fully or partially, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense related to any provision is disclosed in the income statement.

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d) Business combination

Business combinations are recognized using the acquisition method. The cost of an acquisition is measured based on the sum of the consideration transferred, determined using the fair value at the date of acquisition, and the amount of any noncontrolling interests in the acquiree. For each business combination, the acquirer must measure noncontrolling interests in the acquiree at fair value or based on its share of the acquiree's identifiable net assets. Costs directly attributable to the acquisition are accounted for as expense when incurred. Goodwill is initially measured as the excess of the consideration transferred in relation to the net assets acquired (identifiable net assets acquired and liabilities assumed).

If the consideration is lower than the fair value of the net assets acquired, the difference must be recognized as a gain in the income statement.

e) Present value adjustment of assets and liabilities

Long-term monetary assets and liabilities were adjusted to present value on the transaction date, according to their maturities, using the average rate of finance charges on funding, both for customers and suppliers. The present value adjustment of short-term monetary assets and liabilities is calculated, and only recorded, if considered material in relation to the financial statements taken as a whole. For the purpose of recording and determination of materiality, the present value adjustment is calculated considering the contractual cash flows and the explicit, and in certain cases implicit, interest rate of the respective assets and liabilities.

f) Borrowing, financing and debenture costs

Borrowing, financing and debenture costs directly related to the acquisition, construction or production of an asset that necessarily requires a significant time to be completed for use or sale are capitalized as part of the cost of the corresponding asset. All other borrowing costs are recorded as expenses when incurred.

g) Assets and liabilities held for sale

An operation is classified as discontinued when it has been disposed of or at an earlier date if the criteria for classification as held for sale have been met. When an operation is classified as a discontinued operation, the comparative income statement and statement of cash flow are presented as if the operation had been discontinued from the beginning of the comparative year; for this reason, the term "reclassified" was included in the comparative statements.

These assets are measured at the lower of the carrying amount and the fair value less selling expenses.

Upon classification as held for sale, intangible assets and property, plant and equipment are not amortized or depreciated.

Gains or losses on discontinued operations is stated as a single amount in the income statement, comprising total profit or loss after income tax and social contribution on these transactions.



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h) New and revised standards and interpretations already issued and adopted

The accounting pronouncements and interpretations below, issued up to December 31, 2019 by the International Accounting Standards Board (IASB), were adopted by the Company in the financial statements for the year ended December 31, 2019.

Standard	Requirement	Impact on the financial statements
IFRS 16 - Leases (effective beginning 01/01/2019)	The new standard establishes the principles, both for the customer (lessee) and the supplier (lessor), on the provision of relevant information on leases to clearly disclose lease transactions in the financial statements. To achieve such objective, the lessee is required to recognize assets and liabilities resulting from a lease agreement.	Adoption in annual periods beginning on or after January 1, 2019, with change in the accounting for and classification of leases.
IFRIC 23 - Uncertainty over Income Tax Treatments (effective beginning 01/01/2019)	The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the adoption of IAS 12, and is not applicable to taxes or emoluments outside the scope of IAS 12, nor specifically includes the requirements related to interest and fines related to uncertainties over the applicable tax treatment.	The Company's Management assessed the impacts from IFRIC 23 and understands that its adoption has no significant impact on the financial statements.

i) New standards not yet effective

Standard	Requirement	Impact on the financial statements
IFRS Conceptual Framework for Financial Reporting (CPC 00(R2) (effective beginning January 1, 2020)	In March 2018, the IASB published its revised Conceptual Framework and the main changes refer to: the definitions of asset and liability; criteria for the recognition, derecognition, measurement, presentation and disclosure of balance sheet and profit or loss line items.	The Company's Management is assessing the impacts from the IFRIC and understands that its adoption will not significantly impact the financial statements.

j) Basic and diluted earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the year, excluding common shares bought by the Company and held in treasury.

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of outstanding common shares, considering the conversion of all potential common shares that would result in dilution. The Company has only one category of potential common shares that would result in dilution: the stock option plan.

4. USE OF KEY ESTIMATES AND JUDGMENT

The Company's Management establishes judgments, estimates and assumptions in relation to future events. These judgments, estimates and assumptions that represent a significant risk and that would probably cause a material adjustment to the carrying amounts of assets and liabilities for the next year are as follows:

- Discount rate: determination of discount rates at present value used in measuring certain current and noncurrent assets and liabilities;

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- Amortization rate: determination of amortization rates for intangible assets obtained based on economic traffic projection studies;
- Provisions: determination of provisions for maintenance, determination of provisions for future investments arising from concession arrangements which economic benefits are diluted in current toll charges, provisions for civil, labor and tax risks, losses on trade receivables and preparation of projections for deferred income tax and social contribution realization; and
- Impairment: Management reviews annually the carrying amount of assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable value, an allowance for impairment is recorded to adjust the carrying amount to the recoverable value.

Accounting for concession arrangements

In accounting for concession arrangements, the Company conducts analyses involving Management's judgment mainly with respect to the application of the interpretation on concession arrangements, determination and classification of improvement and construction costs as intangible asset and assessment of future economic benefits in order to determine when intangible assets generated under concession arrangements are recognized. The disclosures for each concession arrangement of the Company's direct and indirect subsidiaries and its characteristics are described in note 2.3.

Intangible assets recognition timing

The Company's Management assesses the intangible assets recognition timing based on the economic characteristics of each concession arrangement. Subsequent additions to the intangible asset will only be accounted for upon provision of the related service that has potential to generate additional revenue. In these cases, for example, the construction obligation is not recognized when the concession arrangement is executed but at the time of the construction, as a contra entry to the intangible asset.

Determination of the annual amortization expense of intangible assets arising from concession arrangements

The Company recognizes the effect of the amortization of intangible assets arising from concession arrangements limited to the final term of the respective concession, except for direct subsidiary Ecoporto Santos S.A., where the Company already calculates the concession term considering the renewal. The calculation is made based on the expected pattern of consumption of the economic benefit generated, which normally arises from the traffic curve. Accordingly, the amortization rate is determined based on economic studies that seek to reflect the projected highway traffic growth and future economic benefits arising from each concession arrangement. The Company uses traffic projection and study models for its concession highways.

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Determination of construction revenues

Construction revenue is recognized at fair value, as well as the related costs transformed into expenses related to the construction service provided. Under ICPC (Accounting Pronouncements Committee Interpretation) 01, whenever a service concessionaire performs works, even if provided for in an agreement, it performs construction services, which can be compensated under two methods: upon receipt of the amounts from the concession grantor (financial asset) or toll charge payment (intangible asset). In the latter case, which is applicable to all concessionaires of highways managed by the Company, the construction revenue must be recognized at fair value, and the respective costs must be transformed into expenses related to the construction service provided. In accounting for construction profit margins, Management assesses issues related to the primary responsibility for the provision of construction services, even in the cases in which services are outsourced; costs on works management and/or monitoring; and the EcoRodovias Group's company that performs construction services. The Company's Management understands that construction services are contracted at market value and, therefore, does not recognize a profit margin for construction activities.

Determination of the adjustment to present value of certain assets and liabilities

The effects of the adjustment to present value are assessed and recognized based on the time value of money and the related uncertainties. As at December 31, 2019 and 2018, assets and liabilities adjusted to present value, as well as the main assumptions used by Management to measure and recognize them, are as follows:

- a) Provision for maintenance and future construction work arising from estimated disbursements to meet the concession contractual obligations whose economic benefits are already accrued by the Company, and provision for maintenance arising from estimated costs to meet the concession contractual obligations concerning the use and maintenance of highways at predefined use levels. The present values of these provisions were measured using the projected cash flow method on the dates in which funds are expected to be disbursed to meet the related obligations (estimated for the entire concession period) and discounted using a discount rate ranging between 4.10% and 9.96% per year. The discount rate used by Management is based on the weighted average rate of funding. The measurement and criteria of related amounts are described in notes 21 and 22.
- b) Obligations to the concession grantor arising from obligations incurred by the Company related to the concession right. The measurement and criteria of related amounts are described in note 23.

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5. NEW AND REVISED STANDARDS AND INTERPRETATIONS

For the accounting pronouncements and interpretations that became effective on January 1, 2019, there were changes after the application of CPC 06 (R2) – Leases, as described below:

CPC 06 (R2) was subject to the second revision, where the amendments introduced by IFRS 16, which superseded IAS 17, were made.

CPC 06 (R2) introduces a single model for the recognition of lease agreements in the lessees' balance sheets. A lessee recognizes a right-of-use asset that represents its right to use the asset and a lease liability that represents its obligation to make lease payments. Exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, i.e., lessors continue to classify leases as finance or operating leases.

The Company elected to adopt the simplified retrospective transition approach. This approach does not impact retained earnings (equity) on the first-time adoption date, as the amount of the right-of-use asset corresponds to the lease liability payable adjusted to present value and allows using practical expedients.

The Company analyzed its operating lease agreements to identify whether they contained a lease or not, in accordance with CPC 06 (R2). The standard defines that an agreement is or contains a lease if it confers the right to control the use of an identified asset over a period of time in exchange for a consideration. The Company applied CPC 06 (R2) only for agreements effective beginning January 1, 2019, which were previously identified as leases.

In conformity with CPC 06 (R2), the Company also elected to adopt the recognition exemptions for short-term leases set out in the standard, which refer to contracts with no more than 12 months and low-value contracts, which fair value of the leased asset does not exceed R\$10 (considered by the Company).

The most significant impacts identified by the adoption of IFRS 16 on the Company's assets and liabilities were due to the following operating leases:

- Lease of the port terminal; and
- Lease of machinery, equipment, vehicles and properties.

Additionally, CPC 06 (R2) replaces the straight-line operating lease expense for the depreciation cost of assets subject to the right of use of these contracts and the interest expense on lease obligations at effective borrowing rates prevailing at the transaction dates.

The Company expects that the adoption of CPC 06 (R2) does not affect its capacity to meet the covenants, which maximum leverage limits in borrowings are described in notes 17 and 18.

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Balance sheet accounts were not subject to significant changes due to the recognition of all future commitments arising from the agreements in the lease scope. Upon first-time adoption, the right-of-use asset corresponds to the lease liability payable adjusted to present value in the amount of R\$15,333 in the consolidated, with no impact on the parent. Equity was not impacted upon first-time adoption due to the selection of the simplified retrospective approach model.

The Company discloses the variations in the right of use in the year ended December 31, 2019 in note 15.b) (Intangible assets), and the variations in leases payable in note 19 (Leases payable).

As EcoRodovias Group operates mainly in the concession segment that is part of the scope of ICPC01 – Concession Arrangements, the effects arising from CPC 06 (R2) – Leases are immaterial.

6. RECLASSIFICATIONS MADE BY MANAGEMENT

Management reclassified the amount of R\$13,163 between line items 'Net cash from financing activities' and 'Net cash from operating activities' for the year ended December 31, 2018. The purpose of such reclassification is to conform the presentation of line items 'Payables to concession grantor'.

	Consolidated		
	Originally reported	Reclassification	Restated
Net cash from financing activities			
Payables to Concession Grantor	(19,444)	13,163	(6,281)
Net cash from operating activities			
Payables to Concession Grantor	(47,267)	(13,163)	(60,430)
	(66,711)	-	(66,711)

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7. DISCONTINUED OPERATIONS

a) Sale of equity interest

According to the material event notice disclosed to the market on December 13, 2017, on that date the Company entered into a Share Purchase and Sale Agreement, which established the terms and conditions for the sale of 100% of Elog S.A.'s capital to Multilog S.A. for R\$90,000 to be paid in 84 monthly, equal and consecutive installments, adjusted for inflation based on the CDI (interbank deposit rate) as from the date of completion. The completion of the disposal was subject to the verification of certain conditions precedent, which included: (i) previous communication and /or approval from the Brazilian Federal Revenue Service, received on March 1, 2018; (ii) approval from the CADE (Brazilian antitrust agency), which granted approval without restrictions on December 27, 2017; (iii) transfer of the shares of Ecopátio Logística Cubatão Ltda. to the Company, occurred on February 8, 2018; and (iv) payment of the total debt of Elog, occurred on March 8, 2018. The completion of the transaction occurred on March 7, 2018, with the effective transfer of shares. On August 09, 2018, the "purchase price adjustment" was determined in the amount of R\$2,790 on behalf of the Company, thus the sale totaled R\$92,790.

The sale of Elog S.A. is consistent with the EcoRodovias Group's strategy to focus on highway concession assets.

The purchase and sale agreement establishes an indemnity clause and the Company's responsibility for indemnifying the buyer in case of losses on events occurred until the sale closing date, including any litigations related to existing contingent liabilities. The agreement establishes the following limitations:

- (i) The indemnity obligation is limited to a minimum of R\$10 per individual loss for losses of labor nature and of R\$20 for losses of any other nature, and the maximum limit of thirty-five percent (35%) of the purchase price, both adjusted for inflation based on the CDI rate as from the closing date. Special Indemnity: If, within five (5) years from the closing date, the CLIA Santos license is canceled, revoked or extinguished exclusively due to the Tax Enforcement in effect, the Company shall pay the buyer an indemnity of R\$4,000 adjusted for inflation according to the IPCA (Extended Consumer Price Index) as from the closing date;
- (ii) The deadline for payment of the indemnities will be April 30 of each year, or when the total amount of the accumulated indemnifiable losses exceeds R\$500, whichever occurs first, in the latter case the indemnity shall be paid within ten (10) business days counted from the receipt of the notice; and
- (iii) The time limit may be of three (3), five (5), six (6) or ten (10) years, according to the nature of the respective loss.

The existing escrow deposits will belong to the Company and the buyer shall transfer them within ten (10) business days from their actual receipt and calculation of all costs, expenses, taxes and any losses.

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b) Assets and liabilities held for sale

On September 25, 2019, the Company's Board of Directors approved the Executive Board's proposal to stop classifying Ecopátio Logística Cubatão Ltda. as assets held for sale, in compliance with CPC31/IFRS5 - Noncurrent Assets Held for Sale and Discontinued Operations.

The Company has assessed that a series of events occurred during 2018 and 2019 have waned the interest of potential buyers and, consequently, impaired the sale strategy of this operation. Accordingly, the Company no longer believes that its sale is highly probable. Thus, no longer meeting the characteristic of discontinued operation held for sale, the operation started to be consolidated.

As the Company no longer classifies Ecopátio operations as held for sale, the results of operations of the component previously presented in discontinued operations were classified and included in profit and loss from continuing operations. Beginning January 1, 2019, the effects of this consolidation on the Company's financial statements were: assets - R\$80,502, liabilities - R\$6,509 and profit or loss for 2019 – loss of R\$3,790.

The Company measured the recoverable amount of the assets of the Ecopátio operation as at December 31, 2019 and concluded that there are no additional losses to be recognized.

8. CASH AND CASH EQUIVALENTS

Accounting policy

The Company considers as cash equivalents any short-term investments that are readily convertible into a known cash amount and subject to an insignificant risk of change in value and used in short-term commitments.

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and banks	18	21	215,084	30,927
Short-term investments:				
Investment fund (a)	15,168	141,794	1,090,626	1,340,800
Repurchase agreements (b)	-	-	34,459	5,275
Bank Certificates of Deposit (CDB) (c)	-	-	473,532	1,247,571
Automatic investments (d)	89	138	42,547	25,916
	15,275	141,953	1,856,248	2,650,489

- (a) Investment fund, classified into the category 'Fixed income – private credit', pursuant to the prevailing legislation, whose investment policy's main risk factor is the variation in the domestic interest rate or price index, or both, and which aims at pursuing appreciation of its shares through the investment of funds in a conservative portfolio. It may be redeemed at any time, without significant loss of value.

The Fund cannot invest in speculative transactions or transactions that expose it to obligations in excess of its equity. The Fund cannot invest in certain assets, such as shares, share index and derivatives.

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As at December 31, 2019, the Fund's portfolio of investments was comprised as follows: 44.0% in Bank Certificates of Deposit (CDB), 8.8% in Repurchase Transactions (see note 9), 47.2% in Financial Treasury Bills (LFT). (As at December 31, 2018, the Fund's portfolio of securities was comprised as follows: 29.9% in Bank Certificates of Deposit (CDB), 6.5% in Repurchase Transactions, 1.2% in Financial Bills (LF), 62.4% in Financial Treasury Bills (LFT)).

The investments linked to investment funds yield interest based on the rate of 98.0% as at December 31, 2019 (99.1% as at December 31, 2018) of the CDI rate and reflect the market conditions at the balance sheet dates.

- (b) The amounts related to the repurchase transactions yield interest based on the rate of 75% of the CDI rate as at December 31, 2019 (75% as at December 31, 2018), without risk of significant change in value. Such investment has immediate liquidity and a very short term, being used before 30 days, and are not subject to the levy of IOF (tax on financial transactions).
- (c) The funds related to the short-term investments in the form of Bank Certificates of Deposit (CDB) yield interest based on the weighted average rate of 98.0% of the CDI rate as at December 31, 2019, without risk of significant change in value. Such investment has immediate liquidity.
- (d) In addition to the investments described above, the Company holds an automatic investment, in which the funds available in the checking account are automatically invested and yield interest according to a holding period scale, which can range from 2% to 100% of the CDI rate; the Group maintains only a minimum balance in this type of investment and the excess volume is allocated on a daily basis to more profitable investments.

9. SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Unrestricted funds	1,470	-	105,678	-
	1,470	-	105,678	-

The funds refer to short-term investments in LTN over (National Treasury Bills) yielding interest at the rate of 99.8% of the Interbank Deposit (CDI) rate, and reflecting market conditions on the balance sheet dates. Such investments have immediate liquidity.

10. INVESTMENTS – RESERVE ACCOUNT – CONSOLIDATED

Investments – reserve account refer to temporary short-term investments represented by highly liquid securities:



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	12/31/2019	12/31/2018
Investment fund (a)	66,963	77,330
Bank Certificate of Deposit (CDB) (b)	39,953	-
	<u>106,916</u>	<u>77,330</u>
Current	56,614	61,521
Noncurrent	50,302	15,809

(a) The Investment Fund yields interest based on the weighted average rate of 96.8% of the CDI rate as at December 31, 2019 (97.6% as at December 31, 2018).

(b) The Bank Certificate of Deposit (CDB) yields interest based on the weighted average rate of 98.0% of the CDI rate as at December 31, 2019.

Investments – reserve account reflect market conditions on the balance sheet dates. Although the investments have immediate liquidity, they were classified as short-term investments – reserve account since they are linked to the financing agreement of the National Bank for Economic and Social Development (Banco Nacional de Desenvolvimento Econômico e Social – BNDES) and Debentures as a collateral for part of the interest and principal payment of indirect subsidiaries Concessionária de Rodovias Ayrton Senna and Carvalho Pinto S.A, for Eco101 Concessionária de Rodovias S.A., Concessionária Ponte-Rio Niterói – Ecoponte and Concessionária de Rodovias Minas Gerais Goiás S.A. – Eco050, for BNDES transactions and Ecoporto Santos S.A. for CETESB.

## 11. TRADE RECEIVABLES - CONSOLIDATED

The breakdown is as follows:

	12/31/2019	12/31/2018
Electronic toll (a)	135,454	110,670
Accessory revenues (b)	1,707	5,466
Receivables from ports (c)	17,628	21,336
Other receivables	15,815	4,392
Allowance for doubtful debts (d)	(5,855)	(3,526)
	<u>164,749</u>	<u>138,338</u>

(a) Receivables for services provided to users related to toll charges that will be passed on to concessionaires and receivables for toll tickets.

(b) Basically represented by right-of-way exploration, rental of outdoors and other services established in the concession agreements.

(c) Represented by invoices receivable from customers for storage movements and repair of empty containers.

(d) The amount of allowance for doubtful debts is adjusted at the end of each year to reflect any changes in the credit risk occurred since the initial recognition of the respective financial instrument.

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The aging list of trade receivables is as follows:

	12/31/2019	12/31/2018
Current	157,757	135,533
Past due:		
Up to 30 days	4,276	1,779
31-90 days	2,349	869
90-120 days	368	157
Over 120 days	5,855	3,526
	<u>170,604</u>	<u>141,864</u>

The variations for the year in the allowance for doubtful debts are as follows:

	12/31/2019	12/31/2018
Balance at the beginning of the year	3,526	1,511
Consolidation - Ecopátio (i)	1,582	-
Amounts recovered and written off	(1,663)	(1,411)
Recognition of allowance for doubtful debts	2,410	3,426
Balance at the end of the year	<u>5,855</u>	<u>3,526</u>

(i) See note 7.b)

## 12. ESCROW DEPOSITS

The nature of the escrow deposits is as follows:

Nature	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Civil	64	64	6,795	7,264
Tax	-	-	5,900	5,930
Labor	5	-	22,481	19,300
Environmental	-	-	60,425	51,649
Expropriations	-	-	23,735	23,952
THC2 – Terminal Handling Charge (see note 25.a.ii)	-	-	81,858	79,253
MPF-PR (iii)	-	-	2,360	-
Others (Distribell S.A.)	2,456	2,384	2,456	2,384
	<u>2,525</u>	<u>2,448</u>	<u>206,010</u>	<u>189,732</u>

The main lawsuits that resulted in the escrow deposits described above are disclosed in 'Provision for civil, tax and labor risks' (note 25).

(Convenience Translation into English from the Original Previously Issued in Portuguese)

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The escrow deposits that represent Company's restricted assets refer to amounts deposited in court until the resolution of the litigations to which they are related.

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Balance at the beginning of the year	2,448	2,299	189,732	188,470
Consolidation - Ecopátio (i)	-	-	618	-
Acquisition of interest (ii)	-	-	820	-
Additions (iii)	15	-	199,229	9,414
Write-offs (iii)	(11)	-	(192,271)	(11,404)
Inflation adjustment	73	149	7,882	3,252
Balance at the end of the year	2,525	2,448	206,010	189,732

(i) See note 7.b)

(ii) See note 13.a.ii)

(iii) As at March 31, 2019, the balance was frozen by the General Attorneys' Office of the State of Paraná regarding indirect subsidiaries Ecovia and Ecocataratas, in the amount of R\$180,476 and, on February 10, 2020, such balance was unfrozen. Other balances refer to other additions and write-offs of escrow deposits.

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### 13. INVESTMENTS

#### a) Parent

	Direct subsidiaries							
	Values of investees		Direct equity				Share of profit (loss) of subsidiaries	
	31/12/2019		percentage - %		Investment			
	Equity/(equity deficiency)	Profit (loss) for the year	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Ecorodovias Concessões e Serviços S.A.	973,590	109,112	100	100	973,590	1,022,255	109,112	590,218
Ecoporto Santos S.A.	357,219	5,316	100	100	357,219	332,704	3,515	(33,009)
ELG-01 Participações Ltda.	56,237	(2,313)	100	100	56,237	56,050	(2,313)	(1,971)
Termares - Terminais Marítimos Especializados Ltda.	12,695	(3,731)	100	100	12,695	16,426	(3,731)	(3,498)
Consórcio Rota do Horizonte S.A.	250	10	20	20	250	1,105	10	34
EIL-01 Participações Ltda.	354	11	100	100	354	343	11	10
Concessionária do Rodoanel Norte S.A. - Ecorodoanel	15,305	(24,237)	100	-	15,305	(7,758)	(24,237)	(7,759)
EIL02 S.A.	-	-	-	-	-	-	-	-
EIL 03 S.A.	-	-	100	100	-	-	-	-
EIL 04 S.A.	-	-	100	100	-	-	-	-
Ecopátio Logística Cubatão Ltda. (i)	70,653	(3,790)	100	-	70,653	-	(3,790)	-
Unrealized profits - Eco101	(943)	52	-	-	(943)	(995)	52	54
Unrealized profits - Ecoporto	(862)	-	-	-	(862)	(862)	-	(3)
					<u>1,484,498</u>	<u>1,419,268</u>	<u>78,629</u>	<u>544,076</u>

(i) See note 7.b)

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The variations in investments in the year ended December 31, 2019 are shown below:

	12/31/2018	Ecopátio (i)	Proposed dividends and interest on capital	Capital contribution/advance for future capital increase	Share of profit (loss) of subsidiaries	12/31/2019
Ecorodovias Concessões e Serviços S.A.	1,022,255	-	(197,777)	40,000	109,112	973,590
Ecoporto Santos S.A.	332,704	-	-	21,000	3,515	357,219
ELG-01 Participações Ltda.	56,050	-	-	2,500	(2,313)	56,237
Termares Terminais Marítimos Especializados Ltda.	16,426	-	-	-	(3,731)	12,695
Consórcio Rota do Horizonte S.A.	1,105	-	(865)	-	10	250
EIL-01 Participações Ltda.	343	-	-	-	11	354
Concessionária do Rodoanel Norte S.A. - Ecorodoanel (12.a.i)	(7,758)	-	-	47,300	(24,237)	15,305
EIL02 S.A.	-	-	-	-	-	-
EIL03 S.A.	-	-	-	-	-	-
EIL04 S.A.	-	-	-	-	-	-
Ecopátio Logística Cubatão Ltda.	-	74,443	-	-	(3,790)	70,653
Unrealized profits - Eco101	(995)	-	-	-	52	(943)
Unrealized profits - Ecoporto	(862)	-	-	-	-	(862)
	<u>1,419,268</u>	<u>74,443</u>	<u>(198,642)</u>	<u>110,800</u>	<u>78,629</u>	<u>1,484,498</u>

(i) See note 7.b)

The variations in investments in the year ended December 31, 2018 are shown below:

	12/31/2017	Proposed dividends and interest on capital	Capital decrease	Capital contribution	Stock option plan	Acquisition of noncontrolling interests	Sale of equity interest	Share of profit (loss) of subsidiaries	12/31/2018
Ecorodovias Concessões e Serviços S.A.	1,018,305	(595,126)	-	-	81	8,777	-	590,218	1,022,255
Ecoporto Santos S.A.	200,696	-	-	165,000	17	-	-	(33,009)	332,704
ELG-01 Participações Ltda.	55,821	-	-	2,200	-	-	-	(1,971)	56,050
Termares Terminais Marítimos Especializados Ltda.	20,365	(441)	-	-	-	-	-	(3,498)	16,426
Consórcio Rota do Horizonte S.A.	1,071	-	-	-	-	-	-	34	1,105
EIL-01 Participações Ltda.	333	-	-	-	-	-	-	10	343
Concessionária do Rodoanel Norte S.A. - Ecorodoanel	-	-	-	1	-	-	-	(7,759)	(7,758)
EIL02 S.A.	2	-	-	-	-	-	(2)	-	-
Unrealized profits	(1,903)	-	(5)	-	-	-	-	51	(1,857)
	<u>1,294,690</u>	<u>(595,567)</u>	<u>(5)</u>	<u>167,201</u>	<u>98</u>	<u>8,777</u>	<u>(2)</u>	<u>544,076</u>	<u>1,419,268</u>

a.i) Concessionária do Rodoanel Norte S.A. - Ecorodoanel - On January 10, 2018, the Company was the winning bidder in International Tender No. 01/2017 for the concession of public services consisting of the operation, maintenance, and making investments such as the installation of traffic and user service equipment in the North section of the Mário Covas Ring Road during a 30-year period, as from the agreement execution. The classification is motivated by the higher fixed grant amount offered, corresponding to R\$883,000. After the homologation and adjudication of the auction outcome by the São Paulo State Transportation Regulatory Agency (Artesp), the Company will be requested to execute the concession agreement.

a.ii) Business combination

Concessionária de Rodovias Minas Gerais Goiás S.A. – Eco050 - On February 1, 2018, the direct subsidiary EcoRodovias Concessões e Serviços S.A., through a Material Event Notice, communicated to the market that it has entered into a Share Purchase and Sale Agreement with ECS and the shareholders of Concessionária de Rodovias Minas Gerais Goiás S.A. ("MGO"), referring to the acquisition, by ECS, of 100% of MGO's capital, on the closing date, through the holding of Argovias Administração e Participações S.A. The acquisition price is R\$600,000 and will be settled on the closing date. The completion of the purchase is subject to the verification of the usual conditions precedent, which include the previous approval from ANTT (Brazilian Land Transportation Agency), BNDES and other creditors. MGO is responsible for the management, recovery, upkeep, maintenance, widening, and operation of BR-050 (GO/MG), 436.6 kilometer section beginning in the junction with BR-040, in Cristalina, State of Goiás (GO), and extending until the Minas Gerais border with São Paulo, in the municipality of Delta (MG). The agreement was executed on December 5, 2013 and expires on January 8, 2044. On May 30, 2019, all conditions precedent have been met, the shares of Argovias were effectively transferred to the Company and the acquisition price, at the adjusted amount of R\$654,764 was settled. The difference between the acquisition price and the preliminary measurement of the fair value of the net assets acquired of R\$414,086 was allocated to concession right in intangible assets.

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The preliminary measurement of the fair values on the acquisition date is as follows:

<u>Assets:</u>	<u>05/31/2019</u>	<u>Liabilities:</u>	<u>05/31/2019</u>
Cash and cash equivalents	4,365	Borrowings and financing	790,292
Short-term investments – reserve account	43,865	Leases payable	721
Trade receivables	11,325	Debentures	86,102
Recoverable taxes	881	Trade payables	45,446
Prepaid expenses	1,589	Taxes, fees and contributions payable	2,544
Escrow deposits	820	Payroll and related taxes	4,391
Other receivables	1,568	Related parties	55
Deferred taxes	9,742	Payables to concession grantor	455
Property, plant and equipment	35,197	Provision for labor, tax and civil risks	4,159
Intangible assets	1,108,865	Provision for maintenance	34,435
		Other payables	8,939
		Total liabilities	977,539
		Equity	
		Capital	281,250
		Legal reserve	2,136
		Earnings reserve	40,586
		Accumulated losses	(83,294)
			240,678
Total assets	1,218,217	Total liabilities and equity	1,218,217

a.iii) Ecovias do Cerrado S.A. - On December 19, 2019, indirect subsidiary Ecovias do Cerrado S.A. has executed the concession agreement with the Brazilian Land Transportation Agency (ANTT) for the operation over a 30-year period of BR 364/365 MG/GO, in the section between the intersection with BR-060(A) (Jataí/GO) and intersection with LMG-479 (Western border of Uberlândia/MG), totaling 437.00 Km length.

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b) Consolidated

	Values of investees		Direct equity		Investment		Share of profit (loss) of subsidiaries	
	31/12/2019	Profit (loss) for the year	percentage - %		12/31/2019	12/31/2018	12/31/2019	12/31/2018
	Equity		12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Consórcio Rota do Horizonte S.A.	301	13	20%	20%	250	1,105	10	34
					250	1,105	10	34

c) The goodwill balances in the parent classified as 'Other corporate investments' (reclassified to intangible assets and property, plant and equipment in Consolidated) are as follows:

	12/31/2018	Amortization	12/31/2019
Goodwill - Ecosul	3,724	(514)	3,210
Goodwill - Anish	37,744	-	37,744
Goodwill - Ecoporto - (concession right)	329,338	(11,076)	318,262
	370,806	(11,590)	359,216
	12/31/2017	Amortization	12/31/2018
Goodwill - Ecosul	4,238	(514)	3,724
Goodwill - Anish	37,744	-	37,744
Goodwill - Ecoporto - (concession right)	340,414	(11,076)	329,338
	382,396	(11,590)	370,806



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d) The Company presents below the main balances of its subsidiaries as at December 31, 2019:

<u>Direct subsidiaries</u>	ASSETS	Current assets	Noncurrent assets	LIABILITIES	Current liabilities	Noncurrent liabilities	Equity/(equity deficit)
EIL01	354	354	-	354	-	-	354
Ecorodovias Concessões	4,777,563	899,074	3,878,489	4,777,563	947,530	2,856,443	979,590
Ecoporto Santos	719,990	31,737	688,253	719,990	255,188	107,583	357,219
Termares	33,249	12,654	20,595	33,249	11,300	9,254	12,695
Ecorodoanel	15,395	249	15,146	15,395	90	-	15,305
ELG01	56,237	82	56,155	56,237	-	-	56,237
EIL03	-	-	-	-	-	-	-
EIL04	-	-	-	-	-	-	-
Ecopátio	73,887	9,147	64,740	73,887	1,636	1,598	70,653
<u>Indirect subsidiaries</u>							
Ecovia	281,435	159,183	122,252	281,435	115,718	47,349	118,368
Ecosul	397,011	34,889	362,122	397,011	316,056	11,962	68,993
Ecovias	1,936,587	156,931	1,779,656	1,936,587	254,004	1,122,133	560,450
Ecocataratas	432,851	171,106	261,745	432,851	159,825	205,268	67,758
Ecopistas	1,626,098	162,033	1,464,065	1,626,098	209,588	829,350	587,160
Eco101	1,055,511	51,535	1,003,976	1,055,511	80,088	411,671	563,752
Ecoponte	679,474	210,230	469,244	679,474	53,162	425,590	200,722
Eco135	1,147,197	121,986	1,025,211	1,147,197	265,945	896,080	(14,828)
EIL02	1	1	-	1	-	-	1
Anish	64,148	173	63,975	64,148	1,062	7,142	55,944
Paquetá	11,049	49	11,000	11,049	4	-	11,045
Argovias	416,491	404	416,087	416,491	117	-	416,374
Eco050	1,312,992	73,210	1,239,782	1,312,992	79,052	817,853	416,087
Ecovias do Cerrado	292,058	280,699	11,359	292,058	12,328	-	279,730

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	Net revenue	Cost of services	Gross profit/ (loss)	General and administrative expenses	Investment amortization	Other income/(expenses), net	Share of profit (loss) of subsidiaries	Operating profit/(loss) before finance income (costs)	Finance income (costs)	Operating profit/(loss) before taxes	Income tax and social contribution	Profit/(loss) for the year
<u>Direct subsidiaries</u>												
EIL01	-	-	-	-	-	-	-	-	14	14	(3)	11
Ecorodovias Concessões	179,475	(114,698)	64,777	(69,019)	(10,705)	(11,415)	256,468	230,106	(163,137)	66,969	42,143	109,112
Ecoporto Santos	110,032	(95,866)	14,166	(35,473)	-	54,051	-	32,744	(28,022)	4,722	593	5,315
Termares	57,449	(45,414)	12,035	(17,483)	-	25	-	(5,423)	(81)	(5,504)	1,773	(3,731)
Ecorodoanel	-	(4)	(4)	(370)	-	-	-	(374)	(19,866)	(20,240)	(3,997)	(24,237)
ELG01	-	-	-	-	-	-	(2,316)	(2,316)	3	(2,313)	(1)	(2,314)
EIL03	-	-	-	-	-	-	-	-	-	-	-	-
EIL04	-	-	-	-	-	-	-	-	-	-	-	-
Ecopátio	20,845	(19,428)	1,417	(4,515)	-	(38,476)	-	(41,574)	283	(41,291)	(984)	(42,275)
<u>Indirect subsidiaries</u>												
Ecovia	279,384	139,710)	139,674	(18,414)	-	(127,543)	-	(6,283)	(8,270)	(14,553)	(38,971)	(53,524)
Ecosul	378,442	(179,330)	199,112	(16,755)	-	45	-	182,402	(17,569)	164,833	(55,323)	109,510
Ecovias	1,138,289	(475,991)	662,298	(43,216)	-	1,696	-	620,778	(70,872)	549,906	(178,074)	371,832
Ecocataratas	339,750	(222,566)	117,184	(15,843)	-	(249,986)	-	(148,645)	(18,539)	(167,184)	(34,168)	(201,352)
Ecopistas	343,687	(201,635)	142,052	(19,002)	-	324	-	123,374	(84,040)	39,334	(11,514)	27,820
Eco101	441,800	(402,771)	39,029	(13,675)	-	175	-	25,529	(9,138)	16,391	(5,036)	11,355
Ecoponte	369,594	(313,713)	55,881	(11,557)	-	(1)	-	44,323	(11,099)	33,224	(9,850)	23,374
Eco135	279,810	(179,368)	100,442	(9,896)	-	(5)	-	90,541	(128,445)	(37,904)	12,370	(25,534)
EIL02	-	-	-	-	-	-	-	-	-	-	-	-
Anish	26	-	26	(1,820)	-	-	(180)	(1,974)	(342)	(2,316)	-	(2,316)
Paquetá	-	-	-	(174)	-	-	-	(174)	(7)	(181)	-	(181)
Argovias	-	(28)	(28)	-	-	-	(975)	(1,003)	(3,301)	(4,304)	-	(4,304)
Eco050	209,507	(163,657)	45,850	(10,141)	-	218	-	35,927	(37,330)	(1,403)	428	(975)
Ecovia do Cerrado	-	(15)	(15)	-	-	-	-	(15)	882	867	(291)	576

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## 14. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment is stated at historical cost, less respective depreciation and impairment losses, if applicable. An item of property, plant and equipment is derecognized when sold or when no future economic benefit from its use or sale is expected. Any gain or loss arising from the derecognition of an asset is recognized in the income statement in the year the asset is derecognized. The residual value and useful life of the assets and the depreciation methods are reviewed at the end of each reporting period and adjusted on a prospective basis. Depreciation is calculated on a straight-line basis at rates that take into consideration the estimated useful lives of the assets. The tables below show the annual rates and average depreciation rates for each group of property, plant and equipment items.

## a) Parent

	Hardware	Machinery and equipment	Furniture and fixtures	Buildings	Other	Total
Annual depreciation rate - %	20	10	10	4	-	-
Weighted average depreciation rate - %	4.6	1.1	2.4	3.9	9.1	-
COST						
Balances as at 12/31/2018	1,477	264	549	1,956	3,626	7,872
Additions	173	-	-	-	15	188
Write-offs	(34)	-	-	-	(221)	(255)
Balances as at 12/31/2019	1,616	264	549	1,956	3,420	7,805
DEPRECIATION						
Balances as at 12/31/2018	(1,322)	(252)	(488)	(910)	(2,374)	(5,346)
Additions	(71)	(3)	(13)	(76)	(312)	(475)
Balances as at 12/31/2019	(1,393)	(255)	(501)	(986)	(2,686)	(5,821)
RESIDUAL						
As at 12/31/2019	223	9	48	970	734	1,984
As at 12/31/2018	155	12	61	1,046	1,252	2,526
	Hardware	Machinery and equipment	Furniture and fixtures	Buildings	Other	Total
Annual depreciation rate - %	20	10	10	4	-	-
Weighted average depreciation rate - %	8.3	1	3.6	5.2	11.5	-
COST						
Balances as at 12/31/2017	1,439	264	549	1,956	3,617	7,825
Additions	39	-	-	-	8	47
Transfer	(1)	-	-	-	1	-
Balances as at 12/31/2018	1,477	264	549	1,956	3,626	7,872
DEPRECIATION						
Balances as at 12/31/2017	(1,233)	(250)	(473)	(835)	(2,059)	(4,850)
Additions	(91)	(2)	(15)	(76)	(312)	(496)
Transfers	2	-	-	1	(3)	-
Balances as at 12/31/2018	(1,322)	(252)	(488)	(910)	(2,374)	(5,346)
RESIDUAL						
As at 12/31/2018	155	12	61	1,046	1,252	2,526
As at 12/31/2017	206	14	76	1,121	1,558	2,975

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b) Consolidated

	Hardware	Machinery and equipment	Furniture and fixtures	Land	Buildings	Construction in progress	Improvements	Company cars	Facilities	Others	Total
Annual depreciation rate - %	20	10	10	-	10	-	4	20	10	-	-
Weighted average depreciation rate - %	7.9	5.1	7.5	-	42.4	-	3.4	23.1	29.0	6.9	-
COST											
Balances as at 12/31/2018	285,354	280,474	27,746	55,164	21,703	69,837	225,970	21,083	10,495	22,983	1,020,809
Consolidation - Ecopátio (i)		12,631	859	189	84,698	-	21,597	-	16,175	1,303	143,618
	6,166										
Acquisition of interest (ii)	85,169	5,307	775	-	-	-	-	11,957	-	1,541	104,749
Additions	14,389	6,337	1,177	15	-	69	475	468	2,919	3,245	29,094
Write-offs	(327)	(2,045)	(40)	-	-	-	-	(3,326)	(6)	(1,652)	(7,396)
Transfers		17,253	(2,779)	15,186		(69,906)	9,549	113	(2,384)	(7,793)	(45,332)
	6,517				(11,088)						
Balances as at 12/31/2019	397,268	319,957	27,738	70,554	95,313	-	257,591	30,295	27,199	19,627	1,245,542
DEPRECIATION											
Balances as at 12/31/2018	(251,427)	(128,688)	(17,385)	-	(3,171)	-	(71,079)	(15,982)	(1,058)	(8,487)	(497,277)
Consolidation - Ecopátio (i)	(5,745)	(9,266)	(520)	-		-	(10,223)	-	(6,228)	(786)	(76,931)
					(44,163)						
Acquisition of interest (ii)	(59,985)	(1,270)	(306)	-	-	-	-	(7,585)	-	(406)	(69,552)
Additions	(23,559)	(15,345)	(1,925)	-	(4,496)	-	(7,923)	(4,184)	(2,769)	(1,040)	(61,241)
Write-offs	256	2,045	40	-	-	-	-	2,542	-	-	4,883
Transfers	-	-	-	-	-	-	-	-	-	-	-
								-			
Balances as at 12/31/2019	(340,460)	(152,524)	(20,096)	-	(51,830)	-	(89,225)	(25,209)	(10,055)	(10,719)	(700,118)
RESIDUAL											
As at 12/31/2019	56,808	167,433	7,642	70,554	43,483	-	168,366	5,086	17,144	8,908	545,424
As at 12/31/2018	33,927	151,786	10,361	55,164	18,532	69,837	154,891	5,101	9,437	14,496	523,532

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	Hardware	Machinery and equipment	Furniture and fixtures	Land	Buildings	Construction in progress	Improvements	Company cars	Facilities	Others	Total
Annual depreciation rate - %	20	10	10	-	10	-	4	20	10	-	-
Weighted average depreciation rate - %	8.2	5.5	7.3	-	3.3	-	2.5	11.3	11.5	6.3	-
COST											
Balances as at 12/31/2017	264,162	278,076	27,217	55,157	21,701	70,335	218,736	19,865	9,008	31,836	996,093
Additions	21,294	3,374	706	7	-	-	24	869	971	617	27,862
Write-offs	(125)	(1,062)	(177)	-	-	-	-	(741)	(17)	1,024	(3,146)
Transfers	23	86	-	-	2	(498)	7,210	1,090	533	(8,446)	-
Balances as at 12/31/2018	285,354	280,474	27,746	55,164	21,703	69,837	225,970	21,083	10,495	22,983	1,020,809
DEPRECIATION											
Balances as at 12/31/2017	(232,356)	(120,650)	(15,738)	-	(2,750)	-	(62,324)	(14,308)	(244)	(9,832)	(458,202)
Additions	(19,043)	(9,165)	(1,858)	-	(422)	-	(6,472)	(2,044)	(956)	(1,171)	(41,131)
Write-offs	125	1,023	161	-	-	-	-	741	6	-	2,056
Transfers	(153)	104	50	-	1	-	(2,283)	(371)	136	2,516	-
Balances as at 12/31/2018	(251,427)	(128,688)	(17,385)	-	(3,171)	-	(71,079)	15,982	(1,058)	(8,487)	(497,277)
RESIDUAL											
As at 12/31/2018	33,927	151,786	10,361	55,164	18,532	69,837	154,891	5,101	9,437	14,496	523,532
As at 12/31/2017	31,806	157,426	11,479	55,157	18,951	70,335	156,412	5,557	8,764	22,004	537,891

(i) See note 7.b)

(ii) See note 13.a.ii)

As at December 31, 2019, certain assets (of property, plant and equipment), classified in line item 'Company cars' (trucks and tow trucks), were pledged as collateral for borrowings and financing. There are no collaterals of such nature for debentures.

Management has not identified significant differences in the economic useful lives of the assets part of its property, plant and equipment and of its subsidiaries.

No losses were identified and recognized related to the impairment of tangible assets in the years ended December 31, 2019 and 2018.

## 15. INTANGIBLE ASSETS

### Accounting policy

Intangible assets acquired separately are measured at cost upon initial recognition. After initial recognition, intangible assets are recorded at cost, less accumulated amortization and accumulated impairment losses. Intangible assets generated internally, excluding capitalized development costs, are not capitalized, and the expenditure is reflected in the income statement for the year in which it is incurred. The tables below show the annual rates and average amortization rates for each group of intangible assets.

The amortization of intangible assets arising from the concession rights is recognized in profit or loss through the estimated traffic curve projection for the concession term as from the date in which they are available for use, as this is the method that best reflects the pattern of use of future economic benefits incorporated into the asset.

Goodwill allocated to concession rights, as well as those related but not directly allocated to the concession or other assets and liabilities, and whose economic benefit is limited to the time (defined term) in view of the concession right with finite useful live, comprising the balance of intangible assets are amortized based on the same criteria described in the preceding paragraph.

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a) Parent

	Annual amortization rate - %	Weighted average amortization rate - %	Cost		Amortization			Residual		
			Balances as at 12/31/2018	Additions	Balances as at 12/31/2019	Balances as at 12/31/2018	Additions	Balances as at 12/31/2019	12/31/2019	12/31/2018
Software from third parties	20	10.2	1,091	18	1,109	(934)	(112)	(1,046)	63	157
			1,091	18	1,109	(934)	(112)	(1,046)	63	157

  

	Annual amortization rate - %	Weighted average amortization rate - %	Cost		Amortization			Residual		
			Balances as at 12/31/2017	Additions	Balances as at 12/31/2018	Balances as at 12/31/2017	Additions	Balances as at 12/31/2018	12/31/2018	12/31/2017
Software from third parties	20	15.6	1,086	5	1,086	(766)	(168)	(934)	157	320
			1,086	5	1,086	(766)	(168)	(934)	157	320

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b) Consolidated

	Concession agreements (a)	Goodwill - Ecosul	Software from third parties	Intangible assets in progress (c)	Goodwill - ELG-01	Others	Right of use – CPC06 (R2) (iii)	Total
Annual amortization rate - %	-	-	20	-	-	-	-	-
Weighted average amortization rate - %	(b)	-	10,2	-	-	-	-	-
COST								
Balances as at 12/31/2018	7,928,381	8,561	146,899	559,169	37,744	402	-	8,681,156
Consolidation - Ecopátio (i)	-	-	5,518	-	-	1,003	24	6,545
Acquisition of interest (ii)	1,522,270	-	1,764	72,538	-	-	-	1,596,572
Additions	108,483	-	10,358	975,894	-	-	-	1,094,735
Write-offs	(3,036)	-	-	(97)	-	-	-	(3,133)
Transfers	366,429	-	(169)	(320,603)	-	(325)	-	45,332
Right of use – CPC06 (R2)	-	-	-	-	-	-	15,333	15,333
Balances as at 12/31/2019	9,922,527	8,561	164,370	1,286,901	37,744	1,080	15,357	11,436,540
AMORTIZATION								
Balances as at 12/31/2018	(2,845,645)	(4,700)	(107,275)	-	-	(63)	-	(2,957,683)
Consolidation - Ecopátio (i)	-	-	(4,938)	-	-	(279)	-	(5,217)
Acquisition of interest (ii)	(72,302)	-	(1,319)	-	-	-	-	(73,621)
Additions	(484,478)	(514)	(15,512)	-	-	(67)	(5,693)	(506,264)
Write-offs	165	-	-	-	-	-	-	165
Transfers	-	-	12	-	-	(12)	-	-
Balances as at 12/31/2019	(3,402,260)	(5,214)	(129,032)	-	-	(421)	(5,693)	(3,542,620)
RESIDUAL								
As at 12/31/2019	6,520,267	3,347	35,338	1,286,901	37,744	659	9,664	7,893,920
As at 12/31/2018	5,082,736	3,861	39,624	559,169	37,744	339	-	5,723,473



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	Concession agreements (a)	Goodwill - Ecosul	Software from third parties	Intangible assets in progress (ci)	Goodwill - ELG-01	Others	Total
Annual amortization rate - %	-	-	20	-	-	-	-
Weighted average amortization rate - %	(b)	-	12.4	-	-	-	-
<b>COST</b>							
Balances as at 12/31/2017	6,539,932	8,561	134,777	405,281	37,744	391	7,126,686
Additions	1,027,928	-	11,362	522,575	-	9	1,561,874
Write-offs	(7,404)	-	-	-	-	-	(7,404)
Transfers	367,925	-	760	(368,687)	-	2	-
Balances as at 12/31/2018	7,928,381	8,561	146,899	559,169	37,744	402	8,681,156
<b>AMORTIZATION</b>							
Balances as at 12/31/2017	(2,470,826)	(4,186)	(90,178)	-	-	(55)	(2,565,245)
Additions	(374,819)	(514)	(17,104)	-	-	(1)	(392,438)
Write-offs	-	-	-	-	-	-	-
Transfers	-	-	7	-	-	(7)	-
Balances as at 12/31/2018	(2,845,645)	(4,700)	(107,275)	-	-	(63)	(2,957,683)
<b>RESIDUAL</b>							
As at 12/31/2018	5,082,736	3,861	39,624	559,169	37,744	339	5,723,473
As at 12/31/2017	4,069,106	4,375	44,599	405,281	37,744	336	4,561,441

(i) See note 7.b)

(ii) See note 13.a.ii)

(iii) See note 5

(a) The items relating to the concession agreement basically comprise the highway infrastructure and the concession right. As at December 31, 2019, the main additions to this line item refer to: (i) Ecosul R\$5,909 recovery and reconstruction of rigid surface paving of the weighting system and implementation of the Pelotas Highway System drains, construction works at TAC of R\$1,439 and R\$1,227 related to implementation of monitoring and refurbishment of toll plazas; (ii) Ecovias R\$7,717 of horizontal signaling, safety devices, maintenance of highway infrastructure, contention services at the hillsides of the Anchieta-Imigrantes System and implementation of connection with Port of Santos; (iii) Ecocataratas R\$22,675 of recovery of the pavement and signaling of BR 277 highway; (iv) Ecopistas R\$40,332 of recovery of the pavement, expropriation and OAEs and safety devices at Carvalho e Pinto and Ayrton Senna highways; (v) Eco101 R\$46,025 related to adequacy of property, plant and equipment, drainage systems and current artworks, paving and signaling and widening of sections F36 KM 32,14 to km35; (vi) Ecoponte R\$26,440 expropriations, sundry paving and inspections of special artworks; (vii) Eco050 R\$212,406 construction projects at the facilities and paving; (viii) Eco135 R\$93,318 of works at the toll plazas and initial paving, signaling and earthmoving services, special artworks and future substations of the head office of Eco135.

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(b) The amortization of intangible assets arising from the concession rights is recognized in profit and loss through the estimated traffic curve projection for the concession period as from the date in which they are available for use, method that reflects the pattern of use of future economic benefits incorporated into the asset. The average amortization rates as at December 31, 2019 were 5.97% p.a. (5.19% p.a. as at December 31, 2018).

(c) In 2019, the main additions to line item 'Intangible assets in progress' refer to: (i) Ecovia R\$11.554 of recovery and maintenance of access pavement at BR 277; (ii) Ecosul R\$66,220 of recovery and analysis of the pavement specifications and implementation of pavement drains of Pelotas Highway System and R\$2,176 of recovery of special artworks; (iii) Ecovias R\$178,630 of implementation of intersection Port-City of Santos and recovery of the pavement and hillside contention services; (iv) Ecocataratas R\$141 of extraordinary inspection of special works and implementation of power dissipation devices at BR277; (v) Ecopistas R\$4,040 of pavement drains of Carvalho Pinto highway, and recovery of environmental liabilities and environmental conditions; (vi) Eco101 R\$201,110 of widening of subsection EF35 Km 3052 and subsections Diamante Km 2980 and subsection F36 KM 3214 KM 33, pavement, expropriations and overpass at the surroundings of Vitoria; (vii) Ecoponte R\$219,169 of special inspection of pavements and special artworks, and construction works of the section of Linha Vermelha and interconnection of Av. Portuária/Av. Bras, expropriations and recovery of special artworks; (viii) Eco050 R\$115,552 of construction projects at the facilities, paving recovery, widening and improvements in sections from Km286800 to Km309400, Trombeta-MG and Diamante-GO; (ix) Eco135 R\$20,249 of initial works at the highways, construction works at the toll plazas and R\$53,373 of capitalization of charges and adjustment to present value on concession charges (with no disbursement of opening cash); (x) Ecovias do Cerrado R\$11,359 of initial study projects.

In the year ended December 31, 2019, R\$56,247 relating to finance charges (R\$27,680 as at December 31, 2018) on financing relating to intangible assets in progress was capitalized. The average capitalization rate for the year ended December 31, 2019 is 27.65% p.a. (borrowing costs divided by the average balance of borrowings, financing and debentures) and 15.52% p.a. for the year ended December 31, 2018.

As at December 31, 2019 and 2018, the Company did not identify internal and external factors that would indicate that the carrying amounts of intangible assets could be lower than their recoverable values. The main external factors correspond mainly to the GDP history and projection, correlation of traffic projections with the GDP and history of cash generation and profitability of each concession.

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## 16. INCOME TAX AND SOCIAL CONTRIBUTION

Accounting policy

Deferred income tax and social contribution ("deferred taxes") are recognized on temporary differences at the end of the balance sheet date between the balances of assets and liabilities recognized in the financial statements and the related tax bases adopted to calculate taxable income, including tax loss carryforwards, when applicable. Deferred tax liabilities are usually recognized on all temporary taxable differences and deferred tax assets are recognized on all temporary deductible differences and only when it is probable that the Company will present future taxable income at a sufficient amount so that these temporary deductible differences can be utilized. Deferred tax assets and liabilities are measured using the tax rate applicable for the year in which the asset is expected to be realized or the liability is expected to be settled, based on the tax rates (and tax law) prevailing at the end of the reporting period.

## a) Deferred taxes

The recovery of deferred tax assets is reviewed at the end of each year and adjusted based on the expected recoverable amount.

Current and deferred income tax and social contribution are recognized as expense or income in profit or loss for the year, except when they relate to items that are recognized in other comprehensive income, when applicable.

Deferred income tax and social contribution were recognized considering the rate of 34% (income tax and social contribution) in effect and have the following breakdown and variations for the year:

	Consolidated		Consolidated				
	Consolidated	Balance sheet				Profit or loss	
			Acquisition of interest	Additions	Write-offs		
	12/31/2018	Ecopátio (ii)	(iii)			12/31/2019	12/31/2019
Realization of goodwill on merger:							
Ecoporto	166,755	-	-	-	-	166,755	-
Ecosul	2,578	-	-	-	(350)	2,228	(350)
Ecocataratas	26,927	-	-	-	(9,231)	17,696	(9,231)
Ecopátio	-	3,180	-	-	(289)	2,891	(289)
Provision for civil, labor and tax risks	44,340	660	594	4,325	(2,126)	47,793	2,199
Tax losses (i)	61,723	-	14,998	48,438	(11,049)	114,375	37,389
Provision for maintenance	108,962	-	11,708	63,146	(38,956)	144,860	24,190
PVA concession burden	1,447	-	-	-	(280)	1,167	(280)
Allowance for doubtful debts	717	326	-	133	(711)	465	(578)
Effect Law 12973/14 - RTT extinguishment	(45,089)	-	-	-	3,341	(41,748)	3,341
Corporate depreciation	(9,255)	186	-	-	353	(8,716)	353
Capitalized interest	(17,936)	(171)	(21,118)	1,381	(6,336)	(44,180)	(4,955)
Others	3,545	-	3,560	4,816	(6,376)	5,280	(1,560)
Deferred income tax and social contribution - asset/(liability)	344,714	4,181	9,742	122,239	(72,010)	408,866	
Deferred income tax and social contribution income (expenses)							50,229

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- (i) The balance refers to tax loss of parents: Ecorodovias Concessões e Serviços, Ecoporto Santos, Termares, Eco101 and Eco135.
- (ii) See note 7.b)
- (iii) See note 13.a.ii)

Management has prepared a study of the future realization of the deferred tax asset, considering the probable capacity of future generation of taxable income, in the context of the main variables of its business, which may, therefore, be subject to changes.

As at December 31, 2019, in compliance with CPC 32, item 73, we recorded R\$421,425 in noncurrent assets and R\$12,559 in noncurrent liabilities. (As at December 31, 2018, R\$367,380 in noncurrent assets and R\$22,666 in noncurrent liabilities).

The Company's studies and projections determine that the realization of tax losses of subsidiaries will occur within ten years. The Company's Management believes that the assumptions used in the business plans are robust, feasible and consistent with the current economic scenario.

Based on the projections prepared by the Company's Management, deferred income tax and social contribution in noncurrent assets will be realized in the following years:

	Consolidated					
	12/31/2019			12/31/2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
2019	-	-	-	40,531	782	41,313
2020	79,322	(1,194)	78,128	38,448	486	38,934
2021	83,244	(1,194)	82,050	36,179	(1,850)	34,329
2022	58,654	(3,596)	55,058	7,835	(1,847)	5,988
2023	70,844	(3,596)	67,248	7,835	(1,848)	5,987
2024	8,624	(199)	8,425	15,770	(1,226)	14,544
After 2024 (*)	120,737	(2,780)	117,957	220,782	(17,163)	203,619
	421,425	(12,559)	408,866	367,380	(22,666)	344,714

(\*) The abovementioned ten-year unrealizable amounts refer to goodwill amortization (concession right), ICPC01 and RTT adjustment.

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## b) Reconciliation of income tax and social contribution (expense) income

The following amounts of current and deferred income tax and social contribution were recognized in profit or loss for the years:

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
(Loss)/profit before income tax and social contribution	(185,280)	393,157	95,624	723,560
Statutory tax rate	34%	34%	34%	34%
Income tax and social contribution at combined rate	62,995	(133,673)	(32,512)	(246,010)
Adjustments to effective tax rate:				
Unrealized profits	-	-	(1,099)	-
Officers' bonuses/profit sharing	(1,538)	(2,296)	(3,266)	(5,659)
Share of profit (loss) of subsidiaries	26,734	183,356	4	11
Nondeductible expenses	(4)	(7)	(933)	(263)
Amortization of goodwill	(3,941)	(3,940)	24,877	24,476
Tax incentives (PAT)	-	-	1,996	1,766
Unrecognized tax credits (i)	(58,893)	(50,099)	(106,278)	(98,051)
Tax credits - Ecosul	-	(142)	-	(142)
Discontinued operations	61	-	61	-
Leniency agreement (ii)	(25,552)	-	(161,727)	-
Others	138	6,659	(2,027)	952
Income tax and social contribution expense	-	(142)	(280,904)	(322,920)
Current income tax and social contribution	-	(142)	(331,133)	(327,910)
Deferred taxes	-	-	50,229	4,990
Effective tax rate	-	-	293.8%	44.60%

(i) Comprised of EcoRodovias Infraestrutura e Logística, Ecoporto Santos e Ecorodoanel.

(ii) See note 24.c).

## c) Provision for income tax and social contribution

Variations in the year of income tax and social contribution are as follows:

	Consolidated	
	12/31/2019	12/31/2018
Balance at the beginning of the year of the provision for income tax and social contribution	45,091	24,551
Income tax and social contribution expense in profit or loss	331,133	327,910
Total income tax and social contribution paid	(362,842)	(307,370)
Balance at the end of the year of the provision for income tax and social contribution	13,382	45,091

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## 17. BORROWINGS AND FINANCING - CONSOLIDATED

Type	Company	Final maturity	Interest rate	12/31/2019	12/31/2018
In local currency:					
Finame (a)	Ecosul	11/2020	6.0% p.a.	46	97
Finame (b)	Ecocataratas	10/2022	2.5% p.a.	124	168
Finame (b)	Ecocataratas	07/2020	6.0% p.a.	91	292
Finem (c)	Ecopistas	07/2025	IPCA + 2.45% p.a.	23,255	27,390
Finem (c)	Ecopistas	06/2025	TJLP + 2.45% p.a.	64,338	92,799
Finame (d)	Ecoporto Santos	10/2020	6.0% p.a.	1,125	2,919
Finem (e)	Eco101	12/2028	TJLP + 3.84% p.a.	159,100	169,567
Finem (e)	Eco101	06/2030	TJLP + 3.84% p.a.	227,305	187,354
Financing (f)	Eco101	12/2019	21.27% p.a.	-	111
Finem (g)	Ecoponte	08/2032	TJLP + 3.48% p.a.	59,222	51,410
Finem (g)	Ecoponte	12/2032	TJLP + 3.48% p.a.	118,812	28,461
Finem (g)	Ecoponte	06/2034	TJLP + 3.48% p.a.	18,511	-
BNDIS (i)	Eco050	12/2038	TJLP + 2% p.a.	227,097	-
BDMG (j)	Eco050	12/2038	TJLP + 2% p.a.	90,414	-
FINISA – CEF (k)	Eco050	12/2038	TJLP + 2% p.a.	258,033	-
FDCO – CEF (l)	Eco050	04/2036	7.5% p.a.	134,817	-
In foreign currency:					
Finimp (h)	Ecoporto Santos	01/2023	Libor 6M+2.0% p.a.	-	85,173
				<u>1,382,290</u>	<u>645,741</u>
Current				97,105	81,029
Noncurrent				1,285,185	564,712

The maturities of the noncurrent portion per year are as follows:

	12/31/2019	12/31/2018
2020	-	79,283
2021	82,718	68,992
2022	76,532	60,998
2023	80,123	53,175
2024	81,028	42,081
After 2024	964,784	260,183
	<u>1,285,185</u>	<u>564,712</u>

The variations in the year in borrowings and financing are as follows:

	12/31/2019	12/31/2018
Balance at the beginning of the year	645,741	583,368
Additions	189,485	115,926
Acquisition of interest (see note 13.a.ii)	790,292	-
Finance charges (see note 29)	105,579	70,512
Principal repayment	(239,968)	(77,662)
Interest payment	(108,839)	(46,403)
Balance at the end of the year	<u>1,382,290</u>	<u>645,741</u>

# ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

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### Description of the main bank borrowing and financing agreements in effect:

Item	Company	Financial institution	Required financial ratios	Collaterals
(a)	Ecosul	Itaú	Does not require maintenance of ratios.	Disposal of asset.
(b)	Ecocataratas	Itaú	Does not require maintenance of ratios.	Disposal of asset.
(c)	Ecopistas	BNDES	(i) the ratio of equity to total liabilities must be equal to or higher than 20% based on the issuer's information; (ii) the debt service coverage ratio must be equal to or higher than 1.20 points; and (iii) the ratio of net debt to adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) must be lower than 4.00 points.	Assignment of credit rights of toll receivables, as well as accessory revenues from the concession and all and any indemnities to be received according to the collaterals and insurance policies of loss of profits contracted according to the concession agreement.
(d)	Ecoporto Santos	Itaú	Does not require maintenance of ratios.	Disposal of asset.
(e)	Eco101	BNDES	Does not require maintenance of ratios	Assignment of credit rights.
(f)	Eco101	Banco Volkswagen	Does not require maintenance of ratios	Disposal of asset.
(g)	Ecoponte	BNDES	Debtor: (i) The ratio of adjusted equity to total liabilities must be equal to higher than 20%; (ii) the debt service coverage ratio must be equal to or higher than 1.30; the Guarantor Ecorodovias Concessões: (iii) the ratio of net debt to adjusted EBITDA must be lower than or equal to 4.00 points.	Pledge of EcoRodovias shares, fiduciary assignment of Ecoponte receivables arising from the concession arrangement, the rights arising from the concession including those related to possible indemnities. Guarantee by Ecorodovias.
(h)	Ecoporto Santos	Banco Deutsche Bank AS	(i) Tangible equity > 20,000 (ii) Equity/Asset Total of parent EcoRodovias I&L > 20%	Pledge of EcoRodovias Infraestrutura e Logística.
(i)	ECO050	BNDES	The ratio of net debt to adjusted EBITDA must be lower than or equal to 4.00 points	Assignment of credit rights and pledge of shares.
(j)	ECO050	BDMG	Does not require maintenance of ratios	Assignment of credit rights and pledge of shares.
(k)	ECO050	Caixa/ FINISA	Does not require maintenance of ratios	Assignment of credit rights and pledge of shares.
(l)	ECO050	FDCO	Does not require maintenance of ratios	Assignment of credit rights and pledge of shares.

As at December 31, 2019, the summary of the financial ratios is as follows:

<u>Ecopistas financial ratios (c)</u>	<u>Required</u>	<u>Measured</u>
(i) Equity-to-total liabilities	≥ 20%	36.16%
(i) Debt Service Coverage Ratio (DSCR)	≥ 1.20	1.30
(ii) Debt Service Coverage Ratio (DSCR)	< 4.00	2.91
<u>Ecoponte financial ratios (g)</u>	<u>Required</u>	<u>Measured</u>
(i) Equity-to-total liabilities	≥ 20%	34%
(ii) Debt Service Coverage Ratio (DSCR)	≥ 1.30	4.77
(iii) Net debt-to-adjusted EBITDA	≤ 4.00	2.54
(iv) Net debt-to-adjusted EBITDA (Parent - Ecorodovias Concessões e Serviços S.A.)	≤ 4.00	3.06
<u>Eco050 financial ratios (i)</u>	<u>Required</u>	<u>Measured</u>
(iii) Net debt-to-adjusted EBITDA (Parent - Ecorodovias Concessões e Serviços S.A.)	≤ 4.00	3.06

BNDES subloans and releases made are as follows:

# ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

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### Ecopistas

Subloan (*)	Total	Released	Amortization	Installments
a	99,200	99,200	83,537	114 monthly
b	85,528	85,528	69,109	114 monthly
d	27,999	27,999	17,684	114 monthly
e	21,769	21,769	10,884	10 annual
j	11,281	11,281	4,750	114 monthly
k	22,438	22,438	9,447	114 monthly
l	9,169	9,169	3,668	10 annual
Total	277,384	277,384	199,079	

(\*) Subloans c, f, g, h and i were cancelled, through the 5<sup>th</sup> addendum signed in December 2018.

### Eco101

Subloan	Total	Released	Amortization	Installments
A	188,473	188,473	32,910	150 installments
B1	66,237	66,237	6,151	150 installments
B2	52,483	52,483	3,829	150 installments
B3	117,799	117,799	7,147	150 installments
B4	28,388	-	-	150 installments
B5	22,493	-	-	150 installments
B6	50,485	-	-	150 installments
C1	54,165	-	-	150 installments
C2	28,231	-	-	150 installments
C3	99,159	-	-	150 installments
C4	50,671	-	-	150 installments
C5	26,409	-	-	150 installments
C6	92,762	-	-	150 installments
C-SOCIAL	4,389	-	-	150 installments
Total	882,144	424,992	50,037	

### Ecoponte

Subloan	Total	Released	Amortization	Installments
a	107,465	61,445	4,083	177 monthly
b	177,920	118,195	407	157 monthly
c	118,915	19,075	-	163 monthly
d	10,625	784	36	177 monthly
e	2,075	1,453	6	157 monthly
Total	417,000	200,952	4,532	



ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

NOTAS EXPLICATIVAS ÀS DEMONSTRAÇÕES FINANCEIRAS  
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Eco050

BDMG				
Subloan	Total	Released	Amortization	Installments
a	85,000	85,000	983	234 monthly
b	35,000	6,138	52	234 monthly
Total	120,000	91,138	1,035	

FINISA				
Subloan	Total	Released	Amortization	Installments
a	350,000	257,320	2,975	234 monthly
Total	350,000	257,320	2,975	

BNDES				
Subloan	Total	Released	Amortization	Installments
A	75,998	75,998	883	234 monthly
B1	17,026	17,026	197	234 monthly
B2	25,387	25,387	293	234 monthly
C1	18,912	18,912	219	234 monthly
C2	28,916	22,704	262	234 monthly
D1	19,603	-	-	234 monthly
D2	27,558	-	-	234 monthly
R	46,600	37,095	398	234 monthly
S	2,675	-	-	234 monthly
X	42,500	31,790	352	234 monthly
Y	48,000	-	-	234 monthly
Z	79,500	-	-	234 monthly
Total	432,675	228,912	2604	

FDCO				
Subloan	Total	Released	Amortization	Installments
a	200,000	147,035	13,772	40 semiannual
Total	200,000	147,035	13,772	

# ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

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### 18. DEBENTURES

Debentures are summarized as follows:

Description	Maturity	Average interest rate	Parent		Consolidated	
			12/31/2019	12/31/2018	12/31/2019	12/31/2018
1 <sup>st</sup> issue - Ecovia Caminho do Mar	05/2019	106.5% CDI p.a.	-	-	-	161,665
1 <sup>st</sup> issue - Ecosul	05/2020	107.0% CDI p.a.	-	-	50,085	167,414
2 <sup>nd</sup> issue - Ecosul	06/2020	110.75% CDI p.a.	-	-	59,775	50,123
3 <sup>rd</sup> issue - Ecosul	06/2020	107.0% CDI p.a.	-	-	178,126	56,122
		IPCA + 3.80%				
2 <sup>nd</sup> issue - Ecovias dos Imigrantes	04/2024	p.a./IPCA 4.28% p.a.	-	-	1,145,941	1,244,376
1 <sup>st</sup> issue - Ecocataratas	05/2019	106.5% of CDI	-	-	-	208,864
1 <sup>st</sup> issue - Ecopistas	01/2023	IPCA+8.25% p.a.	-	-	343,358	407,561
1 <sup>st</sup> issue - Eco101	12/2020	CDI + 2.56% p.a.	-	-	25,007	25,000
1 <sup>st</sup> issue - Eco135	08/2020	117.5% of CDI	-	-	226,149	226,224
1 <sup>st</sup> issue - Ecorodovias Concessões (Assignment)	04/2020	CDI+1.42% p.a.	-	-	186,412	373,229
2 <sup>nd</sup> issue - Ecorodovias Concessões (3 <sup>rd</sup> Series)	10/2022	IPCA + 5.35% p.a.	-	-	600,999	694,574
3 <sup>rd</sup> issue - Ecorodovias Concessões	08/2019	106.0% of CDI	-	-	-	220,106
5 <sup>th</sup> issue - Ecorodovias Concessões	12/2019	114.85% of CDI	-	-	-	100,113
6 <sup>th</sup> issue - Ecorodovias Concessões (1 <sup>st</sup> and 2 <sup>nd</sup> Series)	11/2022	106.0% and 110.25% of CDI	-	-	1,075,214	1,076,561
6 <sup>th</sup> issue - Ecorodovias Concessões (3 <sup>rd</sup> Series)	11/2024	IPCA+6.0% p.a.	-	-	32,482	31,346
7 <sup>th</sup> issue - Ecorodovias Concessões	06/2025	IPCA + 7.4438% p.a.	-	-	380,841	365,532
		CDI + 1.30% p.a. /				
		IPCA + 5.50%			910,126	-
8 <sup>th</sup> issue - Ecorodovias Concessões	04/2026	119.0% of CDI	-	-	-	900,048
1 <sup>st</sup> issue - EcoRodanel	03/2020	CDI + 1.85% p.a.	-	-	-	125,290
2 <sup>nd</sup> issue - EcoRodanel	06/2019	CDI + 1.85% p.a.	-	-	129,751	-
3 <sup>rd</sup> issue - EcoRodanel	06/2020	CDI + 1.75% p.a.	-	-	69,558	-
2 <sup>nd</sup> issue - EcoRodovias Infraestrutura	06/2019	105.5% of CDI	-	89,770	-	-
3 <sup>rd</sup> issue - EcoRodovias Infraestrutura	04/2020	CDI + 1.25% p.a.	131,505	131,265	131,505	131,265
4 <sup>th</sup> issue - EcoRodovias Infraestrutura	12/2021	115.0% of CDI	298,856	297,355	298,856	297,355
5 <sup>th</sup> issue - EcoRodovias Infraestrutura	06/2020	CDI+1.35%	1,137,237	-	1,137,237	-
1 <sup>st</sup> issue - Eco050	12/2029	IPCA + 9% p.a.	-	-	84,394	-
1 <sup>st</sup> issue - EcoRodovias	10/2034	IPCA + 4.4% p.a.	-	-	218,232	-
			1,567,598	518,390	7,284,048	6,862,768
Current			1,419,332	2,183	3,190,642	1,417,300
Noncurrent			148,266	516,207	4,093,406	5,445,468

The variations in debentures in the year are as follows:

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Balance at the beginning of the year	518,390	84,053	6,862,768	5,415,248
Additions	1,090,034	425,925	2,398,653	1,894,191
Acquisition of interest (see note 13.a.ii)	-	-	86,102	-
Finance charges (note 29):	81,204	13,377	587,137	505,842
Payment of principal	(80,000)	-	(2,115,326)	(592,388)
Payment of interest	(42,030)	(4,965)	(535,286)	(360,125)
Balance at the end of the year	1,567,598	518,390	7,284,048	6,862,768

Concessionária Ecovias dos Imigrantes S.A.

On April 15, 2013, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in two series, with a total nominal value of R\$881,000, adjusted for inflation according to the IPCA variation, plus interest, of which:

- (i) 1<sup>st</sup> series - R\$200,000, with interest of 3.80% p.a. paid annually from the issue date every April 15; the first payment made on April 15, 2014 and the last payment on April 15, 2020, amortization paid in two annual and consecutive installments, on April 15, 2019 and 2020;
- (ii) 2<sup>nd</sup> series - R\$681,000, with interest of 4.28% p.a. paid annually as from the issue date every April 15; the first payment made on April 15, 2014 and the last payment on April 15, 2024, amortization paid in three annual and consecutive installments, on April 15, 2022, 2023 and 2024.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas

1<sup>st</sup> Issue

On January 15, 2011, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible debentures, with real collateral represented by pledge of shares and fiduciary assignment of credit rights in four series, with a notional amount of R\$370,000, adjusted for inflation based on the IPCA variation, plus interest, of which:

- (i) 1<sup>st</sup> series - R\$92,500, with interest of 8.25% p.a. paid annually as from the issue date every January 15; the first payment made on January 15, 2012 and the last payment on January 15, 2023, amortization paid in eleven annual and consecutive installments, on January 15, 2013 to 2023;
- (ii) 2<sup>nd</sup> series - R\$92,500, with interest of 8.25% p.a. paid annually from the issue date every April 15; the first payment made on April 15, 2012 and the last payment on April 15, 2022, amortization paid in eleven annual and consecutive installments, on April 15, 2012 to 2022;
- (iii) 3<sup>rd</sup> series - R\$92,500, with interest of 8.25% p.a. paid annually as from the issue date every July 15; the first payment made on July 15, 2012 and the last payment on July 15, 2022, amortization paid in eleven annual and consecutive installments, on July 15, 2012 to 2022; and

- (iv) 4<sup>th</sup> series - R\$92,500, with interest of 8.25% p.a. paid annually as from the issue date every October 15; the first payment made on October 15, 2012 and the last payment on October 15, 2022, amortization paid in eleven annual and consecutive installments, on October 15, 2012 to 2022;

The issue is supported by real collateral represented by pledge of 100% of shares and fiduciary assignment of 100% of credit rights, shared with BNDES.

#### 2<sup>nd</sup> Issue (Private)

On July 14, 2017, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, nonconvertible, unsecured debentures, in five series, amounting to R\$300,000, for private placement, and the direct parent Ecorodovias Concessões e Serviços S.A. acquired all the debentures and the settlement of the series will occur according to the Company's cash requirements. The remuneration rate of debentures will be: 1<sup>st</sup> series: 105.0% of CDI; 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> series: 105.5% of CDI. The principal and interest payments will be made in full on their maturity dates, as follows: 1<sup>st</sup> series July 14, 2025; 2<sup>nd</sup> series: October 14, 2025; 3<sup>rd</sup> series: January 14, 2026; 4<sup>th</sup> series April 14, 2026; and 5<sup>th</sup> series July 14, 2026. The financial settlements occurred as follows:

- On July 14, 2017, R\$100,000 were settled referring to the first series and the compliance with financial ratios is not required.
- On December 14, 2017, R\$70,000 were settled referring to the second series, R\$40,000 referring to the third series and R\$40,000 referring to the fourth series and the compliance with financial ratios is not required.
- On July 18, 2019, R\$50,000 were settled referring to the fifth series and the compliance with financial ratios is not required.

The issue is not supported by collaterals of any nature.

#### Concessionária Ecovia Caminho do Mar S.A.

On November 4, 2014, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$143,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures as follows: (i) from the issue date to March 4, 2016 105.7% of the CDI – settled (ii) from March 4, 2016 to May 15, 2017 115.0% of the CDI, settled (iii) from May 15, 2017 to May 15, 2019 106.5% of the CDI, and amortization in one single installment on the maturity date, May 15, 2019.

On November 27, 2018, the 3<sup>rd</sup> amendment was made to include the guarantee from the Guarantor Intervening Party.

The issue was supported by additional fiduciary collateral and is not subject to scheduled renegotiation. Such debenture was settled on May 15, 2019.

Empresa Concessionária de Rodovias do Sul S.A. – Ecosul

1<sup>st</sup> Issue

On November 17, 2014, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$148,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures as follows: (i) from the issue date to March 4, 2016 105.7% of the CDI over – settled (ii) from March 4, 2016 to May 15, 2017 115.0% of the CDI over, settled (iii) from May 15, 2017 to May 15, 2020 107% of the CDI over, and amortization in one single installment on the maturity date, May 15, 2020.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

2<sup>nd</sup> Issue

On January 17, 2017, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, nonconvertible, unsecured debentures, in a single series, with a total nominal value of R\$50,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 107.5% of the CDI over, paid semiannually as from the issue date on the 17<sup>th</sup> of June and December, the first payment was made on June 17, 2017 and the last on the maturity date with amortization on June 17, 2018.

On June 11, 2018, an addendum was entered into with respect to the 2<sup>nd</sup> issue of debentures authorizing the change of the maturity date of the debentures to June 17, 2020. In view of the change of the maturity date of the debentures, a new interest rate was defined. Interest will be charged on the unit nominal value of debentures at 110.75% of the CDI, the first payment being made on June 17, 2017 and the last on the maturity date with amortization on June 17, 2020.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

3<sup>rd</sup> Issue

On June 2, 2017, the Company carried out the 3<sup>rd</sup> issuance of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$50,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 107% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, June 2, 2020.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

Rodovias das Cataratas S.A. - Ecocataratas

On May 17, 2017, the Company carried out the 1<sup>st</sup> issuance of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$185,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 106.50% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, May 17, 2019.

On November 27, 2018, the 1<sup>st</sup> amendment was made to include the guarantee from the Guarantor Intervening Party.

The issue is supported by additional fiduciary collateral and is not subject to scheduled renegotiation.

Such debenture was settled on May 17, 2019.

#### Eco101 Concessionária de Rodovias S.A.

On June 30, 2017, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with an additional fiduciary collateral, in a single series, with a total nominal value of R\$25,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over, plus 1.80% p.a., paid semiannually on the 29<sup>th</sup> of June and December, the first payment made on December 29, 2017 and the last on the maturity date with amortization on December 29, 2018.

On December 14, 2018, an addendum was entered into with respect to the 1<sup>st</sup> issue of debentures authorizing the change of the maturity date of the debentures to December 29, 2020. In view of the change of the maturity date of the debentures, a new interest rate was defined. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over, plus 2.56% p.a., paid semiannually on the 2<sup>th</sup> of June and December, the first payment made on December 29, 2017 and the last on the maturity date with amortization on December 29, 2020.

The issue is supported by real and fiduciary collaterals as pledge of Ecorodovias Concessões e Serviços S.A. and is not subject to scheduled renegotiation.

#### Ecorodovias Concessões e Serviços S.A.

##### 1<sup>st</sup> Issue (EcoRodovias Infraestrutura – Debt assignment)

On April 24, 2015, the Company carried out the 1<sup>st</sup> issue of simple debentures, non-convertible into unsecured shares, with additional fiduciary collateral, in two series, with a total nominal value of R\$600,000.

On August 10, 2016, the 2<sup>nd</sup> amendment to the Deed was signed in which the Issuer (EcoRodovias Infraestrutura e Logística S.A.) assigned to the Guarantor (Ecorodovias Concessões e Serviços S.A.) all the rights and obligations acquired and assumed in the documents related to the Debentures, by replacing the contract position of the Issuer by the Guarantor and assumption of Debt represented by Debentures by the Guarantor ("assignment"). Due to the Assignment, the Guarantor is now the issuer of the Debentures and, consequently, the Issue (after the Assignment) was no longer supported by fiduciary collateral from the Guarantor or third parties.

- (i) 1<sup>st</sup> series R\$232,000, not adjusted for inflation, on the unit nominal value, in which interest will be charged at 100% of the CDI over, plus 1.18% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment made on October 15, 2015 and the last on the maturity date on April 15, 2018, amortization paid in a single installment on April 15, 2018;

- (ii) 2<sup>nd</sup> series R\$368,000, not adjusted for inflation, on the unit nominal value of debentures, in which interest will be charged at 100% of the CDI over, plus 1.42% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment made on October 15, 2015 and the last on the maturity date on April 15, 2020, amortization paid in two installments on April 15, 2019 and 2020;

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 2<sup>nd</sup> Issue

On October 15, 2012, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in three series, with a total nominal value of R\$800,000, of which:

- (i) 1<sup>st</sup> series R\$240,000, not adjusted for inflation, on the unit nominal value of debentures, in which interest will be charged at 100% of the CDI over, plus 0.79% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment made on April 15, 2013 and the last on the maturity date on October 15, 2018, amortization paid in three annual installments on October 15, 2016 to 2018;
- (ii) 2<sup>nd</sup> series R\$160,000, adjusted for inflation based on the IPCA variation, plus interest, levied on the inflation adjusted amount, of 5.0% p.a., paid annually as from the issue date on October 15, the first payment on October 15, 2013 and the last payment on the maturity date, October 15, 2019, amortization paid in two annual and consecutive installments, on October 15, 2018 and 2019;
- (iii) 3<sup>rd</sup> series R\$400,000, adjusted for inflation based on the IPCA variation, plus interest, levied on the inflation adjusted amount, of 5.35% p.a., paid annually ad from the issue date on October 15, the first payment on October 15, 2013 and the last payment on the maturity date, October 15, 2022, amortization paid in three annual and consecutive installments, on October 15, 2020 to 2022.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 3<sup>rd</sup> Issue

On November 18, 2016, the Company carried out the 3<sup>rd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$215,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 114.0% of the CDI over, paid in two semiannual installments and one quarterly installment, the first payment made on May 18, 2017 and the last on the maturity date with amortization on February 19, 2018.

On February 8, 2018, an addendum was entered into with respect to the 3<sup>rd</sup> issue of debentures authorizing the change of the maturity date of the debentures to August 8, 2019. In view of the change of the maturity date of the debentures, a new interest rate was defined. Interest will be charged on the unit nominal value of debentures at 106% of the CDI over, paid semiannually, the first payment being made on May 18, 2017 and the last on the maturity date with amortization on August 8, 2019.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

Such debenture was settled on August 8, 2019.

#### 4<sup>th</sup> Issue

On April 12, 2017, the Company carried out the 4<sup>th</sup> issue of simple, non-convertible into unsecured shares, for PRIVATE placement in a single series, with a total nominal value of R\$300,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 105.5% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, April 12, 2025.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 5<sup>th</sup> Issue

On June 22, 2017, the Company carried out the 5<sup>th</sup> issuance of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$100,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 109.0% of the CDI over. Interest and amortization will be paid in a single installment on the maturity date, December 22, 2018.

On December 17, 2018, the 1<sup>st</sup> addendum was entered into with respect to the 5<sup>th</sup> issue of debentures authorizing the change of the maturity date to December 22, 2019. In view of the change of the maturity date of the debentures, a new interest rate was defined. Interest will be charged on the unit nominal value of debentures at 114.85% of the CDI over, paid on December 22, 2018 and together with amortization on December 22, 2019.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

Such debenture was settled on December 23, 2019.

#### 6<sup>th</sup> Issue

On December 14, 2017, the Company carried out the 6<sup>th</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, without cautions, in three series, with a total nominal value of R\$1,100,000, of which:

- (i) 1<sup>st</sup> series R\$319,550, not adjusted for inflation, on the unit nominal value, in which interest will be charged at 106.0% of the CDI p.a., paid semiannually as of the issue date on the 15th of May and November, the first payment made on May 15, 2018 and the last on the maturity date, November 15, 2020, amortization paid in a single installment on the maturity date;



- (ii) 2<sup>nd</sup> series R\$750,450, not adjusted for inflation, on the unit nominal value, in which interest will be charged at 110.25% of the CDI p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of May and November, the first payment made on May 15, 2018 and the last on the maturity date, November 15, 2022, amortization paid in two annual installments on November 15, 2021 and November 15, 2022; and
- (iii) 3<sup>rd</sup> series R\$30,000, adjusted for inflation based on the IPCA variation, plus interest, levied on the inflation adjusted amount, of 6.0% p.a., paid annually as from the issue date on November 15, the first payment on October 15, 2018 and the last payment on the maturity date, October 15, 2024, amortization paid in two annual and consecutive installments, on October 15, 2023 and 2024.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 7<sup>th</sup> Issue

On July 4, 2018, the Company carried out the 7<sup>th</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$350,000, adjusted for inflation based on the IPCA fluctuation plus interest, levied on the adjusted amount, of 7.4438% p.a. paid annually as from the issue date on June 15, the first payment made on June 15, 2019 and the last on the maturity date, June 15, 2025, amortization paid in two annual and successive installments on June 15, 2024 and 2025;

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

#### 8<sup>th</sup> Issue

On May 22, 2019, the Company carried out the 8<sup>th</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, without cautions, in up to three series, with a total nominal value of R\$900,000.

- (i) 1<sup>st</sup> series R\$833,675, not adjusted for inflation, on the unit nominal value, in which interest will be charged at 100% of the CDI over, plus 1.30% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment made on October 15, 2019 and the last on the maturity date on April 15, 2024, amortization paid in a single installment on the maturity date; and
- (ii) (ii) 3<sup>rd</sup> series R\$66,325, adjusted for inflation based on the IPCA variation, plus interest, levied on the inflation adjusted amount, of 5.5031% p.a., paid annually as from the issue date on April 15, the first payment on April 15, 2020 and the last payment on the maturity date, April 15, 2026, amortization paid in two annual and consecutive installments, on April 15, 2025 and 2026.

EcoRodovias Infraestrutura e Logística S.A.

2<sup>nd</sup> Issue

On June 2, 2017, the Company carried out the 2<sup>nd</sup> issue of simple, non-convertible, unsecured debentures, for PRIVATE placement in a single series, with a total nominal value of R\$80,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 105.50% of the CDI over. Interest and amortization will be paid in a single installment on maturity date, June 2, 2020. Direct subsidiary Ecorodovias Concessões S.A. acquired all debentures and reports them in its financial statements in line item 'Related parties'.

The issue is not supported by collaterals of any nature and is not subject to scheduled renegotiation.

The issue does not require compliance with financial ratios (covenants).

On June 14, 2019, such debenture was prepaid.

3<sup>rd</sup> Issue

On April 13, 2018, the Company carried out the 3<sup>rd</sup> issue of simple, non-convertible, unsecured debentures, in a single series, in the amount of R\$130,000. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over, plus 1.25% p.a., paid semiannually as from the issue date on the 15<sup>th</sup> of April and October, the first payment being made on October 15, 2018 and the last on the maturity date on April 15, 2020, amortization paid in a single installment on April 15, 2020.

These debentures do not carry any type of guarantee.

4<sup>th</sup> Issue

On December 27, 2018, the Company carried out the 4<sup>th</sup> issue of simple, non-convertible, unsecured debentures, in a single series, in the amount of R\$300,000. Debentures will mature within three years from the issue date, i.e., on December 15, 2021. Interest will be charged on the unit nominal value of debentures at 115.00% of the CDI over. Interest will be paid semiannually on the 15<sup>th</sup> of June and December, the first payment made on June 15, 2019 and the last on the maturity date. Amortization will be paid in two installments on December 15, 2020 and on the maturity date, December 15, 2021.

These debentures do not carry any type of guarantee.

5<sup>th</sup> Issue

On June 14, 2019, the Company carried out the 5<sup>th</sup> issue of simple, non-convertible, unsecured debentures, in a single series, in the amount of R\$1,100,000. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over plus 1.35% p.a. The effective period of the debentures shall be one year from the date of issue, thus maturing on June 14, 2020.

These debentures do not carry any type of guarantee.

Concessionária do Rodoanel Norte S.A. - Ecorodoanel

On March 29, 2018, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, in a single series, with a total nominal value of R\$900,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 119.0% of the CDI, interest will be paid on a quarterly basis on the 15<sup>th</sup> of June, September, December and March, the first maturity date is June 15, 2018 and the last payment on the maturity date with amortization in a single installment on March 15, 2020.

The issue is supported by additional fidejussory collateral as pledge of Ecorodovias Infraestrutura e Logística S.A and is not subject to scheduled renegotiation.

On October 9, 2019, the direct subsidiary Ecorodoanel prepaid its 1<sup>st</sup> issue of simple debentures for the total amount of R\$905,676, of which R\$900,000 refers to principal, R\$3,868 to interest and R\$1,808 to the prepayment premium.

Ecoporto Santos S.A.

1<sup>st</sup> Issue

On June 15, 2012, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with additional real and fiduciary collateral, in a single series, with a total nominal value of R\$600,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over, plus 1.85% p.a., paid annually on the 15<sup>th</sup> of June 2013 to 2019. Amortization of principal will be paid in six annual installments on June 15, 2014 to 2019.

The issue is supported by real collateral and additional fiduciary collateral as pledge of Ecorodovias Infraestrutura e Logística S.A. and is not subject to scheduled renegotiation.

Such debenture was settled in June 2019.

2<sup>nd</sup> Issue

On June 27, 2019, the Company carried out the 2<sup>nd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with an additional fiduciary collateral, in a single series, with a total nominal value of R\$130,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over, plus 1.85% p.a., paid semiannually as from the issue date on the 26<sup>th</sup> of June and December, the first payment being made on December 26, 2019 and the last on the maturity date on June 26, 2020, amortization paid in a single installment on the maturity date;

The issue is supported by additional fiduciary collateral as pledge of Ecorodovias Infraestrutura e Logística S.A. and is not subject to scheduled renegotiation.

3<sup>rd</sup> Issue

On December 20, 2019, the Company carried out the 3<sup>rd</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with an additional fiduciary collateral, in a single series, with a total nominal value of R\$70,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 100% of the CDI over plus 1.75% p.a. Interest and amortization will be paid in a single installment on the maturity date, December 21, 2020.

The issue is supported by additional fiduciary collateral as pledge of Ecorodovias Infraestrutura e Logística S.A. and is not subject to scheduled renegotiation.

Eco135 Concessionária de Rodovias S.A.

On August 15, 2018, the Company carried out the 1<sup>st</sup> issue of simple, registered, book-entry, non-convertible, unsecured debentures, with an additional fiduciary collateral, in a single series, with a total nominal value of R\$225,000, not adjusted for inflation. Interest will be charged on the unit nominal value of debentures at 117.50% of the CDI over, paid on a quarterly basis on the 15<sup>th</sup> of February, May, August and November, the first maturity date on November 15, 2018 and the last payment on the maturity date with amortization on August 15, 2020.

The issue is supported by real and fiduciary collaterals as pledge of Ecorodovias Concessões e Serviços S.A. and is not subject to scheduled renegotiation.

Concessionária de Rodovias Minas Gerais Goiás S.A.

On March 2, 2018, the Company carried out the 1<sup>st</sup> issue of non-convertible, unsecured debentures, with additional fiduciary collateral, in a single series, with a total nominal value of R\$90,000, adjusted for inflation based on the IPCA, plus interest on the adjusted amount of 9.0% p.a. paid semiannually as of the issue date, the first payment being made on June 15, 2018 and the last on the maturity date, December 17, 2029.

Concessionária Ponte Rio-Niterói S.A. - Ecoponte

On November 19, 2019, the Company carried out the 1<sup>st</sup> issue of non-convertible, unsecured debentures, with additional fiduciary collateral, in a single series, with a total nominal value of R\$230,000, adjusted for inflation based on the IPCA, plus interest on the adjusted amount of 4.4% p.a. paid annually as of the issue date, the first payment being made on October 15, 2020 and the last on the maturity date, October 15, 2034.

The maturities of the noncurrent portion per year are as follows:

	Parent					
	12/31/2019			12/31/2018		
	Installment	Cost	Total	Installment	Cost	Total
2019	-	-	-	-	(1,694)	(1,694)
2020	-	-	-	369,784	(1,319)	368,465
2021	150,000	(1,734)	148,266	150,000	(564)	149,436
	150,000	(1,734)	148,266	519,784	(3,577)	516,207

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	Consolidated					
	12/31/2019			12/31/2018		
	Installment	Cost	Total	Installment	Cost	Total
2019	-	-	-	-	(1,590)	(1,590)
2020	-	-	-	2,632,406	(10,588)	2,621,818
2021	852,136	(10,859)	841,277	840,190	(5,950)	834,240
2022	994,199	(6,847)	987,352	964,979	(3,084)	961,895
2023	369,201	(5,148)	364,053	346,907	(1,429)	345,478
2024	1,370,845	(3,701)	1,367,144	330,135	(574)	329,561
After 2024	549,523	(13,156)	536,367	354,650	(584)	354,066
	4,135,904	(39,711)	4,096,193	5,469,267	(23,799)	5,445,468

The Company is a party to agreements with covenants linked to financial ratios, as shown in the table below:

Company	Issue	Covenant description	Required ratio	Reached
Ecovias	2 <sup>nd</sup>	Net debt-to-adjusted EBITDA Adjusted EBITDA-to-net finance cost	<3.5x > 2.0x	1.35x 11.14x
Ecopistas	1 <sup>st</sup>	Equity-to-total liabilities Debt-Service Coverage Ratio (DSCR) Net debt-to-adjusted EBITDA Total net debt-to-adjusted EBITDA	>20% ≥1.20x < 4.0x ≤5.5x	36.16% 2.29x 2.87x 3.56x
Ecosul	1 <sup>st</sup> 2 <sup>nd</sup> 3 <sup>rd</sup>	Net debt-to-adjusted EBITDA Net debt-to-adjusted EBITDA Net debt-to-adjusted EBITDA	≤ 3.5x < 3.0x ≤ 3.5x	1.12x 1.12x 1.12x
Ecorodovias Concessões	1 <sup>st</sup> 2 <sup>nd</sup> 3 <sup>rd</sup> 4 <sup>th</sup> 5 <sup>th</sup> 6 <sup>th</sup> 7 <sup>th</sup> 8 <sup>th</sup>	Net debt-to-adjusted EBITDA Net debt-to-adjusted EBITDA EBITDA-to-net finance cost Net debt-to-adjusted EBITDA Adjusted EBITDA-to-net finance cost Net debt-to-adjusted EBITDA Adjusted EBITDA-to-net finance cost Net debt-to-adjusted EBITDA Adjusted EBITDA-to-net finance cost Net debt-to-adjusted EBITDA Net debt-to-adjusted EBITDA	≤ 3.75x ≤ 3.75x > 2.0x ≤ 3.75x ≥ 2.0x ≤ 3.75x ≥ 2.0x ≤ 3.75x ≥ 2.0x ≤ 3.75x ≤ 4.00x	3.06x 3.06x 2.71x 3.06x 3.03x 3.06x 3.03x 3.06x 3.03x 3.06x 2.97x
Eco135 (Guarantor Intervening Party – ECS)	1 <sup>st</sup>	Net debt-to-adjusted EBITDA	≤ 3.75x	2.98x
Eco050	1 <sup>st</sup>	Debt-Service Coverage Ratio (DSCR) Equity-to-total liabilities	≥1.20x >20%	1.31x 31.69%

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

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The non-financial covenants provides for an accelerated maturity clause due to non-strictly financial events including, without limitation: (i) filing for or adjudication of bankruptcy or judicial recovery by the Issuer or third parties not suspended within the legal term; (ii) matters related to the failure to perform non-monetary obligations not remedied within a predetermined period; (iii) capital decrease or change of the corporate type without previous authorization from creditors; (iv) merger, spin-off, consolidation or merger of shares, except in cases of corporate reorganization within the Company's economic group; (v) transfer of obligations of the financial instrument without previous authorization from the creditor; (vi) disposal of assets in an amount higher than that previously established in the respective debt instruments; (vii) funds allocated differently from the allocation established in the respective debt instruments.

The table below shows the Internal Rate of Return (IRR) of these transactions:

Issuer	Series	Date	Notional amount	Issue costs	Net amount	Interest rate	IRR
Ecorodovias Concessões e Serviços	3 <sup>rd</sup> series	10/15/2012	400,000	e (11,043)	388,957	IPCA + 5.35% p.a.	11.10% p.a.
	2 <sup>nd</sup> series	05/24/2015	368,000	(2,609)	365,391	CDI + 1.42% p.a.	11.88% p.a.
	Single series	04/12/2017	300,000	(111)	299,889	105.5% CDI	5.49% p.a.
	1 <sup>st</sup> series	12/14/2017	319,550	(843)	318,707	106.0% CDI	9.09% p.a.
	2 <sup>nd</sup> series	12/14/2017	750,450	(1,977)	748,473	110.25% CDI	5.80% p.a.
	3 <sup>rd</sup> series	12/14/2017	30,000	(87)	29,913	IPCA + 6.0% p.a.	9.66% p.a.
	Single series	07/04/2018	350,000	(1,972)	348,028	IPCA + 7.4438% p.a.	11.01% p.a.
	1 <sup>st</sup> series	05/22/2019	833,675	(3,937)	829,738	CDI + 1.30% p.a.	5.89% p.a.
	3 <sup>rd</sup> series	05/22/2019	66,325	(296)	66,029	IPCA + 5.5% p.a.	8.87% p.a.
Ecorodovias Infraestrutura e Logística	Single series	04/13/2018	130,000	(1,167)	128,833	CDI + 1.25%	7.20% p.a.
	Single series	12/15/2018	300,000	(2,907)	297,093	115.00% do CDI	5.82% p.a.
	Single series	06/14/2019	1,100,000	(9,813)	1,090,187	CDI+1.35%	6.40% p.a.
Ecovias dos Imigrantes	1 <sup>st</sup> series	04/15/2013	200,000	(6,890)	193,110	IPCA + 3.80% p.a.	9.75% p.a.
	2 <sup>nd</sup> series	04/15/2013	681,000	(23,462)	657,538	IPCA + 4.28% p.a.	9.44% p.a.
Ecopistas	1 <sup>st</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25%a.a	14.56% p.a.
	2 <sup>nd</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25%a.a	14.74% p.a.
	3 <sup>rd</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25%a.a	14.69% p.a.
	4 <sup>th</sup> series	01/15/2011	92,500	(3,255)	89,245	IPCA + 8.25%a.a	14.59% p.a.
	1 <sup>st</sup> series	07/14/2017	100,000	(171)	99,829	105.0% of CDI	5.30%p.a.
	2 <sup>nd</sup> series	12/14/2017	70,000	(120)	69,880	105.5% of CDI	5.12%p.a.
	3 <sup>rd</sup> series	12/14/2017	40,000	(69)	39,931	105.5% of CDI	5.11%p.a.
	4 <sup>th</sup> series	12/14/2017	40,000	(69)	39,931	105.5% of CDI	5.09%p.a.
	5 <sup>th</sup> series	12/18/2019	50,000	(86)	49,914	105.5% of CDI	4.62%p.a.
Eco101	Single series	06/30/2017	25,000	(242)	24,758	CDI + 2.56% p.a.	8.38% p.a.
Ecosul	Single series	11/17/2014	148,000	(258)	147,742	107.0% CDI	10.91% p.a.
Ecosul	Single series	01/17/2017	50,000	(122)	49,878	110.75% CDI	7.72% p.a.
Ecosul	Single series	06/02/2017	50,000	(175)	49,825	107.0% CDI	6.82% p.a.
Eco135	1 <sup>st</sup> issue	08/15/2018	225,000	(1,330)	223,670	117.5% CDI	6.54% p.a.
Ecoponte	Single series	11/19/2019	230,000	(15,246)	214,754	IPCA + 4.4% p.a.	7.88% p.a.
Ecoporto Santos	Single series	06/27/2019	130,000	(745)	129,255	CDI + 1.85% p.a.	6.81% p.a.
	Single series	12/20/2019	70,000	(543)	69,457	CDI + 1.75% p.a.	6.18% p.a.
Eco050	Single series	03/02/2018	90,000	(13,904)	76,096	IPCA+9%	12.69% p.a.
			7,517,000	(113,214)	7,403,786		

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## 19. LEASES PAYABLE – CONSOLIDATED

Financial obligations are broken down as follows:

	<u>12/31/2019</u>
Gross obligations of finance lease - minimum lease payments:	<u>12,772</u>
Current	7,291
Noncurrent	5,481

Variation is as follows:

	<u>12/31/2019</u>
First-time adoption of CPC 06(R2) (see note 5)	15,333
Acquisition of interest (see note 13.a.ii)	721
Consolidation - Ecopátio (see note 7.b)	24
Finance charges (see note 29)	11,880
Payment of principal	(3,306)
Payment of interest	<u>(11,880)</u>
Balance at the end of the year	<u>12,772</u>

## 20. RELATED PARTIES

The Company and its subsidiaries engage services from their shareholders or from companies related to their shareholders, either directly or through consortiums, for the performance of upkeep, improvement and expansion services in the highway system, and administrative and financial, human resources, information technology, engineering and corporate procurement services.

Pursuant to the Company's bylaws, the Board of Directors is responsible for approving agreements entered into by the Company and any of its shareholders or owners of its shareholders or the Company's or its controlling shareholders' subsidiaries or associates, and any member of the Board of Directors can request, in advance and on a timely basis, the preparation of an independent valuation, conducted by a specialized firm, to review the terms and conditions of any proposed agreement and if such agreement is being negotiated on an arm's length basis.

As at December 31, 2019, the balances of related-party transactions are as follows:

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Parent	Type	Assets		Liabilities		Profit or loss			
		Current	Noncurrent/ (Intangible assets)	Current	Noncurrent	Revenue	Interest on intragroup loan	Interest on debt assignment	Costs and expenses
Ecorodovias Concessões e Serviços S.A. (a)	Direct subsidiary	910	-	-	-	-	-	-	-
Ecorodovias Concessões e Serviços S.A. (b)	Direct subsidiary	-	-	-	-	-	-	-	10,535
Ecorodovias Concessões e Serviços S.A. (c)	Direct subsidiary	-	-	-	-	-	-	18,810	-
Empresa Concessionária de Rodovias do Sul S.A. Ecosul (d)	Indirect subsidiary	115	-	-	-	670	-	-	-
Concessionária do Rodoanel Norte S.A. - Ecorodoanel (e)	Direct subsidiary	80	-	-	-	-	-	-	-
Ecoporto Santos S.A. (f)	Direct subsidiary	-	-	-	-	-	2,591	-	-
Termares Term. Mar. Alfandegados Ltda. (g)	Direct subsidiary	-	5,176	-	-	-	309	-	-
Total as at December 31, 2019		1,105	5,176	-	-	670	2,900	18,810	10,535
Total as at December 31, 2018		29,708	42,029	174,000	808,146	633	27,393	69,884	

Consolidated	Type	Assets		Liabilities	Profit or loss	
		Current Trade receivables	Noncurrent/ (Intangible assets)	Current	Revenues from leased properties	Costs and expenses
Empr.Concess.de Rodovias do Sul S.A. Ecosul (d)	Subsidiary	-	-	-	670	-
Igli (o)	Other related parties	-	-	1,342	-	-
CBB Ind.e Com.de Asfaltos e Engenh.Ltda.(i)	Other related parties	-	66,740	2,431	-	-
TB Transportadora Betumes Ltda.(i)	Other related parties	-	3,401	70	-	-
Consórcio MG135 (j)	Other related parties	-	8,336	-	-	-
Consórcio Binário Porto de Santos (k)	Other related parties	-	95,428	6,430	-	-
Consórcio Alças da Ponte (l)	Other related parties	-	161,852	11,212	-	-
Consórcio BR050 (m)	Other related parties	-	39,029	9,545	-	-
Consórcio Baixada Santista (n)	Other related parties	-	3,930	-	-	-
Consórcio PSG.(h)	Other related parties	-	3,110	198	-	-
Total as at December 31, 2019		-	381,826	31,228	670	-
Total as at December 31, 2018		186	173,749	19,881	-	8,203



Related-party transactions are broken down as follows:

- (a) Refers to the apportionment of compensation costs of the officers shared among the Company and subsidiary Ecorodovias Concessões e Serviços (see Management compensation note).
- (b) On June 14, 2019, the loan agreement entered into with subsidiary Ecorodovias Concessões e Serviços S.A. was settled. The loan bears 105.0% of the CDI and its original maturity was June 12, 2020.
- (c) On August 10, 2016, the Company entered into an Assignment and onerous assumption of obligations and other covenants agreement with Ecorodovias Concessões e Serviços S.A., which bear the same interest provided for in the Deed, under which it assigned the debt of R\$600,000 in debentures in two series: 1<sup>st</sup> series: CDI+1.18% p.a. maturing on April 15, 2018 and 2<sup>nd</sup> series CDI+1.42% p.a. maturing on April 15, 2020. The final maturity of the debt assignment is December 2023; on June 14, 2019, said agreement was settled.
- (d) Refers to the rental of the property where indirect subsidiary Ecosul's head office, owned by the Company, is located. The outstanding balance receivable of R\$115 (rents already incurred) falls due within 45 days and is not subject to finance charges.
- (e) The balance refers to the transfer of employees between companies (accrued 13<sup>th</sup> salary and vacation pay) and falls due within 45 days, not subject to finance charges, and no collateral was pledged to the creditors.
- (f) The loan agreement was settled on December 27, 2019, and lender is parent Ecorodovias Infraestrutura e Logística S.A. The loan will be adjusted at the rate of 105% of the CDI and its original maturity was December 31, 2021.
- (g) Refers to an intragroup loan agreement with Termares as the borrower. The loan bears 105% of the CDI maturing on December 31, 2021.
- (h) Consortium PSG, comprised of related parties Itinera Construções Ltda and Crasa Infraestrutura S.A., will provide interconnection services for SP-150 highway and SP-055 highway, Santos – Guarujá bridge. The overall price agreed is R\$3,500. The deadline to complete the services is January 31, 2020. As at December 31, 2019, the outstanding balance is R\$198 (services already performed) and falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (i) CBB Indústria e Comércio de Asfaltos e Engenharia Ltda. and TB Transportadora de Betumes Ltda., which are owned by the shareholders of C.R. Almeida Engenharia e Obras S.A., the Company's parent company, provide services involving supply and transport of asphalt to: Concessionária Ecovia Caminho do Mar S.A., Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas, Rodovias das Cataratas S.A. - Ecocataratas, Concessionária Ecovias dos Imigrantes S.A. The overall price agreed to deliver the services contracted between the companies and CBB Indústria e Comércio de Asfaltos e Engenharia Ltda. and TB Transportadora de Betumes Ltda. is R\$159,596. The deadline for these services completion is May 31, 2020. As at December 31, 2019, the outstanding balance payable of R\$2,501 (services already performed) falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.

- (j) MG-135 Consortium, comprised of related parties CR Almeida Engenharia e Obras S.A. and Itinera Construções Ltda, provides infrastructure services for the six (06) toll plazas to be implemented at the highways under the subsidiary's concession. The overall price agreed is R\$30,734, which services were completed on March 20, 2019. As at December 31, 2019, there is no outstanding balance (services already performed).
- (k) Binário Porto de Santos Consortium, comprised of related parties CR Almeida Engenharia e Obras S.A. and Itinera Construções Ltda, provides implementation services regarding the intersection Port-City between KM 60 and KM 65+600 of SP 150, municipalities of Santos and Cubatão. The overall price agreed is R\$184,837. The deadline to complete the services is November 30, 2020. As at December 31, 2019, the outstanding balance is R\$6,430 (services already performed) and falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (l) Alças da Ponte Consortium, owned by the shareholders of C.R. Almeida Engenharia e Obras S.A. and Itinera Construções Ltda., provides services consisting of the implementation of the ramp between Ponte Rio-Niterói with Linha Vermelha and Avenida Portuária in the City of Rio de Janeiro. The overall price agreed is R\$347,096. The deadline to complete the services is March 31, 2020. As at December 31, 2019, the outstanding balance is R\$11,212 (services already performed) and falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (m) Consortium BR 050, comprised of related parties Itinera Construções Ltda e Crasa Infraestrutura S.A., provides "Execution of Duplication Services of KM 286 + 800 to 309 + 400 of Highway BR-050 / GO and Pavement Recovery of Highway BR-050/GO from KM 95+700 to 314+000. The overall price agreed is R\$137,810. The deadline to complete the services is December 31, 2020. As at December 31, 2019, the outstanding balance is R\$9,545 (services already performed) and falls due within 45 days and is not subject to finance charges, and no collateral was pledged to the creditors.
- (n) Consortium Baixada Santista, comprised of related parties Itinera Construções Ltda. and Crasa Infraestrutura S.A., provided "Flexible Paving Revamp Service on Highways" that comprise the ANCHIETA-IMIGRANTES (SAI) SYSTEM and CBUQ (machined hot bituminous concrete), including Modified Asphalts at Unisa of Ecovias". The overall price agreed is R\$51,300. The deadline to complete the services is December 31, 2018. As at December 31, 2019, there is no outstanding balance payable (services already performed).
- (o) Refers to reimbursement of administrative expenses.

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The balances of intragroup loan agreements between subsidiaries as at December 31, 2019 are not disclosed in the financial statements because they do not include the parent company and are eliminated in the consolidated financial statements. The balances are as follows:

Lender	Borrower	Issue	Maturity	Rate	12/31/2019	12/31/2018
Ecorodovias Concessões	Ecopistas EcoRodovias	10/2010	03/2025	100% CDI + 1.20% p.a.	151,043	142,317
Ecorodovias Concessões	Infraestrutura	06/2015	06/2020	105.0% CDI	-	353,073
Ecorodovias Infra	Ecoporto Santos	10/2015	12/2021	105.0% CDI	-	37,115
Ecorodovias Infra	Termares	11/2015	12/2021	105.0% CDI	5,176	4,914
Termares	Ecoporto Santos	09/2015	12/2021	105.0% CDI	2,525	6,246
Termares	Ecoporto Santos	10/2015	12/2021	105.0% CDI	-	2,114
					<u>158,744</u>	<u>545,779</u>

Management compensation

Management members are the persons with authority and responsibility for the planning, management, and control of the Company's activities.

In the year ended December 31, 2019, key management personnel received short-term benefits (salaries, profit sharing, private pension plan, and stock options) recognized in line item 'General and administrative expenses'.

No amounts were paid as: (a) postemployment benefits (pensions, other retirement benefits, postemployment life insurance, and postemployment healthcare); (b) long-term benefits (leave of absence for length of service and long-term disability benefits); or (c) severance benefits.

The overall annual compensation of key management personnel for the year ended December 31, 2019 was set at the Annual General Shareholders' Meeting at R\$13,145 (R\$19,324 for 2018), and part of the proposed amount for compensation of certain management members may be apportioned between the Company and its subsidiaries as set forth in a cost sharing agreement.

Accrued management compensation for the year is as follows:

	12/31/2019	12/31/2018
Compensation (fixed/variable)	3,040	5,762
Bonus	727	4,500
Stock option plan		68
Share-based compensation (Phantom Stock Option/Restricted Stock)	332	713
Life insurance	2	4
Health care	141	113
Private pension plan	44	175
INSS (on salaries, retention plan and long-term incentives - ILP (Phantom Stock Option - PSO + Phantom Restricted Stock - PRS)	337	1,898
	<u>4,623</u>	<u>13,233</u>

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## 21. PROVISION FOR MAINTENANCE - CONSOLIDATED

The amounts recognized as provision for maintenance costs refer to the estimated future costs incurred on the upkeep of the highway infrastructure at the contractual roadworthiness level, recognized at present value using rates of 8.10% per year, on average, corresponding to weighted average borrowing rates. The amounts are accrued by highway section, and interventions occur, on average, every four years, as follows:

	12/31/2018	Acquisition of equity interest (i)	Addition (cost)	Payment	Financial effect	12/31/2019
Recognition of provision for maintenance (see note 28)	1,328,191	44,138	241,993	-	-	1,614,322
Effect of present value on the provision setup (see note 28)	(275,212)	(13,241)	(41,120)	-	-	(329,573)
Performance of maintenance	(929,908)	-	-	(169,757)	-	(1,099,665)
Present value adjustment – realizations (see note 29)	197,404	3,538	-	-	40,313	241,255
	320,475	34,435	200,873	(169,757)	40,313	426,339
Current	79,074					147,328
Noncurrent	241,401					279,011

	12/31/2017	Addition (cost)	Payment	Financial effect	12/31/2018
Recognition of provision for maintenance (see note 28)	1,142,368	185,823	-	-	1,328,191
Effect of present value on the provision setup (see note 28)	(232,403)	(42,809)	-	-	(275,212)
Performance of maintenance	(809,532)	-	(120,376)	-	(929,908)
Present value adjustment – realizations (see note 29)	169,191	-	-	28,213	197,404
	269,624	143,014	(120,376)	28,213	320,475
Current	90,503				79,074
Noncurrent	179,121				241,401

(i) See note 13.a.ii

## 22. PROVISION FOR FUTURE CONSTRUCTION WORKS - CONSOLIDATED

The provision for future construction works recognized as a contra entry to intangible assets, arises from the estimated amounts required to comply with contractual concession obligations, whose economic benefits are already flowing into the indirect subsidiaries as a contra entry to intangible assets. The amounts are adjusted to present value at rates ranging from 9.50% to 10.73% per year, on average, corresponding to weighted average borrowing rates.

This provision is in accordance with the Brazilian Accounting Pronouncements Committee Guidance OCPC-05, paragraphs 31-33, which address construction services not representing potential generation of additional revenue, where the indirect subsidiaries are required to estimate the amounts relating to these works and recognize liabilities as a contra entry to intangible assets at the beginning of the contractual terms.

ECORODOVIAS INFRAESTRUTURA E LOGÍSTICA S.A.

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The provision's variations and balances are as follows:

	12/31/2018	Payment	Financial effect	12/31/2019
Recognition of provision for future construction works	149,155	(3,671)	-	145,484
Effect of present value on the provision setup	(23,540)	3,086	-	(20,454)
Performance of construction	(47,803)	(57,779)	-	(105,582)
Present value adjustment – realizations (see note 29)	19,055	-	(1,241)	17,814
	<u>96,867</u>	<u>(58,364)</u>	<u>(1,241)</u>	<u>37,262</u>
Current	71,841			36,495
Noncurrent	25,026			767

  

	12/31/2017	Addition	Payment	Financial effect	12/31/2018
Recognition of provision for future construction works	117,975	31,180	-	-	149,155
Effect of present value on the provision setup	(21,327)	(2,213)	-	-	(23,540)
Performance of construction	(47,321)	-	(482)	-	(47,803)
Present value adjustment – realizations (see note 29)	15,939	-	-	3,116	19,055
	<u>65,266</u>	<u>28,967</u>	<u>(482)</u>	<u>3,116</u>	<u>96,867</u>
Current	57,568				71,841
Noncurrent	7,698				25,026

23. PAYABLES TO THE CONCESSION GRANTOR - CONSOLIDATED

i) Fixed and variable fees

	12/31/2019	12/31/2018
Installments:		
Variable - Ecovias (a)	1,507	1,482
Variable - Ecopistas (a)	460	445
Other - Ecovia - Inspection fee (b)	287	277
Other - Ecovia - Highway Patrol fee (c)	436	588
Variable - Ecosul (d)	254	232
Other - Ecocataratas - Inspection fee (e)	336	325
Inspection fee - Ecoponte (f)	290	276
Inspection fee - Eco101 (g)	557	532
Other - Ecocataratas – PRE/PRF (h)	2,788	2,663
Other - Ecoporto - CODESP fees (i)	705	977
Other - Termares - CODESP fees (i)	25	114
Fixed - Eco135 (j)	900,267	767,527
Inspection fee - ECO050 (k)	911	-
	<u>908,823</u>	<u>775,438</u>
Current	18,064	10,608
Noncurrent	890,759	764,830

- a) The variable portion of indirect subsidiaries Ecovias and Ecopistas is calculated and paid monthly and corresponds to 1.5% of revenue collection.
- b) Payment of an annual inspection fee in monthly installments during the agreement term, which is R\$60 per month from the start to the 11<sup>th</sup> year and R\$66 per month from the 12<sup>th</sup> year to the end of the arrangement. The adjusted monthly fee as at December 31, 2019 is R\$287 (R\$277 as at December 31, 2018).
- c) Payment of a fee to equip the Highway Patrol by indirect subsidiary Ecovia.
- d) The variable portion is calculated and paid monthly and corresponds to 1% of the toll revenue.
- e) Annual inspection fee in 12 monthly installments of R\$77 during the agreement term, adjusted based on the toll charge adjustment indices. As at December 31, 2019, the adjusted installment is R\$336 (R\$325 as at December 31, 2018).
- f) Pursuant to the agreement entered into on May 18, 2015, the notional amount of R\$210 must be paid as inspection fee up to the end of the concession period, adjusted within the same terms and according to the toll charge adjustments. The adjusted monthly fee as at December 31, 2019 is R\$290 (R\$276 as at December 31, 2018).
- g) Indirect subsidiary Eco101 inspection fee: the annual amount payable as inspection fee totals R\$3,722 divided into 12 installments payable to the Brazilian Land Transportation Agency (ANTT) by the fifth business day of the month subsequent to the calculation month. This amount is adjusted annually, on the same date and at the same percentages of toll charge adjustments. As at December 31, 2019, the monthly amount of the adjusted installment is R\$557 (R\$532 as at December 31, 2018).
- h) Payment of a fee to equip the Highway Patrol. The amount is intended for equipment to be used by the Patrol.
- i) Refer to the payments of fees to Companhia de Docas do Estado de São Paulo (CODESP) by subsidiaries Ecoporto Santos and Termares, as: container clearance and handling, berth infrastructure, and customs transit declaration fees.
- j) Pursuant to the concession agreement of indirect subsidiary Eco135 Concessionária de Rodovias S.A., entered into on June 19, 2018, the concession will be paid in 348 monthly installments in the amount of R\$5,920 thousand adjusted based on the IPCA, as from the 1<sup>st</sup> month of the 2<sup>nd</sup> contractual year, corresponding to a total amount of R\$2,060,000 (R\$2,312,752 adjusted on the agreement execution date). CPC 12 – Adjustment to Present Value applied the concept of present value adjustment for payables to the Concession Grantor, considering a discount rate of 9.7% p.a. in the amount of R\$1,605,947.
- k) Refers to the payment of the inspection fee of indirect subsidiary Concessionaria de Rodovias Minas Gerais Goiás S.A., on behalf of the National Transportation Agency (ANTT). As at December 31, 2019, the monthly amount corresponds to R\$455.

Additionally, indirect subsidiaries Ecovia and Ecocataratas pay a monthly inspection fee to the Paraná State Regulatory Agency (AGEPAR) corresponding to 0.5% of the toll collection revenue.

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Indirect subsidiaries Ecovias and Ecopistas have insurance coverage against risks incidental to the performance of all their concession-related activities. The insurance coverage must be fully effective until an agreement for the definitive hand over of the highway system is executed.

The variations in the payables to the concession grantor are as follows:

	12/31/2019	12/31/2018
Balance at the beginning of the year	775,438	13,488
Addition (i)	-	2,312,752
Adjustment to present value of amount recognized (i)	-	(1,605,947)
Acquisition of interest (see note 13.a.ii)	455	-
Cost (see note 28)	68,217	61,183
Intangible assets	2,323	2,223
Realization of PVA (ii)	18,134	34,980
Financial effects on concession right (see note 29)	120,378	(50)
Capitalized finance costs (ii)	35,239	25,743
Payment of principal	(111,361)	(68,934)
Balance at the end of the year	908,823	775,438

(i) Refers to the concession agreement of indirect subsidiary Eco135 Concessionária de Rodovias S.A.

(ii) Pursuant to item 32 of technical pronouncement CPC 04 – Intangible Assets, subsidiary Eco135 is capitalizing the finance costs until the date of beginning of toll collection.

ii) Other concession-related commitments

Concessionária Ecovia Caminho do Mar S.A.

The concessionaire is also responsible for the repair and performance of routine pavement maintenance and upkeep of highway access roads, as follows:

- 2.6 km of highway PR-804, section between BR-277 and PR-408.
- 13.2 km of highway PR-408, section between Morretes and BR-277.
- 9.6 km of highway PR-408, section between PR-340 and Morretes.
- 13 km of highway PR-411, section between PR-410 (São João da Graciosa) and Morretes.

Concessionária Ecovias dos Imigrantes S.A.

The Concessionaire operates the Anchieta-Imigrantes System, which interconnects the São Paulo metropolitan region to the Santos port, the biggest in Latin America, the Cubatão Petrochemical Complex, the ABCD Paulista and Baixada Santista industries by managing 176.8 kilometers length.

Empresa Concessionária das Rodovias do Sul S.A. - Ecosul

The Concessionaire's exclusive purpose is the operation of highway under the concession regime of the so-called Pelotas Highway System.

Rodovia das Cataratas S.A. – Ecocataratas

The concessionaire assumed the following commitments under the concession:

- Repair and routine upkeep and maintenance of the pavement of the highway access roads, as follows (except operation):
  - 7.64 km of Highway PR-474, access road between BR-277 and the municipality of Campo Bonito, PR.
  - 37.03 km of Highway PR-180, access road between BR-277 and the Juvinópolis district, municipality of Cascavel, PR.
  - 13.58 km of Highway PR-590, access road between BR-277 and the municipality of Ramilândia, PR.
  - 13.59 km of Highway PR-874, access road to the Santa Terezinha de Itaipu, PR touristic terminal.

Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas

The Concessionaire's purpose is the operation, upon collection of toll fee and accessory revenues under the terms and within the limits of the concession agreement, of the set of highway lanes of the Ayrton Senna and Carvalho Pinto corridor, under the concession regime with initial 30-year period, expected to end on June 18, 2039, its respective rights of way and buildings, facilities and equipment therein in accordance with the concession terms granted by the São Paulo State Government.

ECO101 Concessionária de Rodovias S.A.

The concessionaire assumed the following commitments under the concession:

- Technological development funds: during the concession period, the concessionaire must allocate R\$620 annually to technological development projects and studies, pursuant to ANTT regulations.
- ANTT inspection fee: the concessionaire must pay to ANTT, during the concession term, the inspection fee used to pay for the concession inspection expenses.
- Traffic safety fee: the concessionaire must provide to ANTT, during the concession term, an annual traffic security fee, exclusively intended to finance programs related to accident prevention, traffic education, communication and provision of equipment to the Federal Highway Patrol.

Concessionária Ponte Rio-Niterói S.A. - Ecoponte

The concessionaire assumed the following commitments under the concession:

- Payment of an inspection Fee to the ANTT in the initial annual amount of R\$2,524, annually adjusted using the toll adjustment index;
- Technological development funds: during the concession period, the concessionaire must allocate R\$421 annually to technological development projects and studies, pursuant to ANTT regulations.



*Eco135 Concessionária de Rodovias S.A.*

The concessionaire assumed the following commitments under the concession:

- provide, under the concession regime, public services consisting of the operation, management, widening, upkeep and investments required to operate the highway system denominated Highway Lot: (i) BR-135 – from km 367.65 (beginning of the interchange ramp in the intersection of BR-135 with BR-122/251/365 – contorno Montes Claros) to km 668.85 (beginning of the interchange ramp in the intersection of BR-135 with BR-040(A) – São José da Lagoa, 301.20 km long; (ii) MG-231 – from km 41.00 (intersection of MG-231 with LMG-754 – Cordisburgo city urban limits) to km 63.65 (beginning of the interchange ramp in the intersection of MG-231 with BR-040 - Paraopeba), 22.65 km long; and (iii) LMG-754 – from km 2.85 (end of the interchange ramp in the intersection of LMG-754 with Avenida Brasil – Curvelo city urban limits) to km 42.95 (intersection of LMG-754 with MG-231 – Cordisburgo city urban limits), 40.10 km long.

*Concessionária de Rodovias Minas Gerais Goiás S.A. – Eco050*

The concessionaire assumed the following commitments under the concession:

- recover, operate, maintain, upkeep, implement improvements and expand the capacity of the Highway System of the lot comprising the section with 436.6 km of BR-050, from the intersection with BR-040, in Goiás, until the border of the State of Minas Gerais and the State of São Paulo, considering the outline existing in Uberlândia, including the elements comprising the right-of-way, in addition to accesses and rings, buildings and land, central, lateral, marginal or local lanes directly connected or connected using devices for interconnection with the highway, roadsides, special artworks and any other elements concentrated on the limits of the right-of-way, as well as the areas occupied by operational and administrative facilities listed in the concession agreement “Invitation to Bid 001/2013 Part VII”, entered into with the Brazilian government through the National Highway Transportation Agency (ANTT) on December 5, 2013. The highway will be operated upon the collection of a toll fare, with a 30-year concession period counted from January 8, 2014, the agreement assumption date.

As defined by the ANTT, the concession arrangement establishes the commitments assumed by the Company under the Highway Operation Program (PER), showing all goals, criteria, requirements, mandatory interventions, technical guidelines, standards, scope, performance indicators, technical indicators and related periods for compliance, divided in four parts:

- Recovery and Maintenance;
- Capacity Expansion and Service Level Maintenance;
- Upkeep;
- Operational Services.

Ecovias do Cerrado S.A.

The concessionaire assumed the following commitments under the concession:

Operation, maintenance, monitoring, upkeep, improvement, growth of capacity and maintenance of the service level of the Highway System comprised of the sections of BR-364/365/GO/MG, at the intersection with BR-060 (Jataí/GO) and intersection with LMG-479 (Western border of Uberlândia/MG), as well as performance and management of delegated services, support in the performance of non-delegated services, performance and management of supplementary services, and support to the inspection and management of the supplementary services directly provided by the Company.

The concessionaires estimate the amounts listed below, as at December 31, 2019, to meet their investment, repair and maintenance obligations until the termination of the service concession arrangements. These amounts may be changed due to contractual adjustments and periodic revisions of the cost estimates in the course of the concession period, and are reviewed at least annually. The investments relating to Eco135 Concessionária de Rodovias S.A., Concessionária de Rodovias Minas Gerais S.A. and Concessionária Ecovias do Cerrado S.A. are being revised and will be disclosed in due time.

	12/31/2019							
	Estimate at the end of the concession							
	Ecovia	Ecosul	Ecovias	Ecocataratas	Ecopistas	ECO101	Ecoponte	Total
Cost nature								
Infrastructure improvements	38,176	104,633	117,366	41,241	53,712	1,417,296	354,944	2,127,368
Special upkeep (maintenance)	23,510	164,366	107,991	114,334	559,976	663,460	300,706	1,934,343
Equipment	10,882	38,317	54,398	9,465	240,588	362,467	88,810	804,927
Total	72,568	307,316	279,755	165,040	854,276	2,443,223	744,460	4,866,638

	12/31/2018							
	Estimate at the end of the concession							
	Ecovia	Ecosul	Ecovias	Ecocataratas	Ecopistas	ECO101	Ecoponte	Total
Cost nature								
Infrastructure improvements	61,976	169,068	277,598	47,595	78,657	1,557,704	578,503	2,771,101
Special upkeep (maintenance)	27,147	68,280	179,458	153,410	428,813	682,198	427,050	1,966,356
Equipment	10,977	37,515	54,393	9,075	231,126	355,576	86,959	785,621
Total	100,100	274,863	511,449	210,080	738,596	2,595,478	1,092,512	5,523,078

On March 27, 2018, a lower court decision favorable to Ecopistas was published for the lawsuit concerning the contractual imbalance related to the change of Highway Carvalho Pinto extension project under concession of Ecopistas. The State Public Treasury and ARTESP appealed against this decision on May 11, 2018, and we are awaiting judgment of this appeal by the appellate court.

On April 24, 2018, Ecovias dos Imigrantes signed an amendment to the agreement with Artesp, which included construction works in the amount of R\$270,000 in the concession agreement which will be balanced by the marginal cash flow, with concession term extension by 7 months and 24 days.

## 24. INFORMATION ON THE CONCESSION AGREEMENT

### Additional information on the concession agreement

#### a) Rodovia das Cataratas S.A. – Ecocataratas

Rodovia das Cataratas S.A. - Ecocataratas is part of the Paraná State concession program, duly tendered and contracted in 1997, together with five other concessionaries. The concession expires in November 2021.

On October 27, 2016, the concessionaire and the concession grantor—the Paraná State Department of Roads (DER/PR)—signed Amendment 073/97 to the Concession Agreement under which both parties achieve the economic and financial balance of the arrangement and end all legal claims relating to this matter.

A Federal Court of Auditors decision was issued in November 2016, after the examination of the review requests submitted by the concessionaires in April 2012, in response to a request from the National Congress to audit the concession agreements of the Paraná State highways. This decision requires the concession grantor to analyze the existence of any economic and financial unbalance in the agreements and enforce the periodic tariff review clause.

Also in December 2016, the Paraná State Court of Auditors issued a decision on the preliminary audit report on the Ecocataratas' concession agreements. This decision agrees with part of the audit report recommending the implementation of an appropriate audit structure by the regulatory agencies, and converted this procedure into an extraordinary accountability assessment. The concessionaire, the concession grantor, and the regulatory agency filed appeals against this decision. In December 2018 the appeal filed by the Concessionaire was accepted and the adoption of special accountability procedure was ruled out.

Management assessed these matters in detail and concluded that, even though there are associated risks, the likelihood of these events affecting significantly the Company's financial position and results from operations is less than probable.

#### b) Concessionária Ecovia Caminho do Mar S.A.

Concessionária Ecovia Caminho do Mar S.A. is part of the Paraná State concession program, duly tendered and contracted in 1997, together with five other concessionaries. The concession expires in November 2021.

A Federal Court of Auditors decision was issued in November 2016, after the examination of the review requests submitted by the concessionaires in April 2012, in response to a request from the National Congress to audit the concession agreements of the Paraná State highways. This decision requires the concession grantor to analyze the existence of any economic and financial unbalance in the agreements and enforce the periodic tariff review clause.

On September 6, 2017, the concessionaire and the concession grantor—DER/PR—signed the 5<sup>th</sup> Amendment to the Concession Agreement 076/97, under which both parties achieve the economic and financial balance of the agreement and end all legal claims relating to this matter.

Management assessed these matters in detail and concluded that, even though there are risks associated to the final decisions of the ongoing proceedings, the likelihood of these events affecting significantly the Company's financial position and results from operations is less than probable.

c) Concessionária Ecovia Caminho do Mar and Rodovia das Cataratas – Ecocataratas

With respect to the police investigation No. 5002963-29.2015.404.7013 and the police investigation related to the enactment of Provisional Act 752/2016, the Company informed that both investigations are being currently conducted by the 23<sup>rd</sup> Federal Court of Curitiba/PR. With respect to the searches and seizures to obtain information on the subsidiaries of Companhia Concessionaria Ecovia Caminho do Mar and Rodovia das Cataratas – Ecocataratas, temporary detention of one superintendent officer and preventive detention of one employee (both already released and removed from their positions), which orders were issued under the search and seizure process No. 5036128-042.2018.4.04.7000, the Company informs that an indictment against these two executives has been filed and accepted in the case records of criminal case No. 5003165-06.2019.4.04.7000. Subsidiaries Concessionaria Ecovia Caminho do Mar, Rodovia das Cataratas – Ecocataratas and Ecorodovias Concessões e Serviços inform that they were not subject to indictment in criminal case, only their removed executives, with a request from the General Attorneys' Office to determine the minimum amount for reimbursement of damages, which estimated amount for Ecovia is R\$200,499 and for Ecocataratas is R\$935,476.

In addition to the internal procedures performed by the Company's Management, in the context of the Corporate Crisis Management Committee, the Board of Directors, in fulfilling its due diligence duty, approved on March 7, 2018 the creation of an Independent Committee directly subordinated to the Board of Directors, with the responsibility of determining, in a fair and impartial manner, allegations made against the Company and its subsidiaries, making sure that the investigation was conducted independently and preparing a final report on the investigation's findings, and the Committee's recommendations regarding internal policies and procedures related to the investigation, and including the applicable disciplinary and/or legal actions. After the engagement of renowned companies, the Independent Committee has tried to make sure that the investigation team would use a forensics investigation methodology recognized by the market and that the work would be conducted on a comprehensive and unrestricted manner, resulting in the analysis of approximately 19,000 documents, 230,000 electronic files, 170 integrity reports and 248 transaction tests.

With respect to the performance of the independent investigation work, the Company informs that the work was completed with the submission on February 7, 2019 of a final report to the Board of Directors of EcoRodovias Infraestrutura e Logística S.A, which was inconclusive in relation to the existence of illegal acts identified in the allegations of the General Attorneys' Office and did not indicate the applicability of legal or disciplinary measures. Also, the Independent Committee has warned that the result of the investigations conducted by the MPF could provide new information which, in turn, can potentially result in new allegations or evidence. The Independent Committee has completed the work and was extinguished on February 15, 2019. In view of such scenario, the Company did not have any elements that allow it to identify the existence of potential loss related to these events or not. After considering possible alternatives as to how to proceed, since no conclusion was drawn up at the end of its work, two alternatives remained: the long, uncertain and costly investigation process or the immediate collaboration of people involved in the alleged facts for the Paraná concessionaires, since the former executives were able to provide information necessary for full and prompt clarification of the facts.

The information, clarifications and documents provided by the former executives were considered relevant by the Federal Prosecution Service (MPF) of Paraná and, if the alleged facts were proved to be true, any penalties could have material effects on financial position, results of operations and cash flows of the Company and its investees.

On July 11, 2019, the Paraná State Government and the Department of Highways of Paraná State (DER/PR) filed Public Civil Action No. 5035770-05.2019.4.04.7000/PR, against Ecovia, its related parties, ECS and the Company, and against the Brazilian Highway Concessionaire Association on the grounds that the concession agreement and its amendments would be null and void as they resulted from collusion investigated in the "Integração" Operation. The Paraná State Government and DER/PR filed a petition for urgent relief and injunction aimed at opening the toll plaza gates/reducing tariffs, depositing or freezing amounts, establishing the concessionaire's and its shareholders' assets freeze and breaching of bank secrecy of Ecovia. In their final petitions, the Paraná State Government and DER/PR claimed indemnity for the alleged property damages (estimated at R\$4,495,904) and pain and suffering (estimated at R\$500,000), and the application of penalties provided for in the Anti-Corruption Law against Ecovia. The amount claimed by the Paraná State Government and DER/PR, of R\$4,945,904, corresponds, according to the Paraná State Government and DER/PR, to the total amount collected by Ecovia throughout the concession period.

In view of the Independent Committee's warning about possible developments stemming from the investigations made by MPF of Paraná, the Company retained renowned law firms that prepared formal reports to the Board of Directors highlighting that a leniency agreement could be a feasible alternative for the Company and the Paraná concessionaires.

The Company's Board of Directors, on August 12, 2019, decided to execute a leniency agreement ("Leniency Agreement") to regulate the continuity of the business of the Company and the Paraná concessionaires.

In order for the former executives involved to be willing to cooperate with the relevant authorities, it was necessary to ensure them certain rights and to protect them from certain risks through a contractual agreement that regulated that the former executives involved were obliged to cooperate with those authorities so that the Company could execute the leniency agreement. Therefore, on August 12, 2019, the Board of Directors agreed, upon such former executives' commitment to clarify facts that were useful for the Company and that allowed them to cooperate with the Brazilian authorities, to (i) the payment of a specific amount in legal tender for a period of 5 years (approximately R\$67,305); (ii) not to file civil liability lawsuits against the former executives; and (iii) reimbursement of expenses and costs incurred by the former executives in connection with this matter.

The Leniency Agreement was executed on August 12, 2019 with MPF of Paraná, ratified by the 5<sup>th</sup> Coordination and Review Chamber of the Federal Prosecution Service, and established that: (a) the Company or ECS must pay R\$30,000 as fine provided for in the Misconduct Law; (b) Ecovia must bear the cost of R\$20,000 of works and R\$100,000 of tariff reduction; and (c) Ecocataratas must bear the cost of R\$130,000 of works and R\$120,000 of tariff reduction. The reduction of the toll tariff will be in favor of users of all toll plazas operated by the Paraná concessionaires, on the basis of 30%, for at least 12 (twelve) months. Additionally, the Paraná concessionaires must improve and be subject to monitoring of their ethics and compliance programs by an independent monitor.

The Leniency Agreement also established closing of criminal and civil proceedings filed by MPF, including in relation to acts of misconduct against the Company and its subsidiaries, as well as MPF agreement with use of amounts included in the Leniency Agreement for offset against any payments that the Company, ECS and the Paraná concessionaires are required to make in connection with any future lawsuits filed by government authorities regarding facts addressed in the Leniency Agreement. MPF will recommend the release of the amounts frozen of R\$185,368 in bank accounts held in the name of Ecorodovias (Seizure No. 5008589-29.2019.4.04.7000) in criminal proceeding No. 5003165-06.2019.4.04.7000. MPF also agreed with use of the amounts included in the Leniency Agreement for indemnity purposes pursuant to Public Civil Action No. 5035770-05.2019.4.04.7000/PR ("ACP"). In light of the decision denying the Concessionaires' request and clarifying that the MPF request should have been directly filed with the TRF, the Concessionaires filed an appeal and the MPF has field its request for release of amounts directly with the TRF.

The total amount of the liability was R\$469,050 and the amount was fully recognized in the year ended December 31, 2019 and expenses were considered non-deductible for income tax and social contribution purposes. A fine of R\$30,000 was paid on October 1, 2019 and the reduction on toll tariffs started to be applied on the same date. The works have no confirmed scheduled yet. Considering such terms, the Company classified the total amount of R\$198,582 in noncurrent liabilities.

On October 31, 2019, the Company received prior notification sent by the General Controllers' Office of the State of Paraná (CGE/PR) informing about the beginning of the administrative responsibility proceeding (PAR) to determine the performance of harmful acts against the Public Administration. The notifications were also received by concessionaires Ecovia on November 1, 2019 and Ecocataratas on November 4, 2019, and previous defenses were filed by the Company and its subsidiaries. The MPF received an official letter from CGE/PR requesting it to share the appendices to the Leniency Agreement entered into. In response to such official letter, the MPF defended the impossibility to use the leniency information to apply a penalty or adverse effect on the employees to an extent greater than that already provided for in the agreement, requesting the State to confirm the full agreement with the impossibility to use the information to apply penalties, as well as the terms and conditions of the Leniency Agreement. The administrative proceeding is pending decision.

Regardless of the administrative responsibility proceeding (PAR), on January 7, 2020, the Company and its direct subsidiary ECS informed to the market that they were aware of the publication of CGE Resolution 67/19, issued by the General Controllers' Office of the State of Paraná (CGE/PR), which has carefully determined the temporary suspension of the rights of concessionaires Ecocataratas and Ecovia to participate in new bids and enter into new agreements with the Public Administration of the State of Paraná. Concessionaires Ecovia and Ecocataratas filed an injunction to stay the effects of CGE Resolution 67/19 in view of the impossibility to apply penalties without the previous administrative proceeding and the right to full defense and right to confront. The injunction is pending decision by the relevant judge.

d) Ecoporto Santos S.A.

Lease agreement PRES 028/1998 ("Agreement") entered into between Companhia Docas do Estado de São Paulo ("CODESP") and Ecoporto Santos S.A. ("Ecoporto Santos") is effective for 25 years and expected to be terminated in June 2023. Five amendments to the agreement were entered into so far without changing the initially established agreement period. However, Clause Sixteen to the agreement provides for the possibility of extension for an equal period (25 years), subject to sector regulation. In the aftermath of the industry's new regulatory framework, the concession grantor is now the Ministry of Infrastructure, while the National Water Transportation Agency (ANTAQ) is responsible for the industry's oversight and regulation. Ecoporto Santos has timely requested the early extension of the Agreement term by filing a request and all the relevant documentation. On December 19, 2019, ANTAQ Resolution 7549, which approved the Technical, Economic and Environmental Feasibility Study ("EVTEA") submitted by Ecoporto Santos, contemplating the economic and financial balance and extension of the contractual term through 2048, was published. On January 6, 2020, Ecoporto Santos has filed an administrative appeal against said Resolution for the recognition of the right to the economic and financial balance arising from the subsequent substitution of the area originally delimited in the Agreement for new areas, not close, with total meter length 20% below (170,000m<sup>2</sup> x 136,444.03m<sup>2</sup>), resulting in loss of operational efficiency.

e) Eco101 Concessionária de Rodovias S.A.

On April 11, 2019, the Federal Police has executed a search and seizure order at indirect subsidiary Eco101 Concessionária de Rodovias S.A. ("ECO101") in Serra - ES, within the scope of the "Infinita Highway Operation".

As informed by the Federal Police, the investigation was conducted with the support of the Federal Court of Auditors and is focused on identifying possible irregularities related to technical reports on the highway condition.

Ecorodovias informs that an internal audit work was conducted to investigate the facts. The audit work will be assisted by independent auditors.

As at December 31, 2019, there is no other relevant information to be disclosed.

On April 11, 2019, the Federal Police has executed a search and seizure order at indirect subsidiary Eco101 Concessionária de Rodovias S.A. ("ECO101") in Serra - ES, within the scope of the "Infinita Highway Operation".

As informed by the Federal Police, the investigation was conducted with the support of the Federal Court of Auditors and is focused on identifying possible irregularities related to technical reports on the highway condition.

The police investigation is being conducted by the Federal Police, with no expected end date.

The Company has initiated an internal investigation to determine the facts and relied on the support of outside professionals for the work. In the forensics report, these outside professionals stated that there are no documents in the investigation supporting the theory that ANTT employees were aware of alleged changes made by ECO101 in the oversight reports, that the investigation did not show documents confirming the alleged illegal relationship between ECO101 and ANTT representatives, as well as that there is no evidence that the oversight reports allegedly modified had been used to obtain financing from the BNDES. The Company is assessing the results of the forensics reports prepared in the course of the internal investigation for completion of the work.

f) Other information

On June 20, 2018, Ecorodovias Group has received official letter 1460/2018, issued by the 3rd Prosecution Office of Public and Social Assets of the State of São Paulo, informing about the filing of Civil Investigation 14.0695.000489/2018-2 and requesting information on the engagement of a third party in 2009 and 2010, the services provided and the terms and conditions of these services and internal approvals.

Such investigation was filed based on the content of the article extracted from the blog published in the Estado de São Paulo newspaper on May 14, 2018. The news states that the work team from the Federal Attorneys' Office of Paraná would be in possession of spreadsheets showing that the service provider, controlled by the former advisor of DER/SP, would have received transfers, between 2009 and 2010, in the amount of R\$3,200 from indirect subsidiaries Ecovia and Ecocataratas.

On August 6, 2018, Ecorodovias has provided the clarifications requested in the official letter, sent copies of the relevant agreements, and clarified the subject matter of the agreements and the internal approvals.

During such Civil Investigation, the Public Prosecutors believed that there was reason to consider the two other civil investigations in the original investigations, that is, investigations 43.0695.0001071/2014-9 and 14.0615.0000295/2018-8, which occurred only because they refer to topics related to the highway concessions in the State of São Paulo. It is important to point out that Ecorodovias Group or any of its Concessionaires are not parties to or subject matter of any investigation by the MPE/SP in the two abovementioned investigations. The investigations are confidential, the reason why the Company has no copies of their content but only the preliminary documents.

According to the external advisors hired to represent the Group in this investigation, if the performance of illegal acts and the irregularities investigated are confirmed, the company may face charges filed by the MPE/SP, including penalties applicable to legal entities. At the civil and administrative level, the penalties include the potential application of the Administrative Misconduct Law which provides for: i) full reimbursement of the damage; ii) prohibition to contract with the Public Authorities or receive tax benefits or incentives or credits, for a period of 10 years (due to acts resulting in unlawful enrichment), 05 years (due to acts resulting in loss to the national treasury) and 03 years (due to acts against the principles of the administration); iii) payment of fine depending on the determination of responsibility, which may be: (a) up to three times the amount of the asset increase (for acts resulting in unlawful enrichment); (b) two times the damage amount (for acts resulting in loss to the national treasury) and (c) one hundred times the amount of the compensation received (for acts against the principles of the administration), in addition to potential criminal penalties.



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Ecorodovias' legal advisors inform that it is not possible to estimate, at this procedural stage, which are the possible consequences for the Group in case of validity of the investigation as the penalties described above may vary depending on the conclusions of the investigations in progress..

## 25. PROVISION FOR CIVIL, LABOR AND TAX RISKS

Accounting policy

EcoRodovias Group is a party to several lawsuits and administrative proceedings. Provisions are recognized for all contingencies arising from lawsuits for which it is probable that an outflow of funds will be required to settle the contingency/obligation and a reliable estimate can be made.

The unfavorable outcome on its lawsuits, individually or in the aggregate, will not have a material adverse effect on the Company's financial condition or on its business.

The variations in the provision in the years are as follows:

	Civil (a)	Labor (b)	Tax (c)	Total
Balances as at January 1, 2019	151,282	28,104	6,078	185,464
Consolidation - Ecopátio (i)	-	1,745	195	1,940
Acquisition of interest (ii)	310	3,159	690	4,159
(+/-) Increase (reversal) of provision	15,395	8,298	841	24,534
(-) Payments	(6,817)	(13,015)	(25)	(19,857)
(+) Inflation adjustment	6,712	3,483	224	10,419
Balances as at December 31, 2019	166,882	31,774	8,003	206,659

  

	Civil (a)	Labor (b)	Tax (c)	Total
Balances as at January 1, 2018	153,329	33,695	10,184	197,208
(+/-) Increase (reversal) of provision	(1,246)	9,213	(3,899)	4,068
(-) Payments	(6,414)	(17,910)	(1)	(24,325)
(+) Inflation adjustment	5,613	3,106	(206)	8,513
Balances as at December 31, 2018	151,282	28,104	6,078	185,464

(i) See note 7.b).

(ii) See note 13.a.ii).

## (a) Civil lawsuits

The provisioned amount refers mainly to compensation claims for losses and damages due to highway accidents. The Company and its subsidiaries are parties to other civil lawsuits totaling R\$963,550 as at December 31, 2019 (R\$608,152 as at December 31, 2018), the likelihood of loss of which is assessed by the Company's legal counsel and Management as possible; accordingly, no provision was recognized.

The main lawsuits classified as probable losses, i.e., for which a provision was recognized, are as follows:

- (i) Indirect subsidiary Ecovias is a party to a class action brought by the São Paulo State Public Prosecution Office alleging that the Company did not pay part of the environmental compensation for the construction of the downward lane of Highway Imigrantes. In August 2014, a court decision upholding part of the claims sentenced Ecovias to the payment of R\$36,917. On September 29, 2014, R\$38,828 was deposited in escrow. On April 9, 2018, the appellate court issued a decision that required: (i) the payment to CDHU (of the installment provided for in the Arrangement entered into on December 22, 2006) and (ii) the inflation adjustment of residual amount of R\$3,787 (March 2004) using the TJSP practice table, plus arrears interest of 1% per month, starting on the 31<sup>st</sup> day after the completion of the works. Ecovias filed an appeal to clarify that the residual amount has already been deposited taking into account the inflation adjustment required by the appellate court's decision and the final date to apply the arrears interest. On March 29, 2019, in view of the decision that acknowledged that the inflation adjustment was considered in the amount already deposited and determined the interest application date, Ecovias made an additional deposit of R\$6,522. On September 30, 2014, because the likelihood of an unfavorable outcome was assessed as probable, R\$30,920 was provisioned. This amount as adjusted for December 31, 2019, including the additional deposit of R\$6,522, is R\$60,425 (R\$51,649 as at December 31, 2018), recognized as a contra entry to intangible assets, in line item 'Concession agreements'. The assumption used to recognize the amount in line item 'Concession agreements' was used by the Company's Management because this amount will be subject to a request for economic and financial balance of the concession arrangement to be filed with the concession grantor.
- (ii) Direct subsidiary Ecoporto Santos filed for an injunction to suspend the effects of the administrative decision issued by the Administrative Council for Economic Defense (CADE), which found the collection of the Container Segregation and Delivery service a violation of the economic order. The collection was made up to August 2012, under a court authorization by means of deposit available to the lower court. Upon the issue of a decision unfavorable to the Terminal in August 2012, the Company decided to suspend such collection, safeguarding its right to charge it in due time. On December 7, 2017, by a majority vote, the appeals filed by the Federal Government and Ecoporto Santos were dismissed. The Company filed Special Appeal and Extraordinary Appeal, both pending approval. As at December 31, 2019, the contingency amounts to R\$81,276 (R\$79,253 as at December 31, 2018). Escrow deposits were made for this contingency and these adjusted amounts are equivalent to the recognized provision.

(b) Labor lawsuits

The provisioned amount refers mainly to claims for compensation for occupational accidents and payment of overtime. There are no lawsuits involving an individually material amount. As at December 31, 2019, there are also other lawsuits of the same nature totaling R\$60,434 (R\$84,125 as at December 31, 2018), which were assessed as possible losses by the legal counsel and Management. The main labor claim refers to recognition of the employment relationship of a service provider. This lawsuit awaits a hearing, but indirect subsidiary Ecovia Caminho do Mar assessed the likelihood of loss as possible and, therefore, no provision was recognized.

(c) Tax lawsuits

The provisioned amount corresponds mainly to tax rate and tax base differences of taxes paid. As at December 31, 2019, there are also other tax lawsuits totaling R\$210,845 (R\$183,445 as at December 31, 2018), which were assessed as possible losses by the Company's legal counsel and Management and, therefore, no provision was recognized.

The main tax lawsuit is as follows:

Therefore, the main possible lawsuit, without recognizing a provision, refers to the requirement to pay income tax and social contribution on the amortization of goodwill arising on the acquisition of equity interests deducted by the Company in calendar years 2010-2015. On November 14, 2016, an objection was filed against the Tax Assessment and Fine Notice, judged groundless on August 02, 2018. On August 30, 2018, a voluntary appeal was filed with CARF, which was judged partially valid by the CARF on September 18, 2019, and the court decision was not yet published and can be modified as a result of a Special Appeal to be filed by the taxpayer. The amount in dispute as at December 31, 2019 is R\$129,821 (R\$128,386 as at December 31, 2018).

With regard to the news disclosed in the media relating to the purchase of a provisional act by "Zelotes" Operation, the Company informs that it has regularly sought to defend Elog's institutional interest, which was a logistics company comprising the group at that time, of entering the bonded warehouse market for free competition by relocating the areas with higher demand for such logistics services. Additionally, the Company informs that the office Spindola Palmeira and LBS Consultoria e Participações Ltda. were hired to prepare consultations and legal opinions related to tax and social security matters and to provide consulting services on customs and tax matters. In response to the Federal General Attorneys' Office in connection with the investigation proceeding 1.16.000.002352/2018-11, the Company has submitted the requested information on the services hired from office Spindola Palmeira and LBS Consultoria e Participações.

26. EQUITY

a) Capital

As at December 31, 2019 and 2018, subscribed and paid-in capital is R\$360,900, represented by 558,699,080 common shares without par value.

b) Authorized capital

Pursuant to its Bylaws, the Company is authorized to increase its capital by up to R\$2,000,000, under a Board of Directors' resolution, subject to the statutory issue terms and conditions and the exercise of preemptive rights.

c) Earnings reserve - legal

Recognized as 5% of adjusted profit for the year, limited to 20% of issued capital. As at December 31, 2019, the amount retained, as legal reserve, is R\$46,140 (R\$46,140 as at December 31, 2018).

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d) Proposed dividends

Shareholders are entitled to dividends and/or interest on capital of at least 25% of the adjusted profit for the year, calculated in accordance with Article 202 of Law 6.404/76.

In the year ended December 31, 2019, no amounts were paid as dividends and interest on capital.

	12/31/2019	12/31/2018
Profit/(loss) for the year	(185,460)	374,510
Recognition of legal reserve	-	(18,725)
Dividend calculation basis	<u>(185,460)</u>	<u>355,785</u>
Interim dividends paid	-	158,964
Capital budget	-	196,821

e) Treasury shares

The Board of Directors approved four Share Buyback Programs that would take place without capital reduction and with the use of reserves, for purposes of cancelling shares or holding them in treasury, as well as for resale, replacement in the market, or to back for the Company's stock option plans, as follows:

	1 <sup>st</sup> Program	2 <sup>nd</sup> Program	3 <sup>rd</sup> Program	4 <sup>th</sup> Program
Date	08/31/2010	05/30/2012	06/05/2013	06/06/2014
Period	365 days	365 days	365 days	365 days
Free float	144,003,000	143,737,879	200,669,081	199,611,859
Maximum number of common shares to be bought back	4,000,000	1,500,000	1,700,000	2,400,000

The Company holds 2,206,492 common shares in treasury calculated based on their closing price on the last trading session on December 31, 2019, of R\$16.30 per share (R\$9.38 as at December 31, 2018). The total amount of these shares, based on the trading session closing price on December 31, 2019, is R\$35,956.

The Company recognized a reserve for future share buybacks for its employee stock option plan totaling R\$9,012, which was transferred to line item 'Capital reserve', as prescribed by the Company's Bylaws.

f) Noncontrolling interests

The variations in the year in noncontrolling interests are as follows:

	12/31/2018
Balance at the beginning of the year	97,947
Profit sharing	7,625
Capital reserve - stock option plan	3
Acquisition of equity interest - Ecosul	(4,025)
Acquisition of equity interest - Eco101	(99,395)
Capital increase	-
Payment of dividends/interest on capital	<u>(2,155)</u>
Balance at the end of the year	<u>-</u>

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## 27. NET REVENUE - CONSOLIDATED

Accounting policy

## Revenues

Revenue is measured at the fair value of the consideration received or receivable, less any estimated cancellations, and profit or loss from operating activities are determined on the accrual basis, including:

	12/31/2019	12/31/2018
Revenue from toll collection (a)	2,952,132	2,528,660
Construction revenue (b)	1,007,724	653,066
Port revenues (c)	390,167	355,416
Accessory revenues (d)	87,631	95,021
Logistics revenues (e)	24,256	-
Intercompany service revenues (f)	-	1,850
Total gross revenue	<u>4,461,910</u>	<u>3,634,013</u>
Revenue deductions	(340,928)	(292,239)
Deductions of revenue recognition (g)	<u>(168,093)</u>	<u>(172,507)</u>
Net revenue	<u>3,952,889</u>	<u>3,169,267</u>

- (a) Toll revenue is recognized as users pass through the toll plaza.
- (b) Revenue related to construction or improvement services under the service agreement is recognized based on the percentage of completion of the construction or improvement performed. Operation or construction revenue is recognized over the year in which services are provided by the Company. When the Company provides more than one service under a service concession agreement, the consideration received is allocated by reference to the fair values of the services delivered.
- (c) Revenue is derived from port operations, and also from the import and export cargo handled and stored at an own terminal in the Port of Santos.
- Revenue earned by direct subsidiaries operating in the Port of Santos: Ecoporto Santos and Termares.
- (d) Accessory revenue refers to the other revenues of the highway concessionaires, such as lease of the area for fiber optics, use of highway land, sale of advertising, implementation and concession of accesses, etc.
- (e) Refers to the revenues earned by Ecopátio Logística Cubatão Ltda. (see note 7.b); the operations of this company are once again consolidated by the Company.
- (f) Refers to the provision of administrative, financial, human resources, information technology, engineering, and corporate procurement services to the EcoRodovias Group companies.
- (g) Refers to the variable consideration and discount based on volume of selling expenses of direct subsidiaries Ecoporto and Termares, classified pursuant to CPC47 – Revenue from Contract with Customers.

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	12/31/2019	12/31/2018
<u>Tax base</u>		
Revenue from toll collection	2,952,133	2,528,660
Port revenues	390,167	355,416
Logistics revenues	24,256	-
Accessory revenues and intercompany revenue	87,631	96,871
	<u>3,454,187</u>	<u>2,980,947</u>
<u>Deductions</u>		
Tax on revenue (COFINS) (i)	(137,076)	(119,748)
Tax on revenue (PIS) (ii)	(29,706)	(25,952)
Service tax (ISS) (iii)	(173,551)	(146,362)
Other – State Vat (ICMS)	(17)	(4)
Deduction of revenue recognition	(168,093)	(172,507)
Discounts	(578)	(173)
	<u>(509,021)</u>	<u>(464,746)</u>

- i. Tax rate for: concessionaires 3% and ports 7.6%.  
ii. Tax rate for: concessionaires 0.65% and ports 1.65%.  
iii. Rate average of 5.0%.

## 28. OPERATING COSTS AND EXPENSES - BY NATURE

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Personnel expenses	40,599	21,123	407,989	321,581
Upkeep, maintenance and other	426	292	114,832	85,586
Outside services (i)	31,503	14,317	240,158	186,384
Insurance	985	548	18,554	14,758
Concession grantor (see note 23)	-	-	68,217	61,183
Provision for maintenance (see note 21)	-	-	200,873	143,014
Cost of construction works	-	-	1,007,724	653,066
Depreciation and amortization (see notes 14 and 15)	587	664	567,505	433,569
Lease of properties, machinery and forklifts	1,495	1,069	23,477	33,404
Other operating costs and expenses	1,622	1,316	100,891	66,644
	<u>77,217</u>	<u>39,329</u>	<u>2,750,220</u>	<u>1,999,189</u>
Classified as:				
Cost of services	-	-	2,449,007	1,780,016
General and administrative expenses	77,217	39,329	301,213	219,173
	<u>77,217</u>	<u>39,329</u>	<u>2,750,220</u>	<u>1,999,189</u>

- (i) Outside services consist basically of consulting and advisory services, freight, and cleaning, surveillance, ambulance, rescue, and removal services.

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29. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Finance income:				
Income from short-term investments	3,244	6,033	148,303	140,389
Interest on loans	2,900	3,939	-	-
Inflation adjustment – Elog S.A.’s sale	-	-	-	-
Inflation adjustment on debentures	-	-	6,910	26,607
Inflation adjustment gains on payables to the concession grantor (see note 23)	-	-	-	50
Inflation adjustment gains on tax credits	73	-	7,882	5,800
Exchange/inflation adjustment gains on borrowings	-	-	13,573	15,596
Other	5,353	5,567	10,827	18,509
	11,570	15,539	187,495	206,951
Finance costs:				
Interest on debentures	(71,452)	(12,855)	(470,136)	(396,989)
Debt assignment and assumption	(18,810)	(69,884)	-	-
Interest on borrowings and financing	-	-	(100,231)	(52,880)
Inflation adjustment on debentures	-	-	(104,312)	(122,113)
Amortization of costs on issue of debentures	(7,054)	(522)	(19,599)	(13,347)
Inflation adjustment on concession right	-	-	(120,378)	-
Present value adjustment – provision for maintenance and provision for future works	-	-	(39,072)	(31,329)
Exchange/inflation adjustment on borrowings and financing	-	-	(18,921)	(33,228)
Interest on private debentures	(2,698)	-	-	-
Capitalized interest	-	-	56,247	27,680
Interest on loan	(10,535)	(31,332)	-	-
PIS/COFINS on other finance income	(596)	(1,224)	(15,233)	(22,353)
Inflation adjustment on tax payable	(72)	(147)	(11,732)	(9,041)
Interest on leases - CPC06 (R2)	-	-	(11,880)	-
Other	(1,549)	(205)	(32,320)	(14,095)
	(112,766)	(116,169)	(887,567)	(667,695)
Finance income (costs), net	(101,196)	(100,630)	(700,072)	(460,744)

30. EARNINGS/(LOSS) PER SHARE – CONSOLIDATED

	12/31/2019	12/31/2018
Basic earnings/(loss) – profit/(loss) for the year	(0.33)	0.67
Diluted earnings/(loss) – profit/(loss) for the year	(0.33)	0.66
Basic earnings/(loss)– profit/(loss) from continuing operations	(0.33)	0.72
Diluted earnings/(loss)– profit/(loss) from continuing operations	(0.33)	0.71

a) Basic earnings/(loss) per share

	12/31/2019	12/31/2018
Profit/(loss) attributable to owners of the Company	(185,460)	374,510
Profit/(loss) attributable to owners of the Company from continuing operations	(185,280)	400,640
Weighted average number of common shares issued	558,699	558,699
Weighted average number of treasury shares	(2,206)	(2,236)
Weighted average number of outstanding common shares	556,493	556,463
Basic earnings/(loss) per share - R\$	(0.33)	0.67
Basic earnings/(loss) per share from continuing operations - R\$	(0.33)	0.72

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b) Diluted earnings/(loss)

	12/31/2019	12/31/2018
Profit/(loss) attributable to owners of the Company	(185,460)	374,510
Profit/(loss) attributable to owners of the Company from continuing operations	(185,280)	400,640
Weighted average number of outstanding common shares	558,699	556,463
Executive stock option plan	1,599	5,580
Weighted average number of common shares to diluted earnings	558,092	562,043
Diluted earnings/(loss) per share - R\$	(0.33)	0.67
Diluted earnings/(loss) per share from continuing operations - R\$	(0.33)	0.71

## 31. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - CONSOLIDATED

Capital management

The EcoRodovias Group manages its capital to ensure that group companies can continue as going concerns, and at the same time maximize the return for all their stakeholders by optimizing the debt and equity balances.

The Company's capital structure comprises net debt and equity.

The Company reviews its capital structure semiannually. As part of this review, Management considers the cost of capital and related risks.

Debt-to-equity ratio

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Debt (i)	1,567,598	518,390	9,587,933	8,283,947
Cash, cash equivalents, and short-term investments - reserve account	(15,275)	(141,953)	(1,963,164)	(2,727,819)
Net debt	1,552,323	376,437	7,624,769	5,556,128
Equity (ii)	455,351	640,319	455,351	640,319
Net debt-to-equity ratio	3.41	0.59	16.74	8.68

(i) Debt is defined as borrowings and financing, debentures, leases payable and payables to the concession grantor, as detailed in notes 17, 18, 19 and 23.

(ii) Equity includes all the Company's capital and reserves, managed as capital.

General considerations

- The Company and its subsidiaries' management elects the financial institutions in which short-term investments can be made and sets the limits of the fund allocation percentages and amounts to be invested in each financial institution. Short-term investments are defined at fair value.
- Short-term investments and investments - reserve account: consist of fixed income investment funds, repurchase agreements, and bank certificates of deposit (CDB) which yield interest equivalent to the weighted average rate of 98.3% of the CDI as at December 31, 2019 (99.7% as at December 31, 2018), and reflect the market conditions at the end of the reporting period.



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- Trade receivables and trade payables: arise directly from the Company's operations, are classified at amortized cost and are recognized at original amounts, subject to an allowance for doubtful debts and present value adjustment, when applicable.
- Borrowings and financing, debentures, leases payable and payables to the concession grantor: classified as other financial liabilities; thus, they are measured at amortized cost, as shown in notes 17, 18, 19 and 23.

Fair value of financial assets and financial liabilities

The carrying amounts and fair values of the Company's and its subsidiaries' main consolidated financial instruments as at December 31, 2019 are as follows:

	Classification	Carrying amount	Fair value
Assets:			
Cash and banks (ii)	Fair value through profit or loss	215,084	215,084
Trade receivables (i)	Amortized cost	164,749	164,749
Short-term investments and investments – reserve account (ii)	Fair value through profit or loss	1,853,758	1,853,758
Liabilities:			
Trade payables (i)	Amortized cost	97,773	97,773
Borrowings and financing (iii)	Amortized cost	1,382,290	1,382,290
Debentures (iii)	Amortized cost	7,284,048	7,284,048
Leases payable (iii)	Amortized cost	12,772	12,772
Payables to concession grantor (iv)	Amortized cost	908,823	908,823
Phantom Stock Option (v)	Amortized cost	8,965	8,965

- (i) The balances of line items 'Trade receivables' and 'Trade payables' mature substantially within up to 45 days.
- (ii) The balances of cash and banks, short-term investments and investments – reserve account approximate their fair values at the balance sheet date.
- (iii) Borrowings, financing, leases and debentures are recorded at amortized cost at the balance sheet date.
- (iv) Calculated excluding the adjustment to present value of the fixed installments of 'Payables to concession grantor'.
- (v) The Phantom Stock Option and Phantom Restricted Stock amount is recognized in line item 'Payroll and related taxes'.

Risk management

The risk management strategy involves three lines of defense to protect the company for material risks:

Risk	Subcategory
Strategic	Political, mergers & acquisitions, concession grantor/contractual, competition;
Operational	Capex, natural disasters, lawsuits, highway security, asset security, traffic, climate conditions, health and safety, environment, engineering, information technology, automation, and infrastructure;
Financial	Financial ratios, credit, liquidity, and foreign exchange;
Compliance	Corporate ethics, regulation, internal rules, and noncompliance events; and
Reputation	Image, credibility and reputation.

At the Ecorodovias Group risks are identified at the corporate level, using Macro Level (Holistic and Strategic Management) and Micro Level approaches (Individualized and Operational Management).

The strategy adopted by Ecorodovias Group to manage risks is based on the principle that it is supported by two essentially different and supplementary pillars:

- Holistic management, which is intended to fully understand risks, that is, considers the potential impact of all types of risks on all processes; and
- Individualized management, which contemplates the set of management actions focused on identifying, analyzing, validating, treating and monitoring a given risk.

The Holistic Management - Macro Level – is strategically focused and is performed at the Top Management level where the authority levels, information and necessary resources for the analysis and decision making are found. The methodology used at this risk management level tends to vary according to the operating segment and the existing organizational structure, and is developed internally.

The Individualized Management - Micro Level – has operating nature and is mainly performed by other company employees during their routine activities, through measures supported by preventive actions in relation to possible threats.

Risk assessment involves quantifying the impact of a risk event on the business and the likelihood of it occurring, as well as the analysis of other impacts.

The dimensions assessed in other impacts include: Image, Strategic, Operating, Financial, Compliance and Reputation.

The Ecorodovias Group conducts the assessment of the residual risk, i.e., the risk exposure that remains after considering the effectiveness of the control environment existing in the Company.

The Company's Management oversees the management of financial risks, which are summarized as follows:

a) Market risk

The market risk is the risk that the fair value of future cash flows from financial instruments fluctuates due to changes in market price. For the Company, market prices include the exchange rate risk and interest rate risk.

i) Interest rate risk

The Company and its subsidiaries' interest rate risk arises from short-term investments and current and noncurrent borrowings bearing floating interest, which may be pegged to inflation rates. This risk is managed by the Company by keeping borrowings at fixed and floating interest rates.

The EcoRodovias Group's exposure to the interest rates of financial assets and financial liabilities is described in item liquidity risk management below.

Pursuant to its financial policies, the Company and its subsidiaries invest their funds in prime banks and have not entered into transactions with financial instruments for speculative purposes.

b) Credit risk

Financial instruments that potentially subject the Company to credit risk concentrations consist primarily of cash, banks, short-term investments, and trade receivables.

The Company holds bank accounts and short-term investments in prime financial institutions, approved by Management, according to objective credit risk diversification criteria.

As at December 31, 2019, the Company has receivables from Serviços de Tecnologia de Pagamentos S.A. - STP amounting to R\$95,157 (R\$84,737 at December 31, 2018), arising from toll revenues collected by the electronic payment system ("Sem Parar"), recognized in line item 'Trade receivables'.

c) Liquidity risk

The liquidity risk arises from the choice made by the Company between own capital (earnings retention and/or capital contributions) and debt capital from to finance its operations. The Company manages the liquidity risk using an appropriate liquidity risk management model to manage funding requirements and short-, medium- and long-term liquidity management. The Company manages the liquidity risk by maintaining adequate reserves, bank and other credit facilities to raise new borrowings that it considers appropriate, based on the continual monitoring of budgeted and actual cash flows, and a mix of the maturity profiles of financial assets and financial liabilities.

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Contractual maturity is based on the most recent date in which the Company and its subsidiaries should settle the related obligations:

Type	Effective interest rate - % p.a.	Next 12 months	From 13 to 24 months	From 25 to 36 months	37 months onwards
Debentures - ECOSUL	107.00% of CDI	181,147	-	-	-
Debentures - ECOSUL	110.75% of CDI	51,177	-	-	-
Debentures - ECOSUL	107.00% of CDI	60,952	-	-	-
Debentures - Ecovias	IPCA + 3.80% p.a.	150,116	-	-	-
Debentures - Ecovias	IPCA + 4.28% p.a.	72,760	44,348	385,093	760,015
Debentures - Ecopistas	IPCA + 8.25% p.a.	138,931	147,103	97,076	19,281
Private Debentures - Ecopistas	105.00% of CDI	23,252	5,677	5,939	116,275
Private Debentures - Ecopistas	105.5% of CDI	31,053	10,695	11,190	238,338
Debentures - Eco101	CDI + 2.56% per year	26,724	-	-	-
Debentures - ECO135	117.50% of CDI	233,592	-	-	-
Debentures - Ecoporto Santos	CDI + 1.85% p.a.	133,987	-	-	-
Debentures - Ecoporto Santos	CDI + 1.75% p.a.	74,323	-	-	-
Debentures - EIL	CDI + 1.25% p.a.	133,737	-	-	-
Debentures - EIL	115.00% of CDI	165,245	157,135	-	-
Debentures - EIL	CDI + 1.35% p.a.	1,170,822	-	-	-
Debentures - ECS	IPCA + 5.35% p.a.	242,191	231,952	227,940	-
Debentures - ECS	CDI + 1.42% p.a.	189,410	-	-	-
Private Debentures - ECS	105.50% of CDI	79,209	17,552	18,365	345,256
Debentures - ECS	106.00% of CDI	334,191	-	-	-
Debentures - ECS	110.25% of CDI	40,316	408,790	390,911	-
Debentures - ECS	IPCA + 6.0% p.a.	2,226	2,067	2,135	40,428
Debentures - ECS	IPCA + 7.4438% p.a.	43,030	29,166	30,124	495,068
Debentures - ECS	CDI + 1.30% p.a.	57,543	47,134	47,137	894,025
Debentures - ECS	IPCA + 5.50% p.a.	6,077	3,938	4,067	93,354
Debentures - ECO050	IPCA+9.00% p.a.	9,384	9,309	11,107	166,247
Debentures - Ecoponte	IPCA + 4.40% p.a.	11,618	10,866	17,525	438,590
Finame ECOSUL	6.00% p.a.	48	-	-	-
Finame - Cataratas	2.50% p.a.	46	45	37	-
Finame - Cataratas	6.00% p.a.	91	-	-	-
BNDES - Ecopistas	TJLP + 2.45% p.a.	32,990	19,783	7,884	11,726
BNDES - Ecopistas	IPCA + 2.45% p.a.	6,914	6,481	6,046	8,618
BNDES - Eco101	TJLP + 3.84% p.a.	26,129	26,129	26,129	156,773
BNDES - Eco101	TJLP + 3.84% p.a.	33,497	33,497	33,497	251,225
BNDES - Ecoponte	TJLP + 3.48% p.a.	7,811	7,811	7,811	75,502
BNDES - Ecoponte	TJLP + 3.48% p.a.	15,178	15,178	15,178	151,776
BNDES - Ecoponte	TJLP	155	155	155	1,555
BNDES - Ecoponte	TJLP + 3.48% p.a.	1,852	2,398	2,398	27,573
Finame - Ecoporto Santos	6.00% p.a.	1,147	-	-	-
Lease - ECO050	4.37% p.a.	550	94	-	-
BNDES- ECO050	TJLP + 2% p.a.	22,482	22,482	22,482	359,707
BDMG - ECO050	TJLP + 2% p.a.	8,958	8,958	8,958	143,328
CEF - FINISA - ECO050	TJLP + 2% p.a.	25,416	25,416	25,416	406,657
CEF - FDCO - ECO050	7.50% p.a.	17,748	17,141	16,552	165,239
		<u>3,864,025</u>	<u>1,311,301</u>	<u>1,421,152</u>	<u>5,366,555</u>

Sensitivity analysis*Risk of changes in interest rates*

The sensitivity analysis was determined based on the exposure to interest rates of non-derivative financial instruments at the end of the year. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the year was outstanding during the entire year.

The sensitivity analysis was developed taking into consideration exposure to changes in CDI, TJLP, USD, IPCA and IGP-M, the main indices of debentures and borrowings and financing contracted by the Company and its subsidiaries:

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Transaction	Risk	Interest to be incurred		
		Scenario I Probable	Scenario II - 25%	Scenario III - 50%
Interest on short-term investments (a)	CDI increase	74,984	93,730	112,476
Interest on debentures (a)	CDI increase	(347,588)	(382,313)	(416,890)
Interest on debentures (b)	IPCA increase	(253,997)	(263,435)	(272,841)
Borrowings and financing (b)	IPCA increase	(4,216)	(6,166)	(8,461)
Interest on payables to concession grantor (b)	IPCA increase	(10,825)	(11,471)	(12,117)
Borrowings and financing (c)	TJLP increase	(100,464)	(132,468)	(168,253)
Interest to be incurred, net		(642,106)	(702,123)	(766,086)

The considered rates (projected for 12 months) are as follows:

Index	Scenario I - probable	Scenario II - 25%	Scenario III - 50%
CDI (a)	4.4%	5.50%	6.6%
IPCA (b)	4.2%	5.3%	6.3%
TJLP (c)	6.0%	7.5%	9.0%

Source: Report from consulting company 4E – December/2019.

Gains and losses on these transactions are consistent with the policies and strategies designed by the management of the Company and its subsidiaries.

## 32. SEGMENT REPORTING - CONSOLIDATED

The Company's operating segments are reported consistently with the internal reports provided to the Chief Operating Decision-Maker (CODM).

For performance assessment purposes, the set of information on the segments and fund allocation is analyzed.

The Company's main segmentation by business line is based on:

### a) Concessions

Highway system is the longest and most developed transport modality in Brazil. The highway concessions connect major industrial, production, consumption, tourist centers, and Brazil's three largest ports (Santos, Paranaguá and Rio Grande), in addition to providing access to other Mercosur countries. This segment includes the following concessionaires: Concessionária Ecovias dos Imigrantes S.A., Concessionária Ecovia Caminho do Mar S.A., Empresa Concessionária de Rodovias do Sul S.A. - Ecosul, Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas, Rodovia das Cataratas S.A. - Ecocataratas, ECO101 Concessionária de Rodovias S.A., Concessionária Ponte Rio Niterói S.A. - Ecoponte e Concessionária do Rodoanel Norte S.A. - Ecorodoanel, Eco135 Concessionária de Rodovias S.A. and Concessionária de Rodovias Minas Gerais Goiás S.A. (Eco050).

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## b) Holding and services

This segment includes the companies EIL01, EIL02, EIL03, EIL04 and Argovias Participações, and the holding companies EcoRodovias Concessões e Serviços S.A., concessionaire segment holding company, and the parent company EcoRodovias Infraestrutura e Logística S.A.

## c) Ports

This segment comprises port operations, as well as import and export cargo handling and warehousing activities, with its own port terminal in the Port of Santos and thus, the following companies are included in this segment: Ecoporto Santos S.A. and Termare - Terminais Marítimos Especializados Ltda.

## d) Logistics

The Company holds 100% interest in Ecopátio Logística Cubatão Ltda, which is engaged in managing the intermodal terminal and regulator of the flow of cargo trucks destined to the Port of Santos. Pursuant to note 7.b), Ecopátio was consolidated again beginning January 1, 2019.

Net revenue by segment is broken down as follows:

	12/31/2019	12/31/2018
Highway concessions	91.3%	91.1%
Holding and services	4.3%	4.0%
Ports	3.9%	4.9%
Logistics	0.5%	-

The performance of the Company's segments was assessed based on the net operating revenue, profit for the year, and noncurrent assets. This measurement base excludes the effects of interest, income tax and social contribution, and depreciation and amortization.

The tables below include summarized (combined) financial information relating to the segments as at December 31, 2019. The amounts of profit or loss and total assets provided to the Executive Committee are in line with the balances recognized in the (combined) financial statements, as well as with the applied accounting policies:

	12/31/2019					
Balance sheet	Highway concessions	Ports	Logistics	Holding and services	Deductions	Consolidated
Assets	9,176,608	753,239	73,887	7,417,305	(5,878,586)	11,542,453
Current assets	1,422,050	44,392	9,147	1,049,448	(170,415)	2,354,622
Noncurrent assets	7,754,558	708,847	64,740	6,367,857	(5,708,171)	9,187,831
Liabilities	9,176,608	753,239	73,887	7,417,305	(5,878,586)	11,542,453
Current liabilities	1,541,513	266,488	1,636	2,369,097	(170,415)	4,008,319
Noncurrent liabilities	4,767,255	116,837	1,598	3,053,399	(860,306)	7,078,783
Equity	2,867,840	369,914	70,653	1,994,809	(4,847,865)	455,351

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						12/31/2019
Profit or loss	Concessions	Ports	Logistics	Holding and services	Deductions	Consolidated
Net revenue	3,780,263	167,480	20,845	179,501	(195,200)	3,952,889
Cost of services	(2,278,760)	(141,280)	(19,428)	(114,148)	104,609	(2,449,007)
Gross profit	1,501,503	26,200	1,417	65,353	(90,591)	1,503,882
General and administrative expenses	(158,868)	(52,955)	(4,515)	(148,807)	63,932	(301,213)
Amortization of investments	-	-	-	(22,294)	22,294	-
Other income/expenses	(375,077)	54,076	(38,476)	(85,322)	37,816	(406,983)
Share of profit (loss) of subsidiaries	-	-	-	331,625	(331,615)	10
Operating profit (loss) before finance income (costs)	967,558	27,321	(41,574)	140,555	(298,164)	795,696
Finance income (costs)	(404,286)	(28,103)	283	(267,965)	-	(700,071)
Operating profit/(loss) before taxes	563,272	(782)	(41,291)	(127,410)	(298,164)	95,625
Income tax and social contribution	(324,426)	2,367	(984)	42,139	-	(280,904)
Profit (loss) from continuing operations	238,846	1,585	(42,275)	(85,271)	(298,164)	(185,279)
Profit (loss) from discontinued operations	-	-	-	(180)	-	(180)
Profit/(loss) for the year	238,846	1,585	(42,275)	(85,451)	(298,164)	(185,459)

  

						12/31/2018
	Highway concessions	Ports	Ecopátio	Holding and services	Deductions	Consolidated
Assets	7,738,175	795,371	80,502	6,703,161	(5,281,127)	10,036,082
Current assets	1,802,155	63,444	7,718	1,487,284	(345,046)	3,015,555
Noncurrent assets	5,936,020	731,927	72,784	5,215,877	(4,936,081)	7,020,527
Liabilities and equity	7,738,175	795,371	80,502	6,703,161	(5,281,127)	10,036,082
Current liabilities	1,109,897	217,925	3,816	954,920	(270,604)	2,015,954
Noncurrent liabilities	4,890,153	228,317	2,243	3,962,489	(1,703,393)	7,379,809
Equity	1,738,125	349,129	74,443	1,785,752	(3,307,130)	640,319

  

						12/31/2018
Profit or loss	Concessions	Ports	Ecopátio	Holding and services	Deductions	Consolidated
Net revenue	3,047,876	134,166	25,747	164,542	(178,139)	3,194,192
Cost of services	(1,665,383)	(113,737)	(31,436)	(101,571)	112,813	(1,799,314)
Gross profit	1,382,493	20,429	(5,689)	62,971	(65,326)	1,394,878
General and administrative expenses	(140,338)	(38,989)	(9,365)	(99,987)	60,963	(227,716)
Amortization of investments	-	-	-	(17,183)	17,183	-
Other income/expenses	2,929	11,280	5	613	(630)	14,197
Share of profit (loss) of subsidiaries	-	-	-	1,209,297	(1,209,263)	34
Operating profit (loss) before finance income (costs)	1,245,084	(7,280)	(15,049)	1,155,711	(1,197,073)	1,181,393
Finance income (costs)	(251,518)	(29,721)	(445)	(179,505)	(15,076)	(476,265)
Operating profit/(loss) before taxes	993,566	(37,001)	(15,494)	976,206	(1,212,149)	705,128
Income tax and social contribution	(326,325)	494	70	2,911	999	(321,851)
Profit (loss) from continuing operations	667,241	(36,507)	(15,424)	979,117	(1,211,150)	383,277
Profit (loss) from discontinued operations	-	-	2,114	(18,505)	-	(16,391)
Profit/(loss) for the year	667,241	(36,507)	(13,310)	960,612	(1,211,150)	366,886
Noncontrolling interests	-	-	-	-	7,623	7,623
Owners of the Company	667,241	(36,507)	(13,310)	960,612	(1,218,773)	359,263

### 33. STATEMENTS OF CASH FLOWS - CONSOLIDATED

#### a) Cash and cash equivalents

The breakdown of cash and cash equivalents included in the statements of cash flows is disclosed in note 8.

#### b) Supplemental information

The information on income tax, social contribution, and dividends paid is disclosed in variations in cash flows.

#### c) Non-cash effects

Indirect subsidiary Eco135 Concessionária de Rodovias S.A. recorded the amount of R\$55,696 relating to the present value adjustment and inflation adjustment, capitalized up to April 1, 2019 (beginning of toll collection), pursuant to note 23.

### 34. EVENTS AFTER THE REPORTING PERIOD

On January 20, 2020, indirect parent Ecovias do Cerrado S.A. has entered into the Asset Inventory and Transfer instrument with the Brazilian Land Transportation Agency (ANTT), thus making it official on that date the concession of the 437 kilometers of federal highways BR-364 and BR-365 connecting Jataí (GO) to Uberlândia (MG).

As described in note 12 (Escrow deposits), on February 10, 2020, the amount of R\$180,476 regarding the lawsuit from the Federal Attorneys' Office of the State of Paraná of indirect subsidiaries Ecovia and Ecocataratas was partially unfrozen.



## **2019 MANAGEMENT REPORT**

### **PROFILE**

The Ecorodovias Group is one of Brazil's largest highway concession groups managing, since 2019, 11 concessions totaling about 3,086 kilometers of highways. In 2019, approximately 346 million equivalent vehicles passed through our highway concessions. The Group also controls Ecoporto Santos, located at Latin America's largest port. Around 44% of Brazil's import and export cargo passes through the assets of Ecorodovias located in the country's main import, export and tourism corridors.

### **OWNERSHIP STRUCTURE**

Ecorodovias is controlled by Primav Infraestrutura, whose partners include Gavio Group, one of Italy's largest infrastructure conglomerates managing over 1,400 km of highways, and the CR Almeida Group, which has been operating in the heavy construction sector for 50 years and is responsible for important infrastructure projects in Brazil.

The Gavio and CR Almeida groups share a strategic long-term vision and commitment to Brazil's infrastructure sector, especially highway concessions, which is in line with the Company's vision.

### **2019 HIGHLIGHTS**

On April 1, 2019, concessionaire Eco135 started toll collection at its six toll plazas.

On May 30, 2019, Eco050 (MGO) was acquired for R\$654.8 million. As of May 31, 2019, the concession was consolidated into the Company's balance sheet.

In September 2019, Ecorodovias won the auction for the BR-364/365 highways held by the Brazilian Government.

In 2019, the Company was elected the best Infrastructure company by the Época Negócios 360º yearbook and its stock remained on B3's Corporate Sustainability Index for the ninth straight year.

### **OPERATING PERFORMANCE**

#### **Highway Concessions**

Consolidated traffic volume of equivalent paying vehicles at the concessionaires increased 18.9% in 2019 compared to 2018.

In 2019, traffic growth was driven by: (i) the start of toll collection at Eco135 and the consolidation of Eco050 (MGO); and (ii) the truck drivers' strike between May 21 and June 3, 2018, and was partially affected by the exemption of tolls on suspended axles at Ecovia Caminho do Mar and Ecocataratas since May 29, 2018 and at Ecovias dos Imigrantes and Ecopistas since May 31, 2018.

Excluding these effects, consolidated traffic increased 0.4% from 2018. Toll exemptions for suspended axles will be addressed through contractual rebalancing.

**Heavy vehicle traffic** – growth of 28.0% in 2019. Excluding tolls for suspended axles and the period from May 21 to June 3, when traffic was affected by the truckers' strike in 2018, and the start of toll collection by Eco135 and the consolidation of Eco050 (MGO), consolidated traffic decreased 1.3% in 2019. Excluding the aforementioned effects, Ecopistas registered traffic growth due to the recovery of industrial production in the region, while growth at Ecocataratas was driven by higher grain exports from the region. Traffic was adversely affected at Ecovias dos Imigrantes and Ecovia Caminho do Mar due to the reduction in exports of agricultural commodities at the ports of Santos and Paranaguá through highway transportation, at Eco101 due to the reduction in vehicle flow explained by the pulp industry cycle in the region, and at Ecoponte due to construction works on the BRT system in Rio de Janeiro near access points to the bridge.

**Light vehicle traffic** – growth of 11.0% in 2019 from 2018. Excluding the period from May 21 to June 3, when traffic was affected by the truckers' strike and the start of toll collection by Eco135 and the consolidation of Eco050 (MGO), traffic increased 1.9% in 2019. Excluding the aforementioned effect, traffic at Ecovias dos Imigrantes, Ecopistas, Ecovia Caminho do Mar, Ecosul and Eco101 was impacted by higher tourist traffic and favorable weather. Ecoponte reported a decrease in traffic due to the construction works on the BRT system in Rio de Janeiro near the access points to the bridge.

Consolidated average tariff per equivalent paying vehicle decreased 1.8% in 2019, mainly due to the beginning of toll collection at Eco135 and the consolidation of Eco050 (MGO), whose tariffs lower, and the negative tariff adjustment at Eco101.

## **FINANCIAL RESULTS**

### **GROSS REVENUE**

Consolidated gross revenue reached R\$4,461.9 million in 2019, increasing 22.8% from 2018. Excluding construction revenue, gross revenue amounted to R\$3,454.2 million, up 15.9% from 2018, due to traffic behavior and the average tariff as explained above, as well as higher revenues at Ecoporto due to the growth in handling volume at the terminal.

### **OPERATING COSTS AND ADMINISTRATIVE EXPENSES**

In 2019, operating costs and administrative expenses totaled R\$2,750.2 million, up 37.6% from 2018. Cash costs, excluding depreciation and amortization, provision for maintenance and construction costs, increased 26.6% from 2018, mainly due to beginning of toll collection at Eco135 and the consolidation of Eco050 (MGO) and Ecopátio. (Details of costs on a comparable basis are available in the Quarterly Earnings Release at [www.ecorodovias.com.br/ri](http://www.ecorodovias.com.br/ri))

### **LENIENCY AGREEMENT AND AGREEMENT WITH FORMER EXECUTIVES**

On August 12, 2019, the Company and its subsidiaries Ecorodovias Concessões e Serviços ("ECS") and the concessionaires located in Paraná (Ecovia Caminho do Mar and Ecocataratas) signed a leniency agreement with the Federal Prosecution Office by which they undertook the following commitments: (a) the Company or ECS will pay a fine of R\$30 million; (b) Ecovia will pay R\$20 million in construction costs and reduce tolls by R\$100 million; and (c) Ecocataratas will pay R\$130 million in construction costs and reduce tolls by R\$120 million, totaling R\$400 million.

Moreover, the Extraordinary Shareholders Meeting held on September 13, 2019 approved the terms of the agreements between the Company and its former executives, which govern their collaboration with government authorities, whereby the Company undertook to pay R\$67.3 million over a period of 5 years.

### **EBITDA AND EBITDA MARGIN**

EBITDA in 2019 was R\$1,363.2 million. Pro-forma EBITDA, excluding revenue and construction costs, provision for maintenance and provisions for leniency agreements and those with former executives, totaled R\$2,033.1 million, up 15.5%, with EBITDA margin of 69.0%.

<b>EBITDA (R\$ million)</b>	<b>2019</b>	<b>2018</b>	<b>Chg.</b>
Net Income	(185.5)	382.1	-148.5%
(+) Net Income from Discontinued Operations	0.2	18.5	-99.0%
Net Income from Continuing Operations	(185.3)	400.6	-146.2%
(+) Depreciation and Amortization	567.5	433.6	30.9%
(+) Financial Result	700.1	460.7	51.9%
(+) Income and Social Contribution Taxes	280.9	322.9	-13.0%
<b>EBITDA<sup>1</sup></b>	<b>1,363.2</b>	<b>1,617.8</b>	<b>-15.7%</b>
(+) Leniency Agreement and Agreements with Former Executives	469.1	-	n.m.
(+) Provision for Maintenance	200.9	143.0	40.5%
<b>PRO-FORMA EBITDA<sup>2</sup></b>	<b>2,033.1</b>	<b>1,760.9</b>	<b>15.5%</b>
<b>PRO-FORMA EBITDA MARGIN<sup>2</sup></b>	<b>69.0%</b>	<b>70.0%</b>	<b>-1.0 p.p.</b>

<sup>1</sup> EBITDA calculated according to the instruction CVM 527, of October 4, 2012

<sup>2</sup> EBITDA calculated excluding the Provision for Maintenance and provisions of R\$469.1 million related to Leniency Agreements and Agreements with Former Executives in 2019

## FINANCIAL RESULT

Net financial result was an expense of R\$700.1 million in 2019, up 51.9% in relation to 2018, mainly due to the consolidation of Eco050's (MGO) debt and the start of booking of inflation adjustment and present value adjustment of the Eco135 concession fee starting from April 2019.

## NET INCOME

In 2019, Ecorodovias recorded net loss of R\$185.5 million. Excluding the effects of assets held for sale and provisions for leniency agreements and agreements with former executives, the Company earned net income of R\$290.4 million, down 26.1%.

## CASH AND CASH EQUIVALENTS AND CONSOLIDATED DEBT

Ecorodovias ended December 2019 with cash balance of R\$2,068.8 million and gross debt of R\$8,679.1 million.

Debt owed to the government totaled R\$908.8 million, which includes the concession fee of R\$900.3 million for Eco135 to be paid by 2048.

Net debt, excluding debt with government, ended the year at R\$6,610.3 million. The Net Debt/ Pro-forma EBITDA ratio was 3.2 times, including the consolidation of pro-forma EBITDA in the last 12 months of Eco050 (MGO) and excluding provisions for leniency agreements and agreements with former executives.

For further information about the Company's debt, see the notes to the financial statements.

## Capex

Capex, which consists of intangible assets/fixed assets and maintenance costs, totaled R\$1,296.3 million in 2019. The main investments were: (i) Ecovias dos Imigrantes: construction of the New Access to Santos – Highway System project, which is the object of a contractual amendment and which will eliminate the current bottlenecks at the entry and exit to the Port of Santos, and maintenance works; (ii) Ecopistas, Ecovia Caminho do Mar, Ecocataratas and Ecosul: pavement maintenance and conservation works; (iii) Eco101: additional lanes and highway recovery works as per the timetable defined in the concession agreement; (iv) Ecoponte: construction of access to Linha Vermelha and Avenida Portuária; (v) Eco135: investments in maintenance and completion of toll plazas; and (vi) Ecoporto: investments in technology and maintenance.

## **DIVIDENDS**

Ecorodovias ended 2019 with net loss of R\$185.5 million and hence no dividends will be distributed for fiscal year 2019.

## **CAPITAL MARKETS**

Ecorodovias stock, which is listed on the Novo Mercado segment of the São Paulo Stock Exchange (B3) under the ticker ECOR3, ended the year quoted at R\$16.30. Average daily financial trading volume of the stock in 2019 was R\$37.6 million, 20.9% higher than in 2018. Total common shares are 558,699,080 and market cap on December 31, 2019 was R\$9.1 billion.

Ecorodovias stock is a component of Brazil's leading stock market indices (Ibovespa, IBRX-100, IGC, ITAG and ISE).

## **CORPORATE GOVERNANCE**

Ecorodovias is recognized in the market for adopting a series of corporate governance good practices aligned with the principles of transparency, accountability and corporate responsibility, which are fundamental for ensuring respect to both majority and minority shareholders, employees, the environment and society.

The Company constantly seeks to adopt the best practices for its healthy performance and longevity. As a result, in 2019, we were elected the best infrastructure company by *Época Negócios 360°*, which analyzed the practices and results related to finance, people, innovation, sustainability, vision of the future and corporate governance. For this purpose, the Ethics and Integrity Program of Ecorodovias Group was launched in 2005 and has been updated every year.

In 2019, the Ecorodovias Group continued to restructure and implement various improvements in its Ethics and Integrity Program, which currently has (a) a robust structure and processes, (b) controls and procedures to prevent, monitor, detect and respond to integrity risks, with the focus on recurring analysis of risks, (c) specific policies and procedures that are updated constantly, such as the Code of Business Conduct and Policies on interaction with the government, antitrust and participation in auctions, conflicts of interest, donations and sponsorships, disciplinary measures, commercial gifts, gifts and entertainment, among others, (d) training and communication, (e) smart technology and systems, (f) monitoring and tests, (g) investigations and independent ethics channel, as well as (h) support and sponsorship by Company's senior management.

The best practices adopted by the Company include the Risk Management, Internal Controls and Information Security program which, in recent years, has adopted diverse initiatives to improve governance, considering guidelines and responsibilities to be observed by the Group in order to identify, evaluate, prioritize, treat, monitor and inform the risks, including: (a) the assessment of strategic, operating, financial and legal compliance risks; (b) general analysis of risks across all businesses of the Group; (c) meetings of the Information Security Committee; (d) the mapping, analysis and assessment of cyber risks and flaws in critical infrastructure systems; (e) improvement of business continuity practices through a Business Impact Analysis (BIA); (f) periodical tests of management of operating crises; and (g) information security education program through campaigns and phishing simulation tests.

In 2019, the risks and internal controls area was restructured and, in line with market best practices, the following initiatives were adopted: (a) remodeling and improvement of risk methodology, considering market benchmarking; (b) restructuring of the highway concession risk matrix, enabling a managerial and strategic vision of risks without losing the specific aspects of each concession; (c) alignment of risk matrix with the group's strategic map; (d) inclusion of risk and internal controls matrix integrated with the mapping of group's process and sustainability program; (e) training on the role of leaders in managing risks and internal controls with the entire leadership, from the board of executive officers to coordinators; (f) survey among internal leaders to obtain the perception of risks and internal controls; and (g) publication of normative instruction on management of technological vulnerabilities.

In 2020, Ecorodovias Group will continue to adopt measures to improve its corporate governance, through the Ethics and Integrity Program and the management of risk, internal controls and information safety area, which will include the implementation of additional initiatives on prevention, monitoring, detection and response from senior management, such as: (a) creation of new controls; (b) updated on-site and online training; (c) independent revisions of the Ethics & Integrity Program; (d) implementation of new technologies; (e) update of risk matrices across all highway, port and port logistics business units; (f) revision, remodeling and improvement of routine internal controls and audit activities, subject to recurring follow-up and monitoring; (g) evaluation of design and compliance of key controls to mitigate risks; (h) implementation of a broad and integrated program to raise awareness on information security, risks and internal controls for all group employees; (i) creation of monthly forum to identify and update risks with concessions; (j) revision of the Normative Instruction on risks and internal controls in line with best governance practices and the requirements of B3's Novo Mercado segment; (k) project to evaluate, diagnose and implement amendments for compliance with the General Personal Data Protection Law (LGPD) (No. 13,709); and (l) roll-over of the risk, internal controls and information security management program for the Group's new concessions.

All these efforts give us the confidence that we are on the right track, which is exactly why we will continue to follow the best governance practices: the Code of Business Conduct, updated and supported by the top management of the Ecorodovias Group; an active Ethics Committee; establishment of the Audit Board; transparent disclosure of results; the positions of chairman of the Board and CEO are held by different people; engagement of independent audit firm to analyze the balance sheets and financial statements; use of the arbitration chamber to resolve shareholder disputes and policies on the use of information and disclosure of material facts or events and trading on securities; The "Practice and Explain" governance newsletter available on the Company's Investor Relations Website; advisory committees to the Board coordinated by independent directors; use of a modern Governance Portal that enables rapid and secure flow of information to directors and executives, and an Ethics and Integrity Portal for employees and the general public, containing all the material on the subject.

## **PEOPLE MANAGEMENT**

The core objective of the People Management area is to contribute to the achievement of results desired by the Ecorodovias Group, to leverage the engagement and growth of employees and to create a working environment that encourages innovative ideas, as well as promotes diversity and best management practices.

In 2019, significant challenges led the People Management area, which, due to business growth and the need to accelerate the readiness of successors, focused its efforts on designing structured programs and management tools, as well as training teams for current and future scenarios.

With the merger of two new highway concession units, the main challenges were met by executing the business plan, defining and restructuring the teams, integrating and capturing synergies from processes and systems, applying the Shared Services Center (SSC) model and disseminating the organizational culture.

We made important improvements and changes in organizational structures aligned with Ecorodovias Group's strategy, as well as in compliance practices and policies in the pursuit of efficiency and optimization of resources, to ensure sustained growth.

Notable among the initiatives to encourage behavior that strengthens the Ecorodovias Group culture are the Values for Leadership workshop, which works on specific cases from our businesses aligned with corporate values: Collaboration, Ethics, Focus on Results, Initiative and Sustainability. Each executive officer was responsible for delivering the content with support from the People Management area. In October, we launched the You Make a Difference Program, which recognizes employees at each business unit for practicing the values. We supported the Leader's Role in Risk and Internal Controls Management workshop to contextualize the business scenarios and raise awareness on the importance

of managing risks in the organization, as well as encouraging reflection on their relation with corporate values and expected behavior.

Aligned with the Group's strategic map, we strive to "ensure diversified, high-performance teams prepared to support operations and growth," through the following programs: Trainee, Building the Future, Development of Leaders and Executives, Management and Sustainability Dilemmas.

In September, we concluded one more edition of the Ecorodovias Trainee Program, which attracts youth with leadership potential to meet the needs resulting from business growth and future successions. At the end of the program, 75% of participants joined our company as full-time employees. In December, we concluded a new selection process, which attracted over 5,000 candidates and nine were hired as trainees to start working in 2020.

In the Building the Future program, which fosters the development of administrative employees with the potential to hold leadership positions in the future, we had 32 participants, of whom 59% were transferred to other positions inside the Group and 34% were promoted to leadership positions during the year.

In 2019, we also launched the Management Dilemmas for Coordinators and Supervisors Program. The core objective of the program is to promote the exchange of experiences, good management practices and reflections on the challenges faced by leaders.

In December, we held the third Leaders Seminar, which included lectures on the economic scenario, diversity and inclusion, ethics in organizations and the future of work. Besides the topics addressed by renowned speakers from the market, we reserved a space for showcasing the highlights of each department and the role of leaders in facing future challenges.

The annual skills assessment cycle involved 2,426 participants under the 360° model for the entire leadership. A total of 167 leaders were assessed in 31 adjustment meetings, of whom 86 were mapped for succession within 3 years. As a result of the 2019 cycle, six employees were promoted as executive officers at the concessionaires, while 9 took charge of managerial positions at the holding company. To ensure solid grounds for decisions on succession, we conducted the Potential Assessment for key positions. As follow-up action, we held executive coaching and mentoring programs, besides preparing individual development plans.

To strengthen the culture of innovation, we conducted the Innovation workshop on executive development regarding tools and practices that stimulate the generation and applications of ideas. In addition, the Innovation Committee, established in 2018, identified new opportunities through work groups and partnerships with universities to find solutions for business challenges. In the first edition of the InovaECO Program, a total of 110 ideas were presented, of which 24 initiatives were pre-selected, nine advanced to the implementation phase and three were declared winners.

In November and December, we conducted the Engagement Survey across all Group units to understand the level of engagement among employees and the support offered by the company, besides driving corporate performance. 87% of the employees took the survey, whose findings will be the basis for actions in 2020/2021.

The "Path for All" diversity and inclusion program launched important initiatives that guaranteed attention to diversified and high-performance teams. We established local committees to address specific issues at the units. At the Corporate Committee, established in 2018, important actions were implemented, such as: adhesion to the Corporate Citizen Program; mapping of the physical spaces in our company and approval of adjustments for the next two years to make the environments accessible; revision of selection processes, as well as training for entire leadership.

Our affirmative actions include discussions on race, women, LGBTQIA+ and people with disabilities, adaptation of communication models, and the incorporation of diversity and inclusion in development programs and Internal Occupational Accident Prevention Weeks (SIPATs). Hiring migrants in vulnerable

situations and transgender people became an established practice in some units. Our challenge is to find the best professional, provide them with an inclusive and diverse environment and increase awareness about the inclusion of minorities, while reflecting on the needs of our society and the impact of the company as a whole.

Also in order to identify opportunities for adjustments related to the Group's culture, values and compliance, the Benefits and Health & Quality of Life areas focused their initiatives on reviewing structures, processes and action fronts together with employees. All benefits offered by the company, as well as health and wellness actions, were maintained and strengthened.

The Benefits area actively sought in the market opportunities for the package offered to employees, combining product improvements, sustainable management and positive results. Studies, benchmarking, participation in specific forums and researches on significant benefits supported the area in this process.

Moreover, the team was restructured, which resulted in greater knowledge management, control, process governance and strengthening of Human Resources teams at our units, positively affecting the daily routine of our employees and meeting their needs by reducing bureaucracy and improving agility and transparency.

The benefit campaigns became more comprehensive and strategic, notably the Private Pension Plan, which provided employees with knowledge, quality information and autonomy so that they could evaluate and choose an appropriate plan for their reality in light of the Social Security reforms. Complementing the process of improvements to this benefit, the area conducted a complex and detailed audit of 100% of the contributions of all plan members, obtaining positive results and underlining good management and compliance practices.

Regarding health and wellness of our employees, in 2019, the initiatives were intensified with the expansion of the flu vaccination campaign, internal reinforcement of the Federal Government's measles campaign and vaccination campaigns in critical areas. The Executive Check-Up program was redesigned for launch in 2020 and other programs were directed towards actions targeted at sedentary lifestyle, healthy eating habits, conscious use of the healthcare plan, clinical monitoring of employees and dependents with chronic health conditions, support in hospitalizations and post-discharge care.

One major highlight in 2019 was our joining the Corporate Citizen Program, with the extension of maternity leave by 60 days and paternity leave by 15 days, which reinforces Ecorodovia's commitment to diversity.

We intensified dissemination of Conte Comigo, the employee support program that offers psychological, financial and legal guidance through an exclusive 24/7 channel, to all our employees and dependents, and specific assistance for employees with special needs, and a health care center.

In order to strengthen the strategic operation with trade unions and with the merger of new concession units, we revised the labor relations processes to increase productivity and improve service capacity, made adaptations to changes in legislation and in collective bargaining agreements.

In line with the organizational changes during 2019, the Compensation area assisted in the restructuring processes through information and market studies. In 2019, we launched the project for reviewing the Positions & Salaries platform mainly to evaluate and adjust the organizational structures, review the fixed compensation strategies and establish a positioning in the competitive labor market. Studies by specialized consulting firms were used to evaluate the short- and long-term variable compensation in the pursuit of methodological improvements.

In 2019, Ecorodovias advanced significantly in its people management strategies, policies, practices and processes, which contributed to the Group's competitiveness and growth.

The Company ended the year with 4,309 employees distributed across the states of São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais, Goiás, Paraná and Rio Grande do Sul.

## **SOCIAL AND ENVIRONMENTAL RESPONSIBILITY**

The Ecorodovias Group is committed to implementing initiatives that contribute to sustainable development, ensuring business perpetuity and contributing to a fairer, economically viable and environmentally correct society through structured Sustainability programs. Its guidelines are focused on sustainable development through its Vision, Mission and Value, and its behavior which is in line with the Company's management and governance principles.

Our business model is guided by ethics, transparency, equity, accountability and corporate responsibility.

As a result of the efforts to maintain social and environmental standards on Quality, Environment and Health and Safety, the Group's highway concessions have the ISO 9001, ISO 14.001 and OHSAS 18.001 certifications, with some of them transitioning to ISO 45001. Ecovias and Ecopistas have the ISO 39.001 certification in the Road Safety Management System.

Thanks to its management model, Ecorodovias is included in diverse indices and reiterates its sustainable commitment to its stakeholders, shareholders and the environment.

### **Corporate Sustainability Index (ISE)**

Ecorodovias has been part of the Corporate Sustainability Index (ISE) of B3 since 2011 and uses its questionnaires as management model in order to improve its practices and incorporate sustainability in its daily operations.

### **Carbon Disclosure Program (CDP)**

The Company also responds to the Carbon Disclosure Program (CDP), an initiative launched by institutional investors, which involves a disclosure questionnaire on climate governance sent to the largest corporations around the world in order to adapt future investment decisions to the low-carbon economy, with transparent information.

### **Global Compact**

In 2014, Ecorodovias became a signatory to the UN Global Compact, an initiative conceived by former UN former secretary-general Kofi Annan to mobilize the international business community to adopt, in its business practices, the basic and internationally accepted values human rights, labor relations, environment and fight against corruption, reflected in 10 principles. Participants in this initiative include UN agencies, companies, trade unions, non-governmental entities and other partners necessary to build a more inclusive and egalitarian global market.

### **Sustainable Development Goals (SDG)**

Launched in 2015, SDG propose 17 commitments and over 160 targets to be adopted by organizations around the world in order to contribute to better life standards.

Through a set of commitments, programs and internal targets in areas such as diversity, inclusion, user relations, community and compliance, Ecorodovias in 2019 incorporated the targets into its sustainability strategy through an exercise of mapping relevant issues for the Company and the corresponding indicators.

### **Climate Change**

To maintain its recognition in the Gold category of the Brazilian GHG Protocol Program in 2019, Ecorodovias Group incessantly identifies the level of greenhouse gas emissions through emission inventories that cover all concessionaires of the Group. Due to the addition of a new category of emissions, there was an increase in emissions in 2019 compared to previous years.

In 2019, the Ecorodovias Group neutralized a part of the emissions from Scopes 1, 2 and 3 of its operations. The Company remained in the select group of companies participating in the "Amigo do



Clima” Program, a voluntary environmental program aimed at ensuring transparency and traceability of climate responsibility activities.

Another important highlight in 2019 was the continuation of the Energy Efficiency Program at the Ecorodovias Group, which aims to reduce electricity consumption and improve energy efficiency in its operations and business units. These actions, implemented by the highway concessionaires, are part of our commitment to practices designed to mitigate climate change.

### **For an Accident-Free Road**

The Company is a signatory to the "Decade of Action for Road Safety", a campaign launched by the UN in 2011. In support of the initiative, whose key challenge is to reduce accidents around the world by 50%, Ecorodovias has launched the “For Roads without Accidents” campaign to raise awareness about safer traffic among users of highways managed by it. In addition, as already mentioned, Ecorodovias Group concessionaires are advancing toward the ISO 39001 – Road Safety certification.

### **Época Negócios 360º**

In the 8<sup>th</sup> edition of the Época Negócios 360º yearbook, Ecorodovias Group was elected the best Infrastructure company. A total of 27 companies were selected from the 363 participants, and the yearbook analyses the practices related to finance, people, innovation, sustainability, vision of the future and corporate governance.

### **Abrasca Award**

For the 4<sup>th</sup> time, the Annual Sustainability Report of Ecorodovias figured among the best in the Publicly-Held Companies category at the Abrasca Awards for Annual Reports, organized by the Brazilian Association of Public Companies (Abrasca). At the 21<sup>st</sup> edition of the awards, the report was among the ten best, with a score of 93.83.

### **Social responsibility**

The Ecorodovias Group reaffirms its commitment to sustainable development, having established the guidelines for including social aspects in business. And it contributes to the development of society, striving to transform the reality of its stakeholders.

In 2019, Ecorodovias invested in tax incentive projects and was present in 56 cities and 6 states in Brazil, impacting around 33,500 people. These projects are related to culture, care for the elderly, better living conditions for children and adolescents and incentives to sports, with the focus on local communities around the highways. The main projects are:

- **Ecoviver:** engages professors, students and the community in educational and cultural activities and sponsors environmental education in schools located near the highways. In 2019, the project served 24 municipalities, with approximately 860 teachers and 15,882 students from 278 schools participating in it.
- **De Bem com a Via:** launched by the Ecorodovias Group in 2008, the project organizes activities that are aligned with the UN Decade of Action for Road Safety 2011-2020. These include providing access to traffic education, especially to more vulnerable stakeholders, namely children, youth and inhabitants of socially vulnerable communities, by involving schools and communities located around the highways managed by our concessionaires. In 2019, the project served 11 cities in 4 Brazilian states and affected 11,222 people.
- **Na Mão Certa Program**

The Ecorodovias Group has been participating in the Na Mão Certa Program since 2014, and for the 6<sup>th</sup> time in a row. The Group was honored at the 13<sup>th</sup> Annual Meeting of the Na Mão Certa program, which recognizes the performance of the signatories to the Business Pact against the Sexual Exploitation of Children and Teens on Brazilian Highways.

- **Voluntários do Bem:** a volunteer program in which employees administer classes to children from public schools on the value of natural resources, the use of highways and the basic concepts involved in managing a company.
- **Trucker Health:** several times a year, the concessionaires organize medical exams for truck drivers and lectures on health.
- **Virando o Jogo:** project that encourages the practice of sports among children from age six to ten in communities located in Diadema, São Paulo. The project sponsors sports, dance lessons and traffic education, among other activities. The goal is to keep kids away from the highways and to offer recreational and educational activities.
- **Wildlife Preservation:** organizes various projects focused on wildlife preservation, such as I Respect Life at Ecocataratas, which offers environmental education in partnership with PNI and the Chico Mendes Institute. The goal is to raise awareness among the local communities and users of Highway BR-277 on respecting the fauna, flora and speed limits in conservation areas. The Group also helps to maintain the parks and preservation areas located near the highways and conducts campaigns to combat the illegal trafficking of plants and wildlife.

## **RELATIONSHIP WITH INDEPENDENT AUDITORS**

Pursuant to CVM Instruction 381/2003, we hereby inform that Deloitte Touche Tohmatsu Auditores Independentes was engaged to provide the following services in 2019: audit of financial statements in accordance with the generally accepted accounting practices in Brazil and the International Financial Reporting Standards (IFRS); review of the Interim Quarterly Financial Information in accordance with Brazilian and international standards for the review of interim information (NBC TR 2410 – *Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade* and ISRE2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity). Fees for fiscal year 2019 totaled R\$104,200. The Company engaged the Independent Auditors to provide services regarding reasonable assurance on the compilation and calculation of discounts granted in toll tariffs to service users under the leniency agreement signed with the Federal Prosecution Office (MPF), for the indirect subsidiaries Ecovia Caminho do Mar S.A. and Rodovia das Cataratas S.A. – Ecocataratas, for R\$50,000 per report to be issued.

## **STATEMENT FROM THE BOARD OF EXECUTIVE OFFICERS**

The Executive Board of Ecorodovias Infraestrutura e Logística S.A., pursuant to article 25 of CVM Instruction 480 of December 7, 2009, hereby declares that it reviewed, discussed and agreed (i) with the contents and opinion expressed in the report from Deloitte Touche Tohmatsu Auditores Independentes; and (ii) with the financial statements for the fiscal year ended December 31, 2019.

São Paulo, February 18, 2020

**The Management**