

SUMMARY

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Management Report

3Q21

Management report for the period ended September 30, 2021 compared to the same period of 2020.
In thousands of Brazilian Reais (unless otherwise stated)

General Service Data

1. Current scenario and Management's opinion

The Company operates with Water Supply and Sewage Treatment Systems in the State of Goiás, in 226 of the 246 municipalities in the state, of which 62 have Program Contracts and 164 Concession Contracts. The Company's operations guarantee a better quality of life in these municipalities, ensuring the health of Goiás citizens.

Concession/Program Contracts	9M2021	3Q2021	Revenue portion (%)
Total municipalities serviced	226	226	100%
Total municipalities with program contracts	62	62	70.94%
Total municipalities with active concession contracts	74	85	13.06%
Total municipalities with expired concession contracts	90	79	16.03%

Table 01 - Area of operation

More than 70% of the Company's billings come from 62 program contracts that mature between 2037 and 2050. The average maturity of active contracts is 23 years (calculated based on the billing % of 2020).

The contracts for Goiânia and Anápolis stand out as they represent 43.70% of the Company's total billing and mature in December/2049 and November/2050, respectively.

1.1 Water scenario

In 2021, we still experienced effects of the Coronavirus Pandemic that caused changes in the population's behavior and even changes in the ways in which our services are used. Despite this, the Company kept its commitment and its continuous operations throughout this phase, including with operational improvements (see Item 3 of this report on Loss Reduction) and also maintaining a sustainable economic and financial situation.

In addition to the Pandemic, in this 3rd Quarter, we had the challenge of maintaining an adequate and constant water supply for the more than 5.8 million people in Goiás, despite the current national water crisis. By taking preventive measures since 2020, we were able to guarantee the supply with no major harm to the population. The measures include, among others:

- Connection of 28 wells in 32 municipalities;
- Project for Restoration of Vegetation Composition in the Meia Ponte basin, carried out with resources from Caixa's Environmental Social Fund (FSA);
- Installation of 60 monitoring points for users of water resources in the river basins Meia Ponte (50 points) and Ribeirão Piancó (10 points);
- Installation of a Compact Water Treatment Station (ETA Compacta) in the municipality of Anápolis with a production capacity of 150 liters of water per second;
- Installation of Day/Night controls;
- Integration of the João Leite and Meia Ponte Systems with an increase of 800 liters of water per second made available in the Greater Goiânia region;

General Service Data

- Task force prioritizing the fight against losses on its systems with actions that include the search for leaks using listening rods and replacement of damaged lines, resulting in a reduction in the loss rate from 27.65% in 3Q2020 to 26.53% in 3Q2021;
- Marketing actions, such as the 2021 Drought Campaign - Água: use bem, que todo mundo tem, Consumption Awareness Project - Grupo Jaime Câmara de Comunicação (TV Anhanguera, O Popular and G1 - and Citizen Awareness Project. #EuCuidoDeGoiás - Record Goiás and TV Sucesso Jataí, all campaigns broadcast on radio, TV and newspapers.

In addition, the Government of the State of Goiás published State Decree No. 9.872/2021 which established a water emergency scenario in the basins of Meia Ponte River in Goiânia and Ribeirão Piancó River in Anápolis. This situation aims to prioritize the use of water for human and animal consumption.

The water crisis scenario in Brazil also affects the electricity sector, which accounts for approximately 12.8% of our total expenses and costs. In order to reduce these expenses and contribute to the

sustainable use of electricity, the Company is in the final stage of an acquisition process of electricity in the Deregulated Market, not yet contracted, which aims to supply electricity for part of the systems in Goiânia (Booster Cascalho), Rio Verde (Booster Abóbora) and Jataí (Water collection, ETA and Water Lift Station (EAT)).

1.2 Ownership interest

In 3Q2021, the Company's major shareholder is the State of Goiás, which holds 67.22% of the Company's total shares.

Shareholder	Common shares		Preferred shares		Total shares	
	Number	%	Number	%	Number	%
State of Goiás	1,336,135,801	71.5695	354,992,364	54.7287	1,691,128,165	67.2271
Goiás Prev	488,016,887	26.1404	122,637,514	18.9069	610,654,401	24.2752
Goiás Parcerias	42,749,681	2.2899	170,998,719	26.3627	213,748,400	8.4971
Others	4,005	0.0002	11,396	0.0018	15,401	0.0006
Total	1,866,906,374	100%	648,639,993	100%	2,515,546,367	100%

Table 02 - Ownership interest

During 3Q2021, in July, the Company paid dividends to shareholders in the amount of R\$ 79,884 thousand, referring to income for 2020.

General Service Data

2. General Service Data

Water – Operational indexes	Unit	9M2021	9M2020	Var. (%)
Population w/ access to service	Thousands	5,893	5,803	1.55%
Service index	%	97,50%	97,30%	0.21%
Connections	Thousands	2,319	2,250	3.07%
Savings	Thousands	2,517	2,452	2.65%
Expansion of pipeline network	Km	31,830	31,183	2.07%
Sewage – Operating indexes	Unit	9M2021	9M2020	Var. (%)
Population w/ access to service	Thousands	4,016	3,841	4.56%
Service index	%	66.50%	64.40%	3.26%
Service index (Treated)	%	93.38%	93.16%	0.24%
Connections	Thousands	1,318	1,248	5.61%
Savings	Thousands	1,484	1,416	4.80%
Expansion of pipeline network	Km	14,557	13,264	9.75%

Table 03 - General Service Data

Water – Operating indexes	Unit	3Q2021	3Q2020	Var. %	9M2021	9M2020	Var.%
Volume billed	thousand m ³	75,217	74,653	0.76%	214,472	206,547	3.8%
Volume produced	thousand m ³	105,596	103,340	2.18%	300,176	292,432	2.6%
Sewage - Operating indexes	thousand m ³	3Q2021	3Q2020	Var.%	9M2021	9M2020	Var.%
Volume billed	thousand m ³	46,570	44,980	3.53%	133,691	126,337	5.8%
Treated sewage volume	thousand m ³	43,394	41,684	4.10%	124,324	117,109	6.2%

Table 04 - Volume produced/billed/treated

2.1 Water Supply System

In 9M2021, the Company increased the provision of water supply services in the state of Goiás in relation to the population served by 1.55%, with a service rate of 97.50% of the population. There was an increase in the number of Company's billed water connections of 3.07% (69 thousand new connections), whereas the water distribution networks were expanded by 2.07%.

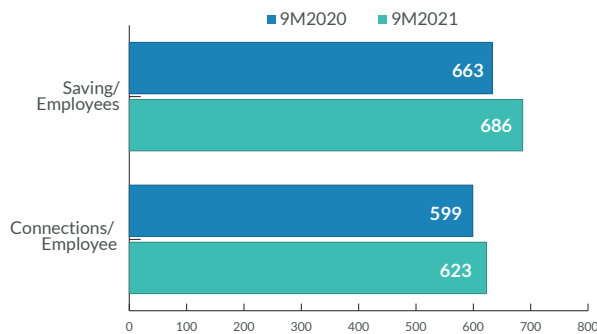
2.2. Sistema de Esgotamento Sanitário

Regarding sewage systems, there was also an increase in the population served, representing a growth of 4.56% compared to 3Q2020. This number represents a Sewage Service Ratio of 66.50% of the total population served in the State (municipalities in which the Company holds a concession) in 9M2021. The number of billed sewage connections represented a growth of 5.61% (70 thousand new connections) compared to 3Q2020. In relation to the billed volume of sewage, there was an increase of approximately 5.8% compared to 3Q2020. In addition, the volume of treated sewage increased by 6.2% for 9M2021 compared to 3Q2020.

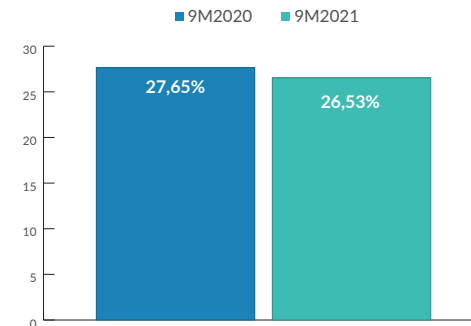
General Service Data

3.3. Performance Indicators

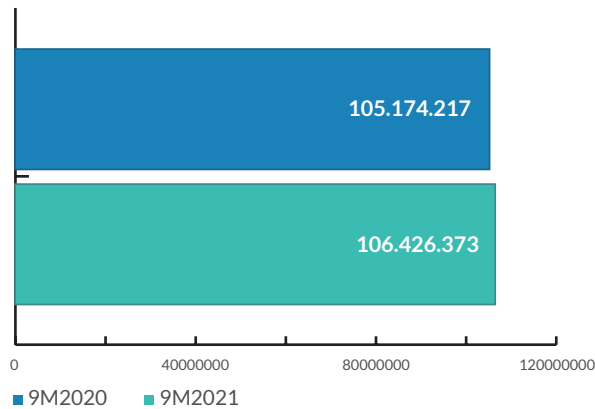
The Company currently has 5,832 employees throughout the state of Goiás, who are responsible for 4,001 thousand water and sewage savings. The productivity of the workforce, measured by the amount of savings (water + sewage), divided by the number of employees, increased from 663 savings/employees to 686 savings/employees in 3Q2021, showing an improvement in efficiency of 3.46%, primarily caused by expansion of the client portfolio in the period caused an increase in the number of savings.



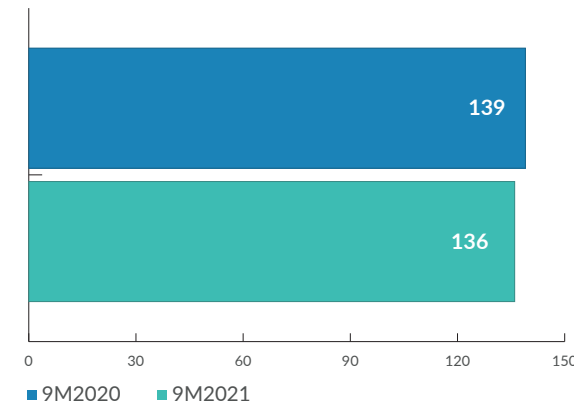
Graph 01 - Employee Performance



Graph 02 - Loss Index



Graph 03 - Losses on treated water per m³



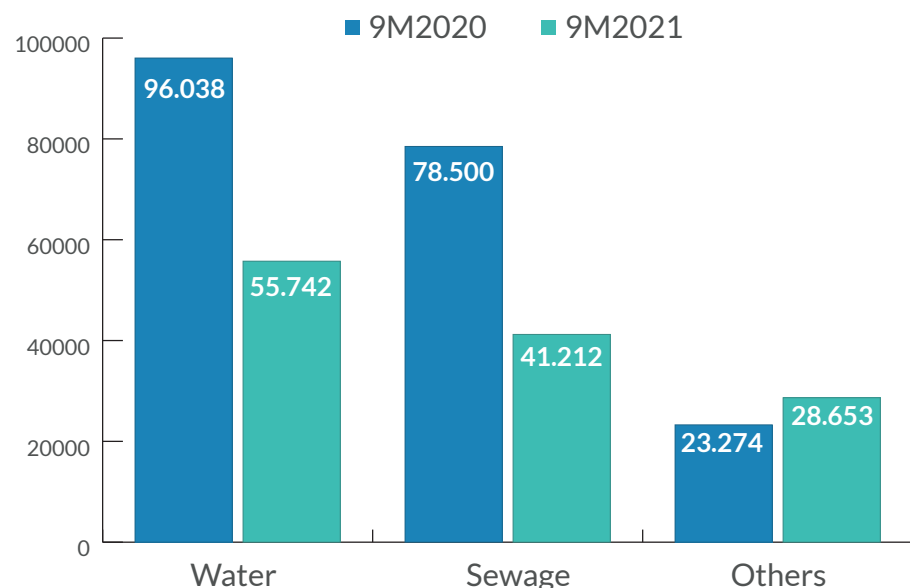
Graph 04 - Connection loss index (liters per connection per day)

Furthermore, there was a reduction of 4.22% in the index of loss of Treated Water, with the percentage of 26.53% in 9M2021 and 27.65% in 9M2020. In 2020, the Company continuously led a task force prioritizing the fight against losses on its systems with actions that include the investigation of leaks using listening rods and the replacement of damaged lines. Saneago began carrying out mass migration from hydrometers to the new technology in 2020, following feasibility studies carried out in previous years. In the first phase, from March 2020 to March 2021, 221,000 volumetric meters were installed, which represented the replacement of 9.7% of the Company's current hydrometer count. For the next phase, in January 2021, over 600,000 volumetric hydrometers were bid. They will be implemented continuously until 2023, which will represent the replacement of over 26.4% of the current units, thus reaching the accumulated replacement of 36.1% of the units.

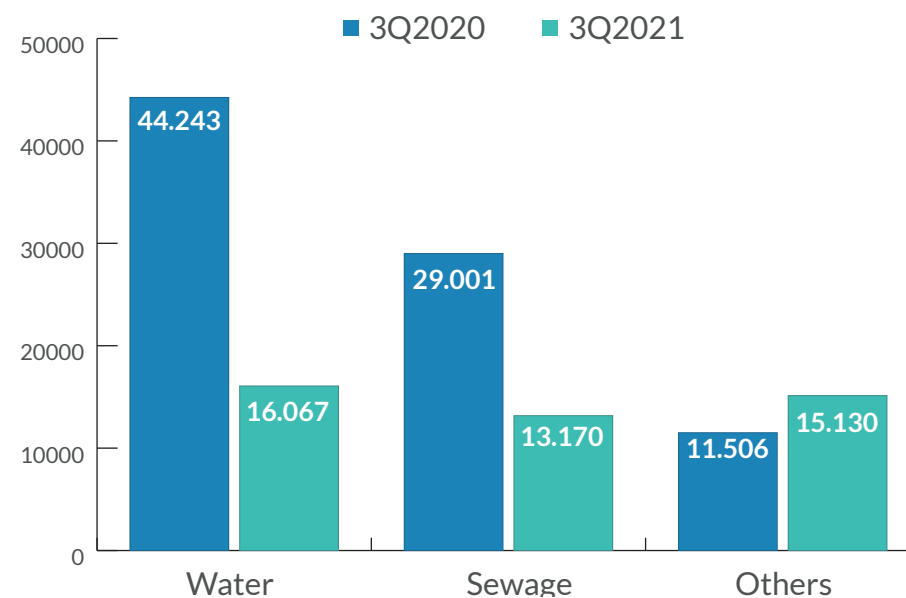
Investments

4. Investments

Investments made in 3Q2021 totaled R\$ 44,367, as shown in Graph 5. Of this amount, 36.21% was invested in water supply systems, whereas 29.68% was allocated to sewage collection and treatment systems and the remaining 34.10% was invested in operational improvement programs, business development, general purpose goods and others. The reduction in investments was caused by the failure of bids in the second half of 2020, mainly motivated by the increase in prices of civil construction materials, one of the effects of the COVID-19 Pandemic. The “Others” Group includes the acquisition of goods not intended for Water and Sewage Systems, such as the acquisition of vehicles, computers, construction work of administrative areas, software and construction inventory.



Graph 05 - Volume of investments per system in 9M2021



Graph 06 - Volume of investments per system in 3Q2021

Investments

4.1 4.1 Investments delivered in 3Q2021:

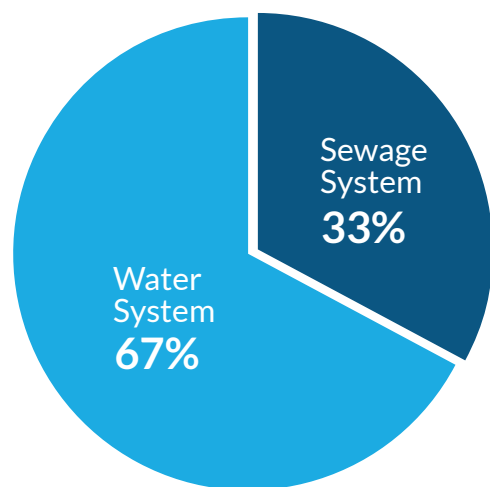
In this 3rd Quarter (July, August and September), the Company delivered four (04) expansion works of SAA and SES systems, namely:

- Sistema de Esgotamento Sanitário em Pirenópolis – Construção de 18,6km de redes coletoras e 1.175 novas ligações, atendendo 4.100 habitantes. O índice de atendimento de esgoto na cidade saiu de 0% para 20%. Valor investido: R\$ 9,3 milhões;
- Expansion of the Porangatu Sewage System with a 178-km network and removal of 95% of impurities in waste treatment. The population served with sewage system increased from only 10% to 75%, providing 8,192 connections. Invested amount: R\$ 29.5 Million;
- Construction of the Sewage Treatment Plant in Vianópolis with 65.4 km of collection networks. The work allowed for sewage services to increase from 0% to 80% of the population, providing 2,540 connections. Invested amount: R\$ 14.1 Million;
- Construction and assembly of ETA Compacta in the city of Anápolis. Expansion of water production by 150 liters per second as from August 2021. Invested amount: R\$ 3,5 Million;
- Expansion of the Sewage System in Iporá. Construction of 149 km of collection networks serving 14,300 residents and increasing the sewage collection rate from 52% to 80% of the population, providing 7,878 connections. Invested amount: R\$ 36 Million.

Gross Sales Revenue

5. Gross Sales from Water and Sewage Services

Currently, about 67% of the Company's Revenue comes from Water Systems and 33% from Sewage Services, as demonstrated in the graph below:



Graph 07 - System Type Segmentation

GROSS REVENUE FROM WATER AND SEWAGE SERVICES						
Revenue by type of service	3Q2021	3Q2020	Var. %	9M2021	9M2020	Var. %
Residential	319,441	322,533	-0.96%	912,683	885,223	3.10%
Social tariff	1,072	1,111	-3.51%	3,121	3,247	-3.88%
Commercial	41,307	36,041	14.61%	113,306	101,945	11.14%
Industrial	11,208	10,582	5.92%	29,461	27,122	8.62%
Public	22,598	20,801	8.64%	57,794	58,858	-1.81%
Indirect service revenues	3,755	2,454	53.02%	9,250	8,222	12.50%
Minimum fixed rate	68,333	67,158	1.75%	203,717	201,919	0.89%
Unbilled revenue	7,685	10,163	-24.38%	6,218	9,174	-32.22%
Total water services	475,399	470,843	0.97%	1,335,550	1,295,710	3.07%
Residential	151,040	149,863	0.79%	435,717	415,557	4.85%
Residential social tariff	498	500	-0.40%	1,444	1,441	0.21%
Commercial	31,526	27,744	13.63%	87,778	80,876	8.53%
Industrial	4,615	4,478	3.06%	13,192	12,784	3.19%
Public	13,277	12,535	5.92%	36,611	37,241	-1.69%
Indirect service revenue	8,084	666	1113.81%	14,048	11,856	18.49%
Minimum fixed rate	23,435	22,657	3.43%	69,611	67,321	3.40%
Unbilled revenues	3,052	3,854	-20.81%	2,409	2,703	-10.88%
Total sewage services	235,527	222,297	5.95%	660,810	629,779	4.93%
Total gross revenue (water+sewage)	710,926	693,140	2.57%	1,996,360	1,925,489	3.68%
Deductions	(67,766)	(64,825)	4.54%	(188,081)	(180,767)	4.05%
Revenue from water and sewage services	643,160	628,315	2.36%	1,808,279	1,744,722	3.64%

Table 05 - Revenues from Water and Sewage Supply Services

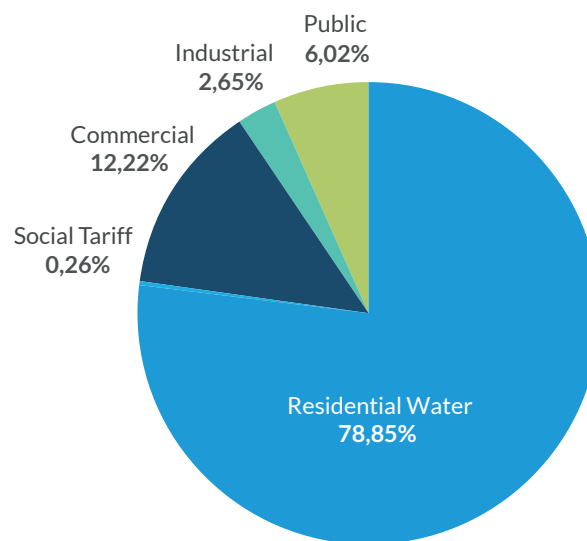
Gross Sales Revenue

In 3Q2021, the Company recorded an increase of 2.57% in gross revenue, even without the application of tariff adjustments in the period. The Company expanded its water connections by 2.65% and sewage connections by 4.80% in this period.

Regarding the variation in 3Q2021, in addition to the expansion of systems, the resumption of economic activities in the state was important, due to the gradual reductions in restrictions imposed due to the Coronavirus Pandemic, with an increase in the consumption of the commercial categories by 14% and industrial ones by 5.07%. The public category showed a sharper increase of 7.63% compared to 3Q2020, only after the month of August, with the partial resumption of on-site classes.

Despite the aforementioned increases, the Residential category decreased by 0.41%. In 2020, this category increased due to restrictions imposed on economic activities, with a consequent reduction in the commercial, industrial and public categories. With the resumption of activities, there was a transfer of consumption from the residential category to the other ones.

In relation to customer segmentation, the residential category maintains a share of 78.85% among the total categories. Commercial and public categories represent 12.22% and 6.02%, respectively.



Graph 08 - Segmentation per category of customer

Main variation and causes of the data observed in Table 4 for 3Q2021/9M2021

5.1 Revenues from Water Supply Services

Total revenues from water supply increased by 0.97% in 3Q2021 compared to 3Q2020. Such variation is a reflection of the 2.65% expansion in the number of clients according to the increase in water connections.

5.2 Revenues from Sewage Services

Total revenues from sewage services presented a growth of 5.95% in 3Q2021 compared to 3Q2020. Such variation is a reflection of the 4.8% expansion in the number of clients according to the increase in sewage connections.

Financial Income Performance

6. Performance of Financial Income (Loss)

Performance of Financial Income (Loss)	3Q2021	3Q2020	Var.%	9M2021	9M2020	Var.%
Total Net Revenues (+)	646,084	631,071	2,38%	1,817,025	1,752,900	3.66%
Personnel (-)	(256,308)	(255,350)	0.38%	(775,987)	(746,679)	3.93%
Materials (-)	(18,384)	(19,401)	-5.24%	(58,967)	(66,525)	-11.36%
Third parties (-)	(54,102)	(46,622)	16.04%	(156,019)	(135,798)	14.89%
Electricity (-)	(61,586)	(54,383)	13.24%	(170,079)	(156,961)	8.36%
General (-)	(6,112)	(5,998)	1.90%	(24,038)	(14,204)	69.23%
Concession-related compensation (-)	(19,484)	(17,807)	9.42%	(55,696)	(54,190)	2.78%
Tax expenses (-)	(8,206)	(2,380)	244.79%	(21,406)	(13,951)	53.44%
Provisions/ Reversals (-)	(10,343)	(27,257)	-62.05%	(125,087)	(67,234)	86.05%
Other revenues/expenses (-)	18,823	(944)	-2093.96%	22,003	(7,052)	-412.01%
Amortization/depreciation (-)	(30,065)	(29,647)	1.41%	(89,457)	(88,491)	1.09%
Total costs and expenses (=)	(445,767)	(459,789)	-3.05%	(1,454,733)	(1,351,085)	7.67%
Financial income (loss) (-)	(23,700)	(10,725)	120.98%	(12,002)	(61,373)	-80.44%
Current/deferred Income and Social Contribution taxes (IRPJ and CSLL) (-)	(51,919)	(49,784)	4.29%	(101,792)	(110,085)	-7.53%
Net income (=)	124,698	110,773	12.57%	248,498	230,357	7.88%
EBITDA	230,382	200,929	14.66%	451,749	490,306	-7.86%
EBITDA margin	35.66%	31.84%	11.99%	24.86%	27.97%	-11.12%
Adjusted EBITDA	207,091	228,186	-9.24%	543,201	557,540	-2.57%
Adjusted EBITDA margin	32.05%	36.16%	-11.35%	29.90%	31.81%	-6.01%

Table 06 - Performance of Financial Income (Loss)

Financial Income Performance

6.1 EBTIDA

The Company's EBITDA reached R\$ 230,382 in 3Q2021 compared to R\$ 200,929 recorded in the same period of the previous year, representing an increase of 14.66% compared to 3Q2020, mainly affected by the increase in the Other Revenues Group, due to Receipt of an indemnity for material damages in a lawsuit (R\$ 18,587), in addition to the sale of an area owned by the Company in the municipality of Senador Canedo/GO (R\$ 6,960). Furthermore, there was a 62% reduction in the balance of provisions, mainly as a result of the increase in receipts of barred credits and a reduction in losses on trade accounts receivable, both arising from the resumption of the policy of supply cuts for customers in default, which was suspended in 2020. In the accumulated analysis, there was a negative variation of 7.86%, totaling the amount of R\$ 451,749 in 9M2021, mainly as a result of the recognition of a provision for civil contingencies of approximately R\$ 100 million in 1Q2021, as detailed in item 6.4.9.

The EBITDA on net revenues in 3Q 2021 was 35.66% in comparison to 31.84% in the same period of the previous year.

Reconciliation of Adjusted EBITDA	3Q2021	3Q2020	Var. %	9M2021	9M2020	Var.%
EBTIDA (+)	230,382	200,929	14.66%	451,749	490,306	-7.86%
Provisions/ Reversals (+)	10,343	27,257	-62.05%	125,087	67,234	86.05%
Provision for profit sharing (-)	(33,634)	-	-	(33,364)	-	-
Adjusted EBITDA	207,091	228,186	-9.24%	543,201	557,540	-2.57%

Table 07 - Reconciliation of Adjusted EBITDA

6.2 Adjusted EBITDA

Adjusted EBITDA, calculated excluding Provisions/Reversals/Losses and Recovery of Accounting Credits that have no cash effect, as described in table 6, was measured in the amount of R\$ 207,091 for 3Q2021, representing a reduction of 9.24% compared to the same period of the previous year. This variation was mainly due to the registration, in July, of the payment of R\$ 33,057 in profit sharing to employees for 2020. The amount was provisioned at R\$ 33,634, however, the provision is not reflected in the calculation of Adjusted EBITDA.

6.3 Adjusted EBITDA margin

The Adjusted EBITDA on net revenue in 3Q2021 was 32.05% compared to 36.16% calculated in the same period of the previous year. As mentioned above, this reduction reflects the accounting for the payment of employee profit sharing for 2020.

Financial Income Performance

6.4 Costs and expenses

6.4.1 Personnel

The personnel expenses in 3Q2021 totaled R\$ 256,308, representing an increase of 0.38% compared to the same period in 2020. A labor agreement was signed with the Trade Union of the category (STIUEG) in the same period in 2020, increasing personnel expenses by R\$ 8.8 million in 2020. Thus, despite the 2.05% salary increase in September 2020, the variation between periods was only 0.38%. Also, despite the base date for the category salary adjustment being in June, the Company's 2021 agreement was signed only in October and included the inflation for the period adjusted by 8.9%, retroactive to June, which will affect the financial statements in 4Q2021.

6.4.2 Materials

Expenses on materials decreased by 5.25% in 3Q2021. There was a large reduction in the use of materials due to two main factors:

- Immobilization of values related to the recovery of pumps, resulting in an increase in their useful lives;
- Reduction of materials for the maintenance of goods, Personal Protective Equip-

ment (PPE), Kitchen and tools, among others, since they were acquired through the virtual warehouse service contracted by the Company, as described in item 6.5.4.

The group's decrease was not greater due to the increase in fuel costs, from R\$ 3,269 thousand in 3Q2020 to R\$ 5,640 thousand in 3Q2021, a reflection of the increase of more than 40% in the cost of fuel in Brazil.

6.4.3 Electricity

Electric power cost totaled R\$ 61,586 in 3Q2021, presenting an increase of 13.31% compared to 2020. That change is a reflection of the electric power tariff adjustment in October 2020 at an average percentage of 4.28%. However, there is also the reflection of the relief referring to Decree No. 9.642/2018, which revoked a 15% discount granted on the electricity bills of the Company. This discount has been gradually eliminated in the months of October of each year and, in October 2020, there was the reduction of another 3% on the discount. However, as of 06/29/2021, as per the ANEEL Resolution, the red flag tariff was increased by 50%.

6.4.4 Third-party services

Expenses on third-party services increased by 16.04% in 3Q2021. The main change is the implementation of the Virtual Warehouse System, in which the Company contracted a logistics management service responsible for acquiring materials and delivering supplies to the various offices of the Company. This contract aims to reduce costs on storage and transportation in the long term, as well as guaranteeing the constant availability of materials. In 9M2021, a total of R\$ 8,457 thousand was spent on this service.

6.4.5 General

Expenses on general expenses increased by 1.9% in 3Q2021. This change was mainly due to the increase in travel expenses for employees on duty, which reached R\$ 1,782 in 3Q2021 compared to R\$ 1,163 in 2020, since there were greater restrictions on locomotion in 2020, preventing and restricting travel.

Financial Income Performance

6.4.6 Concession/Contract Compensation

The amounts paid to municipal governments in consideration for concession and program contracts have a new methodology for calculation as provided in signed contracts in Goiânia and Anápolis, totaling 82%. In 3Q2021, there was an increase of 9.41%.

6.4.7 Tax

In 3Q2021, this group increased by 244.81%. This change was due to the accounting record of R\$ 6,047 million referring to Taxes on Sales (PIS/COFINS) related to an installment payment of R\$ 33,963 entered into with the Brazilian Federal Revenue Service in August, regarding the unfavorable decision of an administrative proceeding in which the Company sought to validate credits used in payment of taxes from 1999 to 2002.

6.4.8 Other Revenues/Expenses

This group increased by more than 2000% (positive) in the period. The main change in this group was the receipt of R\$ 18,587 thousand as compensation for material damages related to the Corumbá river dam that caused the flooding of a construction

site in the former Corumbá water collection complex. In 2015, the amount of R\$ 7 million had been recorded as losses on this construction work. However, of these R\$ 18,587 million, only R\$ 13,659 were recorded in the group Other Revenues, the remainder was recorded in the group Monetary Adjustment in Financial Income (Loss). In addition, a property owned by the Company located in Senator Canedo/GO was sold. The property had been acquired for R\$ 2,578 and was sold for R\$ 6,960.

6.4.9 Provision/Reversal/Losses/Recovery of barred credits:

Reversals (-) Provisions, Net	3Q2021	3Q2020	Var.%	9M2021	9M2020	Var.%
Losses on barred credits	(6,688)	(33,455)	-80.01%	(36,425)	(69,146)	-47.32%
Provision for contingencies	3,549	5,225	-32.08%	(100,040)	575	-17498.26%
Allowance for doubtful accounts	(6,990)	(6,478)	7.90%	(3,608)	(13,358)	-72.99%
Provision for losses on inventories	(214)	7,451	-102.87%	14,986	10,945	36.92%
Estimated losses on construction work	-	-	-	-	3,750	-100.00%
Provisions/Reversals/Losses and Recovery of Credits	(10.343)	(27.257)	-62,05%	(125.087)	(67.234)	86,05%

Table 08 - Provisions/Reversals/Losses and Recovery of Credits

According to the table above, a decrease of 62% was observed in the balance between reversals and provisions in 3Q2021, whereas the variation was an increase of 86% in 9M2021. The main changes were a) increase in the provision for civil contingencies in the municipality of Minaçu regarding an environmental action reclassified from possible loss to probable loss in the quarter and to new labor claims totaling approximately R\$ 100 million, both detailed in Note 27; b) reversal of provision for losses on inventories in the amount of R\$ 15,200, due to the revision of the estimated loss of items with no movement; and c) Reduction in the loss on

Financial Income Performance

barred credits, as well as an increase in the recovery of these credits due to the resumption of the policy of supply cuts for customers in default that was suspended in 2020 due to the Pandemic.

6.5 Net Financial Income (Loss):

Financial revenues and expenses, net						
Description	3Q2021	3Q2020	Var.%	9M2021	9M2020	Var.%
Interest/fine	24,070	11,645	106.7%	64,331	34,596	85.9%
Monetary adjustment	15,825	7,819	102.4%	32,083	16,323	96.6%
Discount to present value	(435)	410	-206.1%	(1,220)	1,074	-
Total financial revenues	39,460	19,874	98.6%	95,194	51,993	83.1%
Interest/charges and other expenses	(55,121)	(26,020)	111.8%	(100,808)	(78,586)	28.3%
Monetary adjustment	(714)	(1,394)	-48.8%	(1,851)	(1,967)	-5.9%
Exchange rate gains (losses)	(7,325)	(3,184)	130.1%	(4,537)	(32,813)	-86.2%
Total financial expenses	(63,160)	(30,598)	106.4%	(107,196)	(113,366)	-5.4%
Financial income (loss)	(23,700)	(10,724)	121.0%	(12,002)	(61,373)	-80.4%

Table 09 - Net Financial Revenues and Expenses

These reflect returns on financial investments, gains on monetary adjustments and other amounts receivable, expenses on interest on loans and financing, exchange rate gains and losses, as well as expenses on late payment interest and fines and discounts granted.

The results reported in 3Q2021 increased by 121%. This result was mainly due to the accounting record of R\$ 27,916 thousand referring to interest on installments and fines, arising from the installment payment signed with the Brazilian Federal Revenue Service and described in item 6.5.7.

Despite this, the effect was not greater due to the increase in interest rates and monetary adjustments received from clients by 106% and 102%, respectively, both situations arising from the increase in commercial negotiations after the resumption of the policy of supply cuts for customers in default, which was suspended in 2020 due to the pandemic.

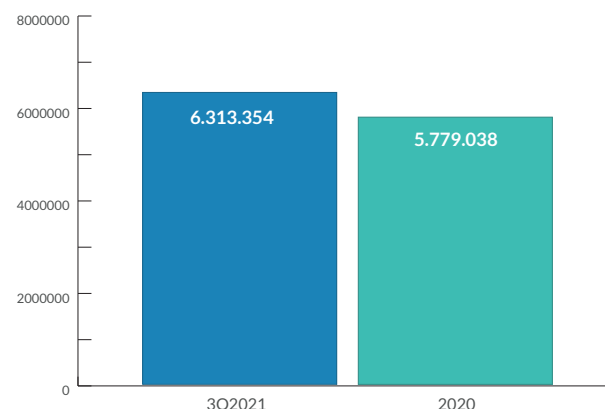
6.5.1 Net Income/Loss

The Company reported income of R\$ 124,698 in 3Q2021, an increase of 12.57% compared to 3Q2020. This increase mainly resulted from the reduction in the balance of provisions, due to the reduction in losses on trade accounts receivable, as mentioned in item 6.5.7. Also, net revenues increased by 2.38% despite there being no tariff adjustment.

Analysis of and Discussion About the Structure of Assets

7. Analysis and Discussion of the Equity Structure

In the analysis and discussion below regarding the Company's structure of assets, we seek to discuss the items considered materially relevant to adequately justify the changes in its financial situation in the period corresponding to the 3Q2021 compared to the end of the previous year.

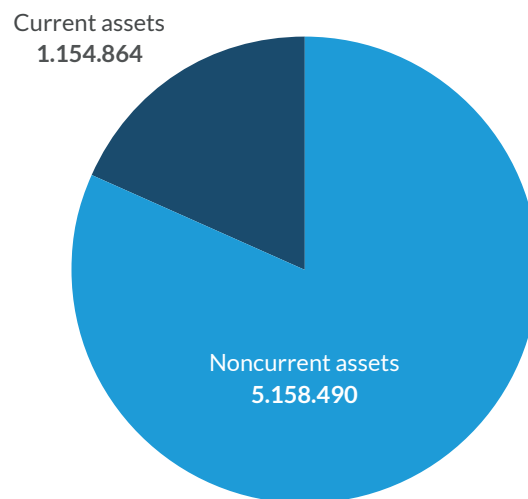


Graph 09 - Progression of Total Assets

In 3Q2021, the main changes in the structure of assets occurred in current assets, which increased by 50%, mainly due to the 9th Issuance of Debentures in the amount of R\$ 250,000 thousand. Thus, current liquidity increased from 1.101 at the end of 2020 to 1.6755 at the end of 3Q2021. In ad-

dition, there was an increase in debt capital of 87.77% at the end of 2020 compared to 93.24% at the end of 3Q2021.

7.1 - Assets



Graph 10 - Structure of Assets - 3Q2021

7.1.1 Current assets

7.1.1.2 Cash and cash equivalents

They presented an increase of R\$ 352,844, from approximately R\$ 168,144 at the end of 2020 to R\$ 520,988 at the end of 3Q2021. The increase in the balance is mainly due to the 9th Issuance of Debentures in the amount of R\$ 250,000 thousand. In addition, as already mentioned in item 6.5.8, there was

also the receipt of R\$ 18,587 thousand as compensation for damages related to the Corumbá river dam that caused the flooding of a construction site in the former Corumbá water collection complex. Payments increased by 10.5% in the months of July to September compared to the previous year, reaching R\$ 716,001 in 3Q2021 compared to R\$ 647,677 in 3Q2020.

7.2 Noncurrent assets

7.2.1 Prepaid expenses

This item decreased by R\$ 5,174 in 3Q2021, from R\$ 192,803 at the end of 2020 to R\$ 187,629. This item refers to the prepayment of Concession Compensation of the Municipalities of Anápolis and Goiânia due to the early termination of the Concession Contract and signing of a new Program Contract for a period of 30 years.

7.2.2 Intangible assets

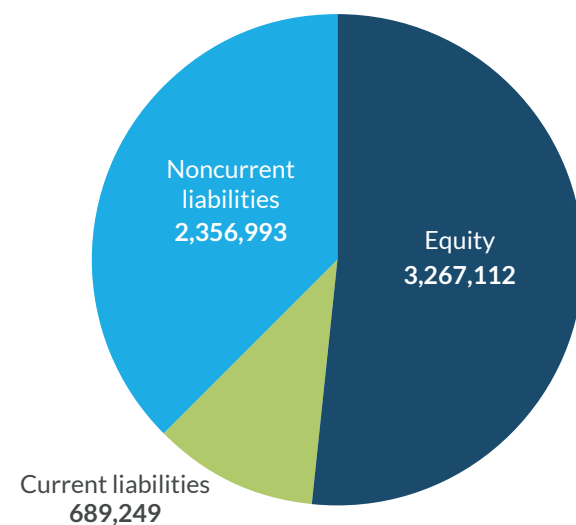
According to ICPC 01 (R1) - Concession Contracts, the account of Intangible assets includes the account Contract Assets. Intangible assets, mainly composed of assets used in water and sewage systems related to the municipal concessions, increased by R\$ 54,548, which represents a positive variation of 2%.

Analysis of and Discussion About the Structure of Assets

7.2.3 Contract Assets

A construction contract asset (work in progress) is the right to receive consideration for goods or services transferred to clients. That account presented a negative variation of 4.62% at the end of the 3rd quarter of 2021, with a balance of R\$ 696,395.

7.3 Liabilities



Graph 11 - Breakdown of Liabilities + Equity - 2Q2021

7.3.1 Short-term loans and financing

That account presented a balance of R\$ 135,030 at the end of 3Q2021, compared to R\$ 134,637 at the end of 2020, a variation of -0.29%.

7.3.2 Debentures

Debentures classified as current presented a reduction of R\$ 6,468 as a result of amortization in the period.

7.3.3 Dividends and Interest on Equity Capital Payable

This item showed a reduction of 26.12%, reaching R\$ 59,018 compared to R\$ 79,884 in 2020. In July of that year, the full payment of the dividends for 2020 was made in the amount of R\$ 79,884. However, the Company has monthly provisioned the interest on equity capital expected to be paid in 2022, which justifies the balance in 3Q2021.

7.3.4 Lease

This item refers to adjustment of the Company's records to accounting standard CPC 06, which addresses the accounting of lease operations for which lease contracts maturing in more than 12 months shall require the recognition of right-of-use assets with corresponding lease liabilities. In 3Q2021, a total amount of R\$ 16,335 was recognized in the short term. There were no new agreements.

7.4 Noncurrent liabilities

7.4.1 Long-term loans and financing

This account had a reduction of 41.96% in relation to the balance presented at the year ended December 31, 2020. The reduction of the account is caused by amortization of debts during the year.

Analysis of and Discussion About the Structure of Assets

7.4.2 Debentures

Debentures classified as noncurrent increased by R\$ 163,463, 34.33% increase. This increase is mainly a reflection of the 9th Issuance of Debentures carried out in the period, as mentioned in item 7.1.2.

7.4.3 Provisions for legal claims

This item increased by 68.71%, reaching R\$ 245,636. The growth occurred mainly due to civil contingencies, particularly the ones referring to the municipality of Minaçu regarding environmental matter and other labor matters, totaling about R\$100, as discussed in item 6.4.9 above and described in note 27 to the financial information.

7.4.4 Equity

Equity, due to the income reported in the period, had an increase of approximately R\$ 189,480, corresponding to a positive variation of 6.16%.

Sanitation Legal Framework

8. Sanitation Legal Framework – Law No. 14.026/2020 and Decree No. 10.710/2021

On July 15, 2020, Law No. 14.026/2020 was enacted amending Law No. 11.445/2007, of January 5, 2007, National Legal Framework on Basic Sanitation. Among the changes brought by the law, it established attributions to the National Water and Basic Sanitation Agency (ANA), which now defines regulatory guidelines on sanitation in Brazil. Rules on the regionalization of the services were also implemented, as well as the definition of targets of universalization of the services at 99% for water supply and 90% for sewage services until 2033. Moreover, the state service providers shall prove their economic and financial capacity to meet the contract obligations, according to the methodology defined in Decree No. 10.710, of May 31, 2021, ruling article 10-B of Law No. 11.445/2007.

For the validation and certification of the 1st phase of proof of economic and financial capacity required by the decree, the Company contracted BDO RCS Auditores, which issued a report on the calculations carried out by the Company regarding minimum compliance with the established indexes, as shown in the following table:

Description	Target	2016	2017	2018	2019	2020	Median
Net Margin Index ¹	> 0	0.15	0.21	0.15	0.16	0.17	0.16
Indebtedness Level Index ²	< 1	0.51	0.44	0.45	0.49	0.47	0.47
Index of Return on Equity ³	> 0	0.04	0.10	0.04	0.10	0.11	0.10
Cash Sufficiency Index ⁴	> 1	1.04	1.09	1.06	1.06	1.07	1.06

Table 09

1 - Net Margin without depreciation and amortization: economic and financial index calculated by dividing net income without depreciation and amortization and operating income; debt and tax expenses;

2 - Economic and financial index calculated from the sum of current liabilities and noncurrent liabilities, divided by total assets;

3 - Economic and financial index calculated by dividing net income;

4 - Economic and financial index calculated by dividing total payments and the sum of operating expenses, interest expenses, charges, debt amortization and tax expenses.

Regarding the 2nd phase, it consists of preparing feasibility studies and a fundraising plan to demonstrate the Company's capacity to make the necessary investments for the universalization of services. For this purpose, the Company contracted Consultoria EY (Ernst & Young Advisory Services) in order to comply with the requirements established by Federal Decree No. 10.710 of May 31, 2021. The work has already started in order to meet the deadlines established in the decree.

In relation to the regionalization brought by the new law, the state had the obligation to promote the regionalization of the basic sanitation services rendering, including the 246 municipalities, until the limit date of July 15, 2021, or such definition would be done by the Federal Government.

By means of the State Department of Sustainability and Environment (SEMAD), public hearings were conducted on July 12 and 13, in the cities of Anápolis and Goiânia, for presenting the proposal of regionalization of the services of basic sanitation to the state of Goiás.

Sanitation Legal Framework

The Bill (PLC) under discussion establishes microregions of basic sanitation in Center-West and Center-East of the state and their respective governance structures. The regionalization process was filed by the state of Goiás with the State Legislature on July 15, 2021, and will be object of discussion by the state representatives.

Thus, the Company has been adapting its structure to this new scenario. Among the measures taken for this adaptation, we highlight the creation of a specialized unit to coordinate processes related to participation in biddings and compliance with its related obligations more efficiently; amendment of contracts to adapt them to the targets established by the new law; reform of its creation law (State Law No. 6.680/1967) to guarantee new business arrangements and increase its efficiency and competitive capacity, as well as establishment of partnerships and incorporation of special purpose entities, subsidiaries of local level and funds.

Risk Rating

On March 25, 2021, the firm Fitch Rating increased the Long-Term National Rating of Saneamento de Goiás S.A. (“Corporate”) and of its bonds to stable “A+(bra)”.

In relation to the Fund of Investment in Receivables of Saneamento de Goiás S.A. - Saneago Infraestrutura IV (“FIDC IV”), on March 24, 2021, Fitch Rating increased its rating to stable “AAAsf(bra)”. The FIDC rating reflects its perspective of reaching a “Corporate Rating” and takes into account the operation’s performance.

According to Fitch, the increase in the rating “reflected the operating and financial performance of Saneago that was above our initial estimates”.

On June 28, 2021, Fitch attributed Rating ‘A+(bra)’ to the Proposal for 9th Issue of Debentures of Saneago, with final maturity in five years. The funds of the proposed issue, amounting to up R\$ 250 million, will be mainly used to reinforce liquidity.

The complete list of ratings is provided in Table 11.

Provider	Rating	Scale	Outlook	Latest report
Fitch	Corporate and Debenture Issuances (4th, 5th, 6th and 8th)	A+(bra)	Stable	03/15/2021
	Proposal for 9th Issuance of Debentures	A+(bra)	Stable	06/28/2021
	FIDC IV	AAAsf(bra)	Stable	03/24/2021

Table 10 - Fitch Ratings - Saneago S.A.

9.1 Subsequent events

On October 28, 2021, Moody’s assigned a(CFR) AA+.br Corporate Rating to Saneago, with a stable outlook. Saneago’s AA+.br Corporate Rating, according to Moody’s, reflects its resilient demand, with stable and predictable cash flow generation, the growth opportunity of its concession area and the long remaining period of most of its contracts. The rating also takes into account the Company’s strong credit metrics and the adequate level of its reservoirs, despite the country’s water crisis.

Provider	Rating	Scale	Outlook	Date
Moody’s	Corporate	AA+.br	Stable	10/28/2021

Table 11 - Moody’s Ratings - Saneago S.A.

Environmental, Social and Governance Initiative (ESG)

Considering the growing market concern for best corporate environmental, social and governance practices (also known as Environmental, Social and Governance - ESG), on November 27, 2020, an executive committee was organized, which is responsible for the strategies, guidelines and other sustainability matters of the Company.

The adoption of ESG practices is in alignment with Sustainable Development Goals defined by the United Nations (UN) and demonstrates the concern of the Company's Management in generating value through sustainable development. Thus, the Company has been working to reduce the environmental impacts of its main activities and developing social-environmental and governance projects to promote public health and well-being of people, among other actions aiming to maintain its processes, aspects and impacts under control and being characterized as a sustainable Company.

Aiming to reinforce its commitment to the subject, which is a value at the Company, various actions have been put in place to strengthen communications and assure the evolution of ESG standards in and out of Saneago. Among the actions and initiatives adopted, we highlight:

- Creation of a Sustainability Committee;
- Creation of the Committee for Women-Related and Diversity Matters;
- Inclusion of environmental and social clauses in contracts with suppliers;
- Approval of a Sustainability Policy;
- Intensification of protection, safety and health measures against the pandemic;
- Review of bottlenecks at the Company that lead to recurrent court actions as a result of a lack of concern to ESG practices;
- Updating of documents regarding the rules of the Company in compliance with good ESG practices;
- Publication of the Sustainability Report according to the Global Reporting Initiative - GRI methodology;
- Gathering of information and identification of ESG-related risks at the Company, in alignment with the Company's Strategic Planning;
- Inclusion of indicators to measure the impacts of the Company and analyze its performance in relation to Sustainable Development Goals (SDGs);
- Hiring a company specialized in preparing the Inventory of Greenhouse Gas Emissions;
- Access to the Academy platform for training;

- Inclusion of a Sustainability section on the Investor Relations website.

Aiming to confirm its action towards a sustainable world and the conduction of day-to-day activities in compliance with 2030 Agenda (SDG), the Company enrolled with the Global Pact of the United Nations. Saneago is more prepared to meet market demands, confirming its goal of contributing for a sustainable economy, prioritizing the prosperity of environment and the creation of value shared with investors, employees, business partners and society.

Effects of the Coronavirus (COVID-19) Pandemic

In view of the COVID-19 pandemic declared by the World Health Organization (“WHO”), which has been affecting Brazil and several other countries bringing risks to public health and impacts to the world economy, the Company informs that all preventive measures have been put in place to mitigate risks according to guidelines established by local and international authorities. They aim to minimize possible effects to the health of employees, their families, partners and community and at the same time maintain operations and keep the financial liquidity of the Company.

With the purpose of assuring better services and minimizing the impacts of the COVID-19 pandemic to people, water supply cuts of customers in default were suspended from March 19, 2020, to January 03, 2021, and resumed starting January 04, 2021, except for consumers of the residential social tariff category.

On April 09, 2021, the suspension of supply cuts was extended to the other categories considered vulnerable, representing approximately 5.2% of billings.

Thus, to date, the Company has had no material impact on its operations and settlement of rights and obligations due to COVID-19. However, considering that, like all companies, Saneago is exposed to risks arising from any legal and market restrictions that may be imposed, it is not possible to ensure that there will be no impacts on operations or that the future results will not be affected by effects that the pandemic may produce.

Management



Saneamento de Goiás S. A
October/2021

INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF INTERIM FINANCIAL INFORMATION

To the
Shareholders, Board Members and Management of
Saneamento de Goiás S.A - Saneago
Goiânia - GO

Introduction

We have reviewed the interim financial information of Saneamento de Goiás S.A. ("Company"), included in the Quarterly Information for the quarter ended September 30, 2021, which comprises the statement of financial position as at September 30, 2021, and the respective statements of income and comprehensive income for the three- and nine-month periods then ended, and of changes in equity and cash flows for the nine-month period then ended, including a summary of significant accounting policies and other notes.

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

Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists principally of applying analytical and other review procedures and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards and does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion on the interim financial information

Based on our review, we are not aware of any fact that would lead us to believe that the interim financial information included in the accompanying Quarterly Information referred to above has not been prepared, in all material respects, in accordance with NBC TG 21 and IAS 34, applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by CVM.



Other matters

Interim statements of value added

The interim financial information referred to above includes the statements of value added for the nine-month period ended September 30, 2021, prepared under the responsibility of the Company's Management and presented as supplementary information for the purposes of IAS 34. These statements were submitted to review procedures executed with the review of the interim financial information, with the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and if its form and contents meet the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, we are not aware of any fact that would lead us to believe that these interim statements of value added were not prepared, in all material respects, in accordance with the criteria established in this Technical Pronouncement and consistently with the interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Goiânia, November 11, 2021.



BDO RCS Auditores Independentes SS
CRC 2 GO 001837/F-4

Dario de Vieira Lima
Accountant CRC 1 SP 238754/O-6 - S - GO

STATEMENTS OF FINANCIAL POSITION
(In thousands of Brazilian Reais)

	Note	09/30/2021	12/31/2020		Note	09/30/2021	12/31/2020
Assets				Liabilities			
Current assets				Current liabilities			
Cash and cash equivalents	4	231,035	168,144	Trade accounts payable	-	113,101	118,057
Financial investments	5	289,953	-	Loans and financing	20.a	135,030	134,637
Securities	6	3,996	-	Bonds	20.b	126,941	133,409
Receivables from consumers	7	512,006	490,455	Leases	20.d	16,335	14,837
Inventories	8	51,524	50,496	Employees' pay and related charges	21	159,858	143,801
Recoverable taxes	9	5,082	18,550	Taxes payable	22	52,311	33,813
Prepaid expenses and advances	10	45,334	30,309	Items to be paid in installments	23	982	5,252
Outsourcing	11	7,197	10,450	Contract obligations	23.1	10,147	15,220
Other receivables	12	8,623	414	Contract-related advance	25	1,329	1,994
Noncurrent assets held for sale	13	115	-	Other payables	26	13,920	15,729
		<u>1,154,865</u>	<u>768,818</u>	Outsourcing	11	276	1,616
				Dividends and interest on equity capital payable	29.f	59,018	79,884
						<u>689,248</u>	<u>698,249</u>
Noncurrent assets				Noncurrent liabilities			
Securities	6	11,851	13,146	Loans and financing	20.a	128,407	221,249
Receivables from consumers	7	25,412	18,674	Bonds	20.b	639,661	476,198
Prepaid expenses	10	187,629	192,803	Leases	20.d	4,829	17,254
Outsourcing	11	1,002,737	839,500	Taxes payable	22	33,070	7,314
Court deposits	14	22,278	16,069	Items to be paid in installments	23	14,264	14,931
Deferred tax assets	15	84,749	115,401	Purchase consortium	24	48,018	48,480
		<u>1,334,656</u>	<u>1,195,593</u>	Contract-related advance	25	-	831
				Provision for lawsuits	27	245,636	145,596
				Outsourcing	11	1,002,737	839,500
Investments	16	9	9	PAC subsidies	19.1	203,169	194,602
Property, plant and equipment	17	348,998	360,583	Actuarial obligations	28	37,202	37,202
Contract-related assets	18	696,395	730,152			<u>2,356,993</u>	<u>2,003,157</u>
Intangible assets	19	2,778,431	2,723,883				
		<u>3,823,833</u>	<u>3,814,627</u>	Equity			
				Capital	29.a	2,515,546	2,515,546
				Legal reserve	29.c	40,837	40,837
				Investment reserve	29.d	701,968	512,487
				Asset and liability valuation adjustment	29.e	33,315	33,315
				Other comprehensive income (loss)		(24,553)	(24,553)
						<u>3,267,113</u>	<u>3,077,632</u>
Total assets		<u><u>6,313,354</u></u>	<u><u>5,779,038</u></u>	Total liabilities		<u><u>6,313,354</u></u>	<u><u>5,779,038</u></u>

The accompanying notes are an integral part of the interim financial information.

STATEMENTS OF INCOME
(In thousands of Brazilian reais)

	Note	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	Restated 07/01/2020 to 09/30/2020	Restated 01/01/2020 to 09/30/2020
Net revenues					
Revenues from water and sewage services		643,160	1,808,279	628,315	1,744,722
Construction work revenues		23,667	70,412	51,919	128,823
Revenues from technical services		649	1,921	481	1,353
Outsourcing		2,275	6,825	2,275	6,825
	30	<u>669,751</u>	<u>1,887,437</u>	<u>682,990</u>	<u>1,881,723</u>
Costs					
Cost of services		(276,864)	(821,947)	(257,594)	(774,994)
Construction work costs		(23,667)	(70,412)	(51,919)	(128,823)
	31	<u>(300,531)</u>	<u>(892,359)</u>	<u>(309,513)</u>	<u>(903,817)</u>
Gross income		369,220	995,078	373,477	977,906
Administrative expenses	31	(97,925)	(303,319)	(105,163)	(291,433)
Selling expenses	31	(71,251)	(204,977)	(66,452)	(196,421)
Tax expenses		(8,206)	(21,406)	(2,380)	(13,951)
Provision/reversal - Losses/recovery of receivables	32	(10,344)	(125,087)	(27,257)	(67,234)
Other operating revenues/expenses	33	18,823	22,003	(944)	(7,052)
		<u>(168,903)</u>	<u>(632,786)</u>	<u>(202,196)</u>	<u>(576,091)</u>
Income (loss) before financial revenues (expenses)		<u>200,317</u>	<u>362,292</u>	<u>171,281</u>	<u>401,815</u>
Net financial revenues (expenses)	34	<u>(23,700)</u>	<u>(12,002)</u>	<u>(10,724)</u>	<u>(61,373)</u>
Income (loss) before income taxation		<u>176,617</u>	<u>350,290</u>	<u>160,557</u>	<u>340,442</u>
Current income and social contribution taxes		(28,457)	(71,140)	(26,195)	(55,039)
Deferred income and social contribution taxes	15	(23,462)	(30,652)	(23,589)	(55,046)
Net income		<u>124,698</u>	<u>248,498</u>	<u>110,773</u>	<u>230,357</u>
Earnings per share	29.g	0.04957	0.09878	0.04404	0.09157

The accompanying notes are an integral part of the interim financial information.

STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of Brazilian reais)

	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Net income (loss)				
Net income	124,698	248,498	110,773	230,357
Other comprehensive income				
Realization of deemed cost, net of deferred taxes	-	1	1	5
Comprehensive income of the period	<u>124,698</u>	<u>248,499</u>	<u>110,774</u>	<u>230,362</u>

The accompanying notes are an integral part of the interim financial information.

STATEMENTS OF CHANGES IN EQUITY
(In thousands of Brazilian reais)

	Capital	Legal reserve	Investment reserve	Asset and liability valuation adjustment	Other comprehensive income (loss)	Retained earnings/ Accumulated losses	Total equity
Balances as at January 01, 2020 - Restated	2,515,546	24,020	272,836	33,319	(85,061)	-	2,760,660
Net income for the period	-	-	-	-	-	230,357	230,357
Realization of deemed cost	-	-	-	(4)	-	5	1
Realization of deferred income and social contribution taxes - deemed cost	-	-	-	1	-	-	1
Recognition of investment reserve	-	-	230,362	-	-	(230,362)	-
Balances as at September 30, 2020	2,515,546	24,020	503,198	33,316	(85,061)	-	2,991,019
Balances as at January 01, 2021	2,515,546	40,837	512,487	33,315	(24,553)	-	3,077,632
Net income for the period	-	-	-	-	-	248,498	248,498
Interest on equity capital	-	-	-	-	-	(59,018)	(59,018)
Realization of deemed cost	-	-	-	-	-	1	1
Realization of deferred income and social contribution taxes - deemed cost	-	-	-	-	-	-	-
Recognition of investment reserve	-	-	189,481	-	-	(189,481)	-
Balances as at September 30, 2021	2,515,546	40,837	701,968	33,315	(24,553)	-	3,267,113

The accompanying notes are an integral part of the interim financial information.

STATEMENTS OF CASH FLOWS
(In thousands of Brazilian reais)

	Note	09/30/2021	Restated 09/30/2020
Net cash provided by operating activities		560,720	335,298
Funds provided by continuing operations		662,109	586,265
Net income		248,498	230,357
Adjustments to reconcile net income			
Depreciation and amortization	31	100,019	98,837
Write-off of investments, property, plant and equipment and intangible assets		1,588	5,135
Adjustment of inventories		1,971	-
Discount to present value of receivables	34	1,220	(1,074)
Deferred income and social contribution taxes	15	30,652	55,045
Finance charges on loans, financing and leases	20.c	66,211	100,376
Monetary adjustment to installment sale of noncurrent assets held for sale	12.a	(128)	-
Returns on financial investments	5	(290)	(418)
Capitalized interest	20.c	280	1,065
Gains from disposal of noncurrent assets held for sale		(4,382)	-
Losses and recognition/reversal of allowance for doubtful accounts, net		131,416	108,462
Provision/reversal of contingencies and others		85,054	(11,520)
Changes in assets and liabilities		(97,982)	(255,292)
Receivables from consumers	7	(160,924)	(205,867)
Recoverable taxes	9	13,468	(5,379)
Inventories	39	20,009	(7,799)
Prepaid expenses and advances to employees	10	(9,851)	(69,946)
Court deposits		(6,209)	(388)
Trade accounts payable		(4,956)	13,924
Consortium-related amounts		(237)	(3,011)
Employees' pay and related charges	21	16,057	49,863
Taxes payable	22	44,254	47,752
Items to be paid in installments	23	(4,937)	9,101
Contract-related obligations	23.1	(5,073)	(85,016)
Outsourcing	11	1,913	2,970
Contract-related advances	25	(1,496)	(1,496)
Others		(3,407)	4,325
Other receivables	39	(1,598)	3,998
Other payables	26	(1,809)	327
Net cash from investing activities		(405,072)	(171,803)
Purchase of property, plant and equipment	17.1	(9,201)	(13,405)
Contract-related assets	18	(31,360)	(82,402)
Purchase of intangible assets	19	(85,046)	(90,007)
Purchase of inventories for construction work	18	(11,902)	-
Securities	6	(2,411)	(675)
Financial investments	5	(289,953)	-
Receipt - Noncurrent assets held for sale		903	-
Subsidies	19.1	23,898	14,686
Net funds provided by/(used in) financing activities		(92,757)	(140,622)
Loans/financing raised		250,134	150,168
Amortization of loans and financing	20.c	(194,633)	(163,639)
Payment of finance charges on fundraising	20.c	(56,036)	(58,889)
Leases	20.d	(12,338)	(12,018)
Payment of interest on equity capital and dividends		(79,884)	(56,244)
Net increase/(decrease) in cash and cash equivalents		62,891	22,873
Cash and cash equivalents at beginning of year	4	168,144	169,607
Cash and cash equivalents at end of year	4	231,035	192,480

The accompanying notes are an integral part of the interim financial information.

STATEMENTS OF VALUE ADDED

(In thousands of Brazilian reais)

	Note	09/30/2021	Restated 09/30/2020
Revenues			
Sales of goods, products and services	30	1,995,095	1,923,600
Revenues from construction work	30	70,412	128,823
Recognition/reversal of allowance for doubtful accounts	32	(3,608)	(13,358)
Expiration/recovery of credit	32	(36,425)	(69,146)
Outsourcing	30	6,825	6,825
Revenues from technical services	30	1,921	1,353
Other revenues	33	23,941	1,831
		<u>2,058,161</u>	<u>1,979,928</u>
Inputs acquired from third parties			
Cost of goods and services sold		(301,330)	(272,777)
Raw material consumed		(2,905)	(3,877)
Electric power and third-party services		(154,465)	(145,487)
Cost of construction work		(70,412)	(128,823)
Recognition/reversal of inventory losses	32	14,986	10,945
Other expenses	33	(1,938)	(8,883)
		<u>(516,064)</u>	<u>(548,902)</u>
Gross value added		1,542,097	1,431,026
Deductions			
Depreciation/amortization	31	(100,020)	(88,491)
Recognition/reversal	32	(100,040)	4,325
		<u>(200,060)</u>	<u>(84,166)</u>
Net value added		1,342,037	1,346,860
Value added received in transfer			
Financial revenue	34	95,194	51,993
		<u>95,194</u>	<u>51,993</u>
Total value added to be distributed		1,437,231	1,398,853
Distribution of value added		1,437,231	1,398,853
Personnel and related charges			
Direct compensation		483,504	466,716
Benefits		119,249	36,832
Severance Pay Fund (FGTS)		37,925	114,152
		<u>640,678</u>	<u>617,700</u>
Taxation			
Federal taxes		389,233	363,171
Federal taxes - Deferred income and social contribution taxes	15	30,652	55,045
State taxes		10,328	9,494
Local taxes		4,547	4,181
		<u>434,760</u>	<u>431,891</u>
Compensation of debt capital			
Interest	34	107,196	113,366
Rent		6,099	5,539
		<u>113,295</u>	<u>118,905</u>
Compensation of equity capital			
Income for the period		<u>248,498</u>	<u>230,357</u>

The accompanying notes are an integral part of the interim financial information.

1. General information

Saneamento de Goiás S.A. - Saneago (the "Company" or "Saneago") is a government-controlled publicly traded company registered with the Brazilian Securities and Exchange Commission ("CVM"). It was established according to State Law 6,680 as at September 13, 1967, which has been later amended ("Law 6,680"). It is headquartered at Av. Fued José Sebba 1,245, Setor Jardim Goiás, Goiânia-GO and is enrolled with the registry of legal entities (CNPJ) under number 01.616.929/0001-02.

Saneago renders sanitation services in the state of Goiás, preferably through government concessions and/or joint management, in public or private systems. The Company is responsible for preparing studies, projects and research, carrying out construction work and rendering consulting services, as well as services relating to: water supply and sewage; final destination of domestic and industrial effluents, solid waste and their byproducts; urban cleaning; drainage and management of urban rainwater; and protection of water resources and the environment.

As set in the Company's articles of incorporation, urban cleaning, handling of solid residues and the services of drainage depend on technical approval and may only be rendered upon specific service contracts. Currently, the Company does not have any contracts of urban cleaning or handling of solid residues.

In order to achieve compliance with Law 13,303 as at June 30, 2016, addressing the articles of incorporation of federal, state and local public companies and of government-controlled enterprises and their subsidiaries, the following actions have been implemented at the Company: (i) adjustment of the articles of incorporation to the law; (ii) implementation of corporate governance processes; (iii) creation of an Audit Committee; (iv) creation of an Eligibility Committee; (v) preparation of a Code of Conduct; (vi) creation of a training program for managers and directors; (vii) preparation of policies for spokespeople, communications and provision of information; (viii) creation of an anti-corruption program, rules for distribution of dividends and prevention of conflicts of interest. All those activities have been implemented since 2016, and ever since being subject to improvement.

State Decree 9.406/2019 has been enacted, establishing a public compliance program to assure that Saneago's Management complies with moral and legal standards, as well as realization of public actions and satisfaction of citizens, fostering ethics, transparency, responsibility and risk management. The mentioned decree superseded State Decree 7,905 of June 11, 2013. According to the recommendations of the General State Controllershship (CGE-GO) effort has been made to implement the requirements of the program. The Board of Directors has organized a Committee of Compliance, with a permanent advisory role as for matters relating the compliance program to ensure its implementation.

State Law No.21.028 of June 22, 2021, amended the law used to incorporate Saneago (Law No. 6.680/1967) in order to ensure new business arrangements and expand the Company's competitive capacity and efficiency, with formation of partnerships and establishment of a special purpose entity and controlled companies in Brazil. These amendments were incorporated into the Company's Bylaws through the reform and consolidation approved on August 10, 2021.

Considering the growing market concern for best corporate, environmental, social and governance practices, on November 27, 2020, a committee with representatives from different areas of the Company was organized, which is responsible for the strategies, guidelines and other sustainability matters of the Company, including corporate guidelines and acts in the management of environmental, social and governance matters (ESG - Environmental, Social and Governance). Among the actions carried out by the committee, the following are highlighted: preparation of Sustainability Policy, preparation of Sustainability Report by a specialized consulting company, definition of ESG indicators and contractual clauses and creation of Innovation Program. Furthermore, in February 2021, Saneago enrolled with the Global Pact, which is an initiative proposed by the United Nations to encourage companies to adopt corporate social responsibility and sustainability policies.

Program contracts and concession contracts:

As at September 30, 2021, Saneago had executed 226 contracts, as follows:

136 in effect, of which 74 are concession contracts and 62 are program contracts, representing an average percentage of 84.10% of revenue. There are 90 expired contracts that represent 15.90% of revenue, for which the Company has corresponding intangible and contract-related assets totaling R\$ 635,853 of a total amount of R\$ 3,474,826 according to Notes 17 and 18 and whose realization depends on approval of the National Water Agency (ANA) for definition of the methodology used to calculate indemnities.

The average term of concession contracts and program contracts in effect, weighted by the percentage of revenues in 2020 of contracts in effect, is 23 years. The contracts present the following maturities: 90 are expired, 71 contracts mature within the next 15 years, 7 mature from 15 to 20 years and 58 mature in more than 20 years.

We list below the main contracts and their respective expiration dates:

Municipality	Status	Maturity date	% of revenue	Type of contract	Term (years)
Goiânia	In effect	12/17/2049	36.49%	Program	30
Anápolis	In effect	02/27/2050	7.19%	Program	30
Aparecida De Goiânia	In effect	11/01/2041	4.13%	Program	30
Valparaíso De Goiás	In effect	11/16/2048	2.58%	Program	30
Rio Verde	In effect	11/01/2041	2.43%	Program	30
Luziânia	In effect	12/01/2045	2.12%	Program	30
Formosa	In effect	03/14/2025	2.04%	Concession	25
Itumbiara	In effect	02/23/2025	1.75%	Concession	20
Planaltina	In effect	04/01/2030	1.51%	Concession	25
Trindade	In effect	11/01/2041	1.39%	Program	30
Jataí	In effect	11/01/2041	1.32%	Program	30
Águas Lindas De Goiás	In effect	12/28/2048	1.25%	Program	30
Novo Gama	In effect	11/16/2048	1.19%	Program	30
Goianésia	Expired	06/15/2020	1.18%	Concession	25
Cidade Ocidental	In effect	11/01/2041	1.14%	Program	30
Inhumas	In effect	06/17/2050	1.02%	Program	30
Quirinópolis	Expired	06/24/2016	0.97%	Concession	20
Maturing in 01 - 15 years			7.49%		
Maturing in 16 - 30 years			9.06%		
Expired			13.75%		
			<u>100.00%</u>		

The operations of the Company are concentrated in the Municipality of Goiânia, which, as at September 30, 2021, represented 36.49% of gross revenue and 32.12% of intangible assets (36% of gross revenue and 31.91% of intangible assets as at December 31, 2020).

On July 15, 2020, Law 14.026/2020 was enacted amending the Brazilian basic sanitation regulatory framework. The main points changed were: I) Regionalization: preference to regional provision of services and not to fragmented ones; II) Legal Targets of Universalization; III) Regulation: the National Water Agency (ANA) is now responsible for establishing general regulatory guidelines to the domestic industry; IV) Competition: the principle of competitive selection of service providers was established.

As for regionalization, the state government had the obligation to promote the regionalization of sanitation services for all 246 municipalities by July 15, 2021, under penalty of the Federal Government doing so in its stead.

Public hearings were held through the Department of Environment and Sustainable Development (Semad) on July 12 and 13, in the cities of Anápolis and Goiânia, to present the proposal for regionalization of sanitation services in the state of Goiás. The Complementary Law Project (PLC) under discussion establishes the sanitation microregions of the Midwest and Mideast of the state and their respective governance structures. The regionalization process was filed by the state of Goiás with the State Legislature on July 15, 2021, and will be discussed by state representatives.

With the update of the Sanitation Framework in 2020, new universalization targets were set to meet the demand for sanitation services, including water supply, sewage collection and treatment and solid waste management, which must be attained by 2033. Contracts that do not include universalization targets must be amended by March 31, 2022.

In addition, service providers must demonstrate having the necessary economic and financial capacity to comply with contracts, according to the methodology defined by Decree No. 10.710 of May 31, 2021, which regulated Article 10-B of Law No. 11.445 of January 5, 2007. According to previous studies conducted by Management, the Company expects to meet all the criteria set out by the aforementioned Decree.

The Company has been institutionally adapting itself to comply with current legislation arising from the new Sanitation Framework, as well as complementary regulatory consequences. It is still awaiting some general regulatory guidelines within the scope of ANA to define action strategies such as the methodology for calculating indemnities arising from investments made and not yet amortized or depreciated, which include the 90 expired contracts mentioned.

Also within the corporate scope, in addition to the amendment in the law used for its incorporation (Law No. 6.680/1967), the Company: (i) created a specialized unit to ensure its capacity to participate in bidding processes and fulfill its obligations more efficiently; and (ii) has been amending contracts to adapt them to legal goals.

Concession contracts existing as at the date of publication of Federal Law 14.026/2020, whether related to a bidding process or not, "will remain in force until the end of their term", as provided for in Article 17 of the aforementioned legal text. Thus, due to the "principle of continuity" and for being an essential service to the population, Saneago is still responsible for supplying treated water and sewage services until new concessions are established by municipal governments and there is compensation for assets not yet amortized, as provided for in article 36 of the Law of Concessions.

Price adjustment:

According to Decision 0152/19 and Municipal Decree 1555/2019, the Control and Inspection Council of Public Services (AGR) has analyzed and approved an adjustment of 5.79% to water/sewage tariffs starting July 1, 2019. In 2020, there was no tariff adjustment because the Company was in a process of tariff reassessment.

During 2020, a review request was filed with AGR and, through Technical Note 03/2020, the methodology to be used in the reassessment was defined. In June 2020, in view of the Covid-19 pandemic, AGR suspended the work, which was resumed in September 2020 (AGR Decisions 167 and 170/20). However, upon completing the assessment, the Company requested an adjustment to consider a new base of assets as reference for the definition of tariffs, bringing more alignment with good market practices.

In this context, through the Joint Technical Notes AGR/AR No. 006/2021 and 007/2021, the methodologies for calculating the tariff review, as well as the company's Regulatory Weighted Average Cost of Capital (WACC), to be used in the process, were defined, respectively. Technical Note No. 004/2021, in turn, defined the methodology for approval of the Regulatory Asset Base - BAR. Therefore, the work in this new phase of the Tariff Review began in February 2021, initially with the need for BAR approval to subsequently implement the tariff calculation methodology. In a session held on 10/27/2021, the AGR Regulatory Council analyzed and approved the Joint Technical Note AGR/AR No. 010/2021, which conveys the final analysis of technicians from the state agencies and the Municipality of Goiânia, defining the company's "Definitive" BAR.

With the approval and final definition of the BAR, the tariff review process goes through the phase of input of the company's data into the tariff review methodology, as defined in the Joint Technical Note AGR/AR No. 006/2021. Then, the agencies will define the tariff review index, which will be submitted to Public Consultation and, subsequently, implemented. After 30 days from the definition of the index, the company's tariffs will be adjusted.

1.1 Covid-19

The COVID-19 pandemic declared by the World Health Organization ("WHO") has been affecting Brazil and several other countries, bringing risks to public health and impacts to the world economy. At the Company, all preventive measures have been put in place to mitigate risks according to guidelines established by local and international authorities. They aim to minimize effects to the health of employees, their families, partners and community and at the same time maintain operations and businesses.

Starting December 14, 2020, according to State Decree 9.751/2020, employees who had been working remotely resumed work at the offices of the Company and only specific groups continue working from home. As at September 30, 2021, the Company had 5,830 active employees hired under the standards of the Consolidation of Labor Laws (CLT), of which 1,349 are workers of the administrative area and 145 continue working remotely. Sanitation is considered an "essential service" in keeping the quality of life of people and personal hygiene, seeing frequent washing of the face and hands is one of the main prevention measures against COVID-19. At the company, water cuts were suspended in relation to customers in default on March 19, 2020, and resumed on January 4, 2021, except for very low-income residential consumers. As at April 9, 2021, the suspension of cut was expanded to the other categories of people considered vulnerable.

Seeing the cut activity is an important collection tool, after resumption, a default level of 3.07% was observed in the third quarter of 2021, what represents a reduction of 67.72% in relation to one of the same period of 2020.

In view of that scenario, the following estimates have been prepared and introduced in the interim financial information:

Estimated credit losses caused by COVID-19

A risk potentially significant to the Company in relation to Covid-19 is the default level of customers. Considering the resuming of water cuts in January 2021, the Company recorded a provision for losses of approximately R\$ 3,608. Receivables as at September 30, 2021, as well as the allowance for doubtful accounts reflect Management's opinion about the quality and solvency of receivables.

Impairment of tangible and intangible assets

Assets have been tested for impairment and Management concluded that there is no change in the recoverable value of property, plant, equipment or intangible assets as a result of the pandemic.

Fulfillment of obligations undertaken with customers and suppliers

Main supplier and customers contracts have also been assessed and it was concluded that despite the pandemic, contract-related obligations have been fulfilled and no there is no evidence of insolvency or any discontinuities.

So far, the Company has not had any material impact to operations or to the fulfillment of rights or obligations resulting from COVID-19. However, considering that all companies are exposed to legal or market restrictions that may be imposed, it is not feasible to assure that there will be no impacts to operations or that the pandemic will not affect future results.

Approval for issuance of interim financial information:

Issuance of this interim financial information was approved by the Board of Directors on November 11, 2021.

2. Basis of preparation and summary of main accounting practices

2.1 Declaration of compliance

The interim financial information has been prepared according to Brazilian accounting practices, which encompass Laws 6.404/76 and 11.638/07, Brazilian Corporate Law, pronouncements, guidelines and accounting interpretations issued by the Committee of Accounting Pronouncements, as approved by the Brazilian Securities and Exchange Commission (CVM) and Federal Accounting Council. The financial information is also in alignment with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The interim information has been prepared based on historical cost and adjusted to reflect the deemed cost of plots of land, building, furniture and fixtures, machinery and equipment, vehicles and IT equipment at the date of transition to IFRS. Such assets cannot be returned to the grantor.

The Company's Management declares that all significant information is included in the individual and consolidated interim financial information and corresponds to the one used by Management in its administration.

2.2 Functional currency

The functional currency of Saneago is the Brazilian real (R\$) and all amounts are expressed in thousands of Brazilian reais.

2.3 Summary of main accounting practices

The preparation of interim statements involves the use of certain assumptions and judgment in the application of the Company's accounting policies, which are continually evaluated based on past experience and other factors, including projection of future events that are deemed reasonable in the circumstances. Thus, estimates may differ from actual results.

The estimates and assumptions that bring significant risk of adjustment in carrying amounts of assets and liabilities in the following accounting year are mentioned below:

a) Allowance for doubtful accounts

An allowance for doubtful accounts is recognized at an amount deemed enough to cover possible losses in the realization of receivables.

A provision is recognized for invoices overdue for more than 180 days in relation to private consumers and overdue for more than 90 days in relation to federal and local government customers, as well as all other credit whether overdue or not of the same customers. Receivables of customers included in court-ordered collections are not considered in the allowance, or the ones of those customers who have filed actions against the Company. As for amounts to be billed, the estimate is based on the historical level of default for previous years.

The methodology to determine losses demands a significant degree of estimation, considering a variety of factors, such as history of past receivables, current economic trends, estimate of projected write-offs and maturities of amounts receivable. Even if Management believes that the assumptions are reasonable, actual results may be different.

b) Inventory losses

The provision for inventory losses is based on internal policies of the Company. Obsolescence is assessed for items that have not moved in the last 12 months.

c) Deferred income and social contribution taxes

Deferred income taxes are recognized and paid according to the results of operations and determined as per the Brazilian Corporate Law and tax regulations. According to standard CPC 32 (IAS 12), deferred tax is determined on existing differences between accounting carrying amounts and the tax base of assets and liabilities.

Deferred tax assets are continuously reviewed as for recoverability and impairment recognized when it is probable that those assets will not be realized based on: (i) the history of taxable income; (ii) projections of future taxable income; and (iii) the estimated time of reversal of existing temporary differences. Those calculations demand the use of estimates and assumptions, which can result in full or partial impairment of deferred tax assets.

For more information on deferred taxes, please refer to Note 14.

d) Provision for lawsuits

The Company is a party to several court cases, which include, among others, labor complaints, civil actions, tax-related actions and environmental ones, including claims of customers and suppliers at different courts. Provisions are recognized for obligations (legally established or construed ones) resulting from past events, it is probable that an outflow of funds will be necessary to settle them and the respective amount can be reliably determined. Future rulings may differ significantly from current estimates and exceed the amounts accrued for. Provisions are revised and adjusted to take into account changes in circumstances.

For more information on lawsuits, please refer to Note 26.

2.4 Financial assets and liabilities

a) Financial assets

Financial assets are measured either at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on: (a) the business management model applied to the financial asset and (b) its cash flows characteristics.

b) Financial liabilities

Financial liabilities are measured at fair value through profit or loss. The classification of the ones classified as "other liabilities" depends on the purpose for which they have been obtained.

As at September 30, 2021, and December 31, 2020, the Company had no financial liabilities measured at fair value through profit or loss.

Financial liabilities in the category of "other liabilities" are measured under the effective interest method to calculate the amortized cost and allocate the interest expense along the respective period. The effective interest rate is the same rate of discount used for future cash flows (including fees, transaction costs and other issuance costs) along the life of the financial liability or, where appropriate, smaller periods, for initial recognition of its net carrying amount.

Financial liabilities classified as "other liabilities" comprise:

- Balances payable to suppliers (Note 2.13);
- Loans and financing - (Note 2.18).

2.5 Operating revenue

a) Revenue from sanitation services

Revenue from the water supply and sewage services is recognized as the services are rendered and measured. Revenue is recognized at the fair value of the consideration received or receivable for the service and is booked net of taxes, fees, rebates and discounts. Revenue incurred and not yet billed until the end of each period is estimated and recognized in trade accounts receivable with a corresponding item to the statement of income.

Thus, revenue is recognized when: (i) the services are provided; (ii) the value can be reliably measured; (iii) the performance obligations are fulfilled; and (iv) it is probable that the amounts will be received.

b) Revenue from construction work

According to ICPC 01 (R1) / IFRIC 12 Concession contracts and CPC 47 / IAS 15 Construction contracts, the Company accounts for revenue and costs relating construction services or infrastructure improvements to water supply and sewage services. There is no markup, considering that: (i) the Company's business purpose is the supply of water and sewage services; (ii) all revenue from construction relates to the building of infrastructure to reach its business purpose; and (iii) the Company sources out the infrastructure construction with non-related parties. All additions made to intangible assets in progress are recognized on a monthly basis in the statement of income as construction revenue and costs.

Besides, according to standard CPC 47/IFRS 15, the construction of infrastructure entitles the receiving of future consideration, which is recorded during the construction as a contract-related asset. When the item is put into operation, that asset is transferred to intangible assets.

2.6 Cash and cash equivalents

Cash and cash equivalents are composed of petty cash, cash at banks, billing, deposits linked to construction work and short-term financial investment, which is readily redeemable, expected to be used by the Company within six months, and presenting insignificant risk of change in fair value. Those balances are kept with the purpose of meeting short-term obligations and not for investment or other purposes.

2.7 Receivables from consumers

Amounts are recognized at nominal value as the services are provided and measured. Services measured that go beyond the end of the month are estimated and recorded as estimation of amounts to be billed at present value, without any additions. Interest and adjustment of overdue amounts received are recognized as financial revenue. Management believes that trade accounts receivable are close to their market fair values, seeing the short-term period of realization of the operations.

Receivables to be settled in installments and financed services are adjusted at the moment of negotiation considering the whole period until the installments will be received. According to Decision 0080/2016-CR of the Control and Inspection Council of Public Services (AGR) and Management's decision 162/2016, the rate applied is 1% p.m. The amounts are separated into current and noncurrent assets according to the maturities of the installments and discounted to present value against financial expenses. The rate of discount to present value is also 1% p.m.

2.8 Inventories

Inventories of consumption materials and maintenance of the water supply and sewage systems are carried at average purchase cost. They do not exceed realizable amounts and are classified as current assets, less provision for impairment, which is recognized as described in Note 2.3 b.

2.9 Other current assets

They are carried at purchase or realization cost including yield earned, when applicable.

2.10 Property, plant and equipment

Assets are carried at purchase and/or construction cost. In 2009, assets were adjusted by a net amount of R\$47,810 to reflect the deemed cost of plots of land, buildings, furniture and fixtures, machinery and equipment, vehicles and IT equipment. The appreciation value recognized in property, plant and equipment was R\$72,440 with a corresponding item to the equity account called Asset and liability valuation adjustment. Deferred taxes at a total amount of R\$24,630 were recognized in noncurrent liabilities. The assets cannot be returned to the grantor and as they are depreciated or written-off, the respective deemed cost is transferred from the account of Asset and liability valuation adjustment to the account of Retained earnings/accumulated losses.

Depreciation starts when assets are available for use at the locations and under the necessary conditions. They are calculated on a straight-line basis and realized along their economic useful lives, which are based on a report of an independent appraisal firm. Determining depreciation on a straight-line basis results in constant debit along the useful lives of assets, if their residual values do not change.

2.11 Intangible assets

Intangible assets are carried at acquisition and/or construction cost. Historical cost includes the expenses directly attributable to the acquisition of the items, as well as interest paid on financed purchases until the assets are put into operation. Amortization begins when the asset is available for use at the place and under the necessary conditions, determined on a straight-line basis and realized along the useful life, which is based on a report of an independent appraisal firm. Determining amortization on a straight-line basis results in constant debit during the useful lives of assets if their residual values remain the same. In compliance with standard ICPC 1 - Concession Contracts, this group of accounts includes the assets used in the water and sewage systems linked to the concessions.

The control over work in progress and the respective transfer of the items to assets in operation (finished assets) is made upon documentation issued by the unit responsible for the execution of the work, informing that the asset is finished.

In compliance with standard CPC 1 - Impairment of Assets (Note 2.12), property, plant, equipment and intangible assets are annually tested for impairment.

The useful lives of assets are described below:

Type	Average useful life/year *	Type	Average useful life/year *
Civil construction work	50	Machinery and tractors	10
Dams	50	Deemed cost (general)	9
Reservoirs, tanks and storage	44	General equipment	9
Electric facilities	40	Environmental protection	8
Pipelines	39	IT equipment	7
Water wells	25	IT Equip. lease-purchase operations	7
Macrometers	15	Right-of-use - vehicles	3
Furniture and fixtures	13	Works of art	-
Software	13	Plots of land	-
Water meters	11	Easement of properties	-
Vehicles	11		

*Economic useful lives - weighted average

Based on a study prepared in 2019 by an independent firm, the economic useful lives of property, plant and equipment and intangible assets were reviewed with the purpose of meeting the provisions of Law 11.638/2007 and standard CPC 27. In the year 2020, there was no change in useful lives.

a) Program and concession contracts

The infrastructure linked to program and concession contracts is governed by standard ICPC 01 - Concessions - when: (I) the municipal government (grantor) controls or regulates which services the operator must supply, who must receive them and at what price; (II) the grantor holds residual participation in the infrastructure at the end of the concession period and as for certain infrastructure items used in the concession of public services to private entities along all their useful lives; (III) infrastructure operated according to contracts, built or acquired from third parties with the exclusive purpose of providing the services; (IV) the Company is entitled to receive cash or other financial asset in the event of termination, retaking and/or non-renewal of the contract; (V) the Company is entitled to collect the amounts from the users of the public services.

Assets are recorded as concession-linked intangible assets, considering the Company is entitled to charge for the use of those assets and the users (consumers) have the main responsibility of paying for the services.

The fair value (initial recognition) of construction work and other infrastructure work represents the cost of intangible assets, provided such work will bring future economic rewards.

Item 3 of article 29 of the Brazilian sanitation framework (Law 11.445/2007, amended by Law 14.026/2020, resulting in the "New Sanitation Framework") indicates that the economic and financial sustainability of public sanitation services has to be assured through the amounts charged for services, preferably in the form of tariffs. Thus, investments made and which are not expected to be recovered through services rendered within the original terms of the contracts are kept as intangible assets and amortized over their respective useful lives, as the Company considers the expectation and history of renewal of its contracts, in addition to the impacts of the "New Sanitation Framework".

b) Government subsidies

When government grants related to assets are received, but not all condition have been fulfilled yet, they are recognized in the statement of financial position as liabilities, according to balance stated in note 18.1. When the established condition of construction work is met, they are reclassified by deducting the carrying amounts of the respective assets.

As per standard CPC 07 - Government Subsidies, grants are recognized as revenue along the period and systematically offset with subsidized expenses, provided the following recognition conditions are satisfied: (I) the requirements established for the subsidy have been fulfilled; (II) the subsidy was received. A subsidy related to assets that depreciate is recognized as revenue along the useful life of the assets at the same proportion of their depreciation.

c) Software use licenses

Purchased software use licenses and managerial systems are capitalized and amortized along the useful lives and the expenses associated to their maintenance recognized as incurred. There is no indication that their carrying amounts will not be recovered in the future.

2.12 Impairment of non-financial assets

Property, plant, equipment and intangible assets and other noncurrent assets with defined useful lives are annually reviewed with the purpose of identifying evidence of impairment, or whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. They include, among others, intangible assets linked to concession/program contracts relating water supply and sewage systems.

In testing assets for impairment, the carrying amount of an asset or cash-generating unit is compared to its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell or its value in use. Considering the particularities of the Company's assets and the expectation of use until the end of their useful lives, the recoverable amount used in the evaluation is the value in use.

Construction work stopped for more than one year and without expectation of cash generation is also tested for impairment and direct and indirect costs fully accrued for. In the event of resuming of the work, losses incurred are determined and recognized in the statement of income. As at September 30, 2021, the amount of provision for impairment related to stopped work was R\$128,347 (R\$128,347 as at December 31, 2020).

2.13 Trade accounts payable

They are amounts payable for goods or services acquired in the ordinary course of businesses, classified as current liabilities, except when their maturities take place 12 months after the reporting date, being then presented as noncurrent. They are recognized at the value of the corresponding invoice.

Management believes that trade accounts payable are close to their market fair values, given the short-term period for realization of the operations.

2.14 Employees' pay and related charges

Wages, including provisions for vacations, year-end bonus, amounts negotiated in collective bargaining agreements and corresponding payroll-related costs are carried under the accrual basis of accounting.

2.15 Profit sharing

Saneago's employees are entitled to profit sharing according to article 75, paragraph 3 of the Company's articles of incorporation. Profit sharing must comply with the Company's regulations and legislation in force, pursuant to the provisions of articles 189 and 190 of Brazilian Corporate Law.

2.16 Income and social contribution taxes

a) Current taxation

Current income and social contribution taxes are booked according to the accrual basis. Taxes are determined based on income before taxes presented in the statement of income. According to prevailing regulations, they are adjusted for non-deductible expenses, exclusions from the tax base and tax benefits allowed. The applicable rate for income tax is 15%, plus surtax of 10% on the portion of income exceeding the annual limit and social contribution tax at a rate of 9%.

b) Deferred taxes

Deferred taxes are calculated on temporary differences (allowance for doubtful accounts, contingencies, inventory obsolescence, tax losses and other losses accrued for) at the same rates applied to current taxes. They are only recognized to the extent that future taxable income will be available to set temporary differences off. However, they are not recognized during the initial measurement of assets and liabilities in operations that do not affect the tax base, except for business combinations.

Deferred tax assets and liabilities are offset if a legal right to offset current tax assets with tax liabilities exists and they relate to the same taxation authority. They are booked net in the statement of income.

2.17 Taxes on revenue

Revenue from sanitation services is subject to the levying of Contribution to the Social Integration Program (PIS) and Contribution for Social Security Funding (COFINS) under the accrual basis and determined at the rates of 1.65% and 7.60%, respectively.

2.18 Loans and financing

Funds borrowed from third parties are classified in current and noncurrent liabilities as applicable. Financial charges incurred to obtain the funds are recognized at amortized cost under the effective interest method and stated net, according to standard CPC 08 (R), item 12.

For certain assets (that demand a substantial time to be ready for use or sale) costs are capitalized as established in item 8 of standard CPC 20(R1) - Borrowing Costs. Other loan costs are recognized as expenses in the period where they are incurred, considering the internal rate of return (IRR) of the operation for recognition of the financial charges along its term.

By using amortized cost, financial charges reflect the effective cash cost of the financial instrument and not only the contract interest rate of the instrument. In other words, they include interest paid on the loan and transaction costs, as well as premium received, goodwill, negative goodwill, discounts, as well as monetary and other adjustments. Therefore, the internal rate of return method considers all cash flows, from the net amount received in the transaction to all payments made until settlement of the transaction. Thus, balances payable as at reporting date are close to market values, even those classified as noncurrent.

Exchange rate variation relating to long-term financing contracted in foreign currency is calculated as the difference between the carrying amount determined at the previous exchange rate and the balance of the same loan converted at the exchange rate prevailing as at reporting date. Gains or losses are recognized as financial revenues or expenses.

2.19 Leases

Standard CPC 06 (R2)/IFRS 16 - Leases supersedes standard CPC 06 (R1)/IAS 17. The norm establishes the principles for recognition, measurement, presentation and disclosure of lease operations. It establishes that lessees must account for leases according to a single model, similar to the booking of finance leases, by recognizing right-of-use assets ("Lease assets"), which correspond to lease liabilities, unless the leases are short-term ones (12 months or less) or they are low value operations (below US\$5).

2.20 Provisions, legal obligations, court deposits and contingent assets

Provisions for lawsuits are recognized when: (i) present obligations exist (legally established or construed ones) as a result of a past event; (ii) it is probable that an outflow of funds will be necessary to settle them; and (iii) the amount can be reliably determined. If similar obligations exist, the probability of outflow of funds is determined considering the obligations as a whole.

The Company had no contingent assets to be recognized in the financial information.

2.21 Other current and noncurrent liabilities

They are stated at known or estimated values, plus corresponding charges and monetary changes incurred, where applicable.

2.22 Benefits and defined contribution plans granted to employees

A defined benefit pension plan entails the following: (a) obligation of the sponsoring entity of supplying benefits agreed upon to current and former employees; (b) actuarial risks (that is, benefits costing more than what was expected) and (c) investment risks, which are mostly the responsibility of the sponsor. If the actuarial amount or returns on investments are worse than what was projected, the entity's obligation may be increased, as per item 30 of standard CPC33 (R1).

In a defined contribution plan, the legally established or construed obligation of the entity is limited to its participation. Thus, the after-employment benefit an employee receives is determined according to the amount of contributions the sponsor made to the plan (and, in some cases, also the employee), plus the yield from financial investment of the contributions. Thus, the actuarial risk (benefits being lower than expected) and the investment risk (invested assets not being sufficient to cover the expected benefits) are a responsibility of the employee.

Actuarial obligations relating private pension and retirement plans, as well as medical assistance programs are accrued for according to procedures established in technical standard CPC 33 (R1). They are based on actuarial calculations prepared by independent actuaries, according to the projected unit credit method, net of the fair value of the assets of the plan and of the costs referring increase in the present value of the obligation. They correspond to services provided by employees and are recognized along their time of service with the Company.

2.23 Segment reporting

Given the characteristics of the Company, which works in an industry considered an essential public service (sanitation), the investment decisions Management makes are guided mainly by social and environmental responsibility. Water supply and sewage services are classified as a single segment. The main factor for that classification is the existence of a cross subsidy in the rendering of water supply and treatment of sewage. Measurement of performance and reporting in a single segment are consistent with the policies adopted in the preparation of the interim financial information, seeing that in analyzing performance, Management uses that criterion.

2.24 Statement of value added

Such statement has as purpose to make evident the wealth the Company generated and its distribution over a certain period of time. It is a required statement according to Brazilian accounting practices, although as per IFRS, it is supplementary information. The interim statement of value added was prepared based on the accounting records that base the annual statements and follows the provisions of standard CPC 09 - Statement of Value Added. Its first portion presents wealth generation, divided into gross revenue (including taxes, other revenue (expenses) and allowance for doubtful accounts), inputs acquired from third parties (selling costs and acquisition of materials, electric power and third party services, as well as taxes applicable at the moment of purchase, the effects of losses and the recovery of the value of assets and depreciation and amortization) in addition to the value added received from third parties (equity in earnings or loss of investees, financial revenue and other revenue (expenses)). The second part presents the distribution of wealth among personnel, taxation, interest paid on third party capital and interest on equity capital.

2.25 Restatement of comparative balances as at September 30, 2020

In the 4th quarter of 2020, the Company recognized the accumulated effects of deferred income and social contribution taxes for 2020 on temporary differences between the tax base and the accounting base of depreciation/amortization of property, plant and equipment and intangible assets that had not been considered, and has restated in 2021 the respective effects for the quarters ended March 31, June 30 and September 30, 2020. Therefore, for comparative purposes, in accordance with the technical guidelines of CPC 23 - Accounting Policies, Changes in Estimates and Correction of Errors, the Company has restated the amounts recorded in the statement of income for the period ended September 30, 2020. Adjustments made are the following:

Statement of income as at September 30, 2020 (restated)

	Stated amounts		Adjustment *		Restated amounts	
	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Net revenue	682,990	1,881,723			682,990	1,881,723
Operating costs	(309,513)	(903,817)			(309,513)	(903,817)
Gross income	373,477	977,906			373,477	977,906
Operating expenses	(202,196)	(576,091)			(202,196)	(576,091)
Income before financial revenues (expenses)	171,281	401,815			171,281	401,815
Net financial revenues (expenses)	(10,724)	(61,373)			(10,724)	(61,373)
Income (loss) before income taxes	160,557	340,442			160,557	340,442
Current income and social contribution taxes	(26,195)	(55,039)			(26,195)	(55,039)
Deferred income and social contribution taxes	(13,336)	(24,246)	(10,253)	(30,800)	(23,589)	(55,046)
Net income	121,026	261,157	(10,253)	(30,800)	110,773	230,357
Earnings per share	0.04811,	0.10382,			0.04404,	0.09157,

The restatement of the amounts recorded in the statements of cash flows, of changes in equity, of comprehensive income and of value added involved only deferred income and social contribution taxes and/or net income, as applicable.

3. Risk management and financial instruments

3.1 Financial risk factors

The Company's businesses, financial standing and operations may be affected by changes in economy, exposing it to:

- Market risk (interest rate and foreign currency rate fluctuations)
- Credit risk
- Liquidity risk
- Risks associated with concession/program contracts

(a) Market risk (interest rate)

Saneago is exposed to fluctuations in the interest rates of loans, financing, bonds, and short-term financial investment. That could impact payments and receiving of amounts, as well as cash flows. Such rates are the Long-term Interest Rate (TJLP), the rate of Certificates of Interbank Deposit (CDI) or inflation indexes, such as the National Consumer Price Index (IPCA).

To mitigate such risk, the Company may use the following financial instruments and strategies: Swap contracts, renegotiation of contracts or anticipated settlement.

Debt Sensitivity

In determining the sensitivity to interest rate risk, the following rates were analyzed: IPCA, CDI, dollar rate, TJLP and TR. Thus, based on market projections for September 2021, three scenarios were simulated - the probable scenario considers the expected evolution of the rates, whereas scenarios II and III consider appreciation of the rates by 25% and 50%, respectively.

Rates	Exposure	Debt sensitivity - 09/30/2021					
		Probable scenario		Scenario II		Scenario III	
		Rate	Value	Rate	Value	Rate	Value
IPCA (FIDC IV)	135,414.	8.59%,	147,046.	10.74%,	149,954.	12.89%,	152,862.
CDI (Banks + Bonds)	783,945.	6.15%,	832,158.	7.69%,	844,211.	9.23%,	856,264.
Dollar (BID)	92,543.	5.44,	91,137.	6.80,	113,921.	8.16,	136,706.
TJLP (BNDES)	135	4.88%,	142	6.10%,	143	7.32%,	145
TR (a) (Caixa Econômica Federal)	118,104.	0.00%,	118,104.	0.00%,	118,104.	0.00%,	118,104.
							1,264,081.
Subtotal	1,130,141.		1,188,587.		1,226,333.		.
Subordinated shares	(89,421).						
Transaction costs	(15,190).						
	<u>1,025,530.</u>						
Not subject to risk							
FCO - Cezarina and Silvânia (b)	4,509.						
	<u><u>1,030,039.</u></u>						

- The Reference Rate (TR) as at the reporting date was 0%, so the scenarios have not changed.
- Contract with fixed interest.

Exchange rate risk

Saneago is exposed to fluctuation in exchange rates of financial operations denominated in foreign currencies. That could lead to the possibility of the Company incurring losses due to higher financing liabilities and financial expenses.

With the purpose of managing the unpredictability of exchange rate fluctuations and optimizing cash, hedge instruments may be contracted, such as swap contracts or currency forward contracts (NDF). The contracting of those instruments depends on the ratio of cost to expected benefit of the instrument used.

Sensitivity of the debt in foreign currency with IBD

In relation to contract 1414/OC executed between Saneago and the Inter-American Development Bank (BID), no currency forward mechanisms have been adopted against oscillations in exchange variation. However, Management has evaluated the possibility of hedging against current and probable changes in the world economic scenario.

The sensitivity analysis prepared as at September 30, 2021, indicates a slight increase in the expected amount of future debt as a result of the increase in interest rates and inflation in Brazil, as well as due to the appreciation of foreign currencies in relation to the Brazilian real, mainly due to the Covid-19 pandemic, which has been significantly affecting Brazilian and international economy. Abroad, the global economy has been slowing down and economic and geopolitical uncertainties exist, in particular some commercial disputes that may contribute to less global growth. Domestic factors relate to whether the Brazilian economy is able to absorb problems in the international market and if internal structural changes are possible, in special in relation to taxation, which would allow resuming economic growth. The dollar exchange rate used for the payment due in April 2021 was R\$5.56. As for the one due in October 2021, the rate was R\$5.52. The projection of exchange rate for 2021 is R\$5.25.

The dollar rates of the scenarios were based on data the Brazilian Central Bank published in the FOCUS Market Report (Market Expectations) on October 08, 2021.

(b) Credit risk

Saneago provides services to almost all people of the state of Goiás. As for individual customers, the practice at the Company is to cut the services in the event of payment default, and no credit analysis is made. As a result of the Covid-19 pandemic, cuts were suspended from March 19, 2020, to January 3, 2021, and this suspension was maintained only for customers in the special category and other categories deemed as vulnerable. Such practice is not applicable to legal entities and government customers and Management has been making efforts to reduce contract default levels through negotiation with municipal governments and public agencies of the state of Goiás.

(c) Liquidity risk

Liquidity risk can be defined as the possibility of the Company not having enough funds to fulfill financial obligations or even having to pay extra costs due to shortage of funds at due dates as a result of a mismatch between payables and receivables.

The Company's liquidity risk associates mainly with its capacity of generating cash and borrowing funds from federal, state and private financial institutions. Besides, liquidity is affected by shortages of water, which have significant impact to the Company's revenue, as well as lower tariffs ordered by courts, reduction in demand, increase in default level and costs and expenses above projected limits, besides realization of non-recurrent expenses not accrued for.

The exposure to liquidity risk is mitigated by monitoring and management of cash inflows and outflows, so that the Company can fulfill its obligations.

(d) Risks associated with concession/program contracts

Saneago's results depend on the maintenance of contracts with the municipalities where it operates. Usually, the Concession Contracts and the Programs Contracts have 30-year terms. In some situations, a municipality is entitled to cancel contracts before expiration or do not give authorization for their renewal due to noncompliance with legal or contract obligations (upon compensation of the balances of investment not yet amortized).

3.2 Capital management

The objective of managing capital is safeguarding the capacity of the Company continuing as a going concern, offering return to shareholders and benefits to other stakeholders, besides keeping an ideal capital ratio and reduce costs. The financial leverage ratio is tracked. It corresponds to net debt divided by total capital. Net debt, in its turn, corresponds to total loans and financing, less cash and cash equivalents. Total capital is determined through the sum of equity as demonstrated in the statement of financial position with net debt.

Net Financial Position	09/30/2021	12/31/2020
Total loans/Debentures	1,030,039	965,493
(-) Cash and cash equivalents.	(231,035)	(168,144)
(-) Financial investments (a)	(289,953)	
(=) Net debt	509,051	797,349
(+) Total equity	3,267,113	3,077,632
(=) Total capital	3,776,164	3,874,981
Financial leverage index	13.48%	

(a) Financial investments with immediate liquidity according to Note 5.

4. Cash and cash equivalents

	09/30/2021	12/31/2020
Petty cash	55	12
Bank checking accounts/billing	9,654	21,907
Banks - Accounts linked to construction work	972	3,089
Banks - Billing not yet released (a)	8,154	14,225
Short-term financial investment (b)	212,200	128,911
	231,035	168,144

Refer to amounts held at banks and short-term financial investment with immediate liquidity and insignificant risk of change in value.

(a) Refers to bank float that is released between 1 to 3 business days after the funds enter into the bank account;

(b) Short-term financial investment is broken down below:

	09/30/2021	12/31/2020
B. Brasil	559	1109
BBM	8,762	9,051
Bradesco	2,869	359
Itaú	125,090	6,958
Safra	10	10
Santander	74,910	111,324
	212,200	128,811

The average return on the financial investments in the accumulated amount was 106.66% of the Interbank Deposit Rate (CDI) until the 3rd quarter of 2021 (91.66% of CDI as at December 31, 2020).

The market value of short-term financial investment is close to the one recorded in the interim financial information seeing it is pegged to the variation in CDI, or is composed of specific funds with variable yield, which are monthly checked through the statements issued by the financial institutions. The Company has no financial instruments measured at fair value.

The financial investment with BBM and Bradesco refers to a contract demand for the issuance of the 4th, 5th, 6th, 8th and 9th series of bonds and is monthly operated in the amortization of obligations.

The other investments are to meet other short-term commitments and are kept in the Cash and Cash Equivalents group according to the Company's expected use within six months.

5. Financial investments

These refer to investments in Banco Santander with immediate liquidity to meet short-term commitments. It differs from investments allocated to Cash and Cash Equivalents only in terms of the perspective of its use by the Company, which is after six months.

It arises from the proceeds from the 9th issuance of bonds in the amount of R\$ 250,000 and from the return on cutting activities and the consequent increase in the Company's revenue.

6. Marketable securities

	09/30/2021	12/31/2020
Current		
Banco do Brasil	576	-
Caixa Econômica Federal	3,420	-
	<u>3,996</u>	<u>-</u>
Non-current		
Caixa Econômica Federal	11,851	13,146
	<u>11,851</u>	<u>13,146</u>
Total	15,847	13,146

Of the total amount of R\$2.701 of net changes in marketable securities, R\$290 refers to return on financial investments with no cash effect.

The average return on these financial investments in the accumulated amount was 75.03% of CDI until the 3rd quarter of 2021 (98% of CDI as at December 31, 2020).

These are contract demands with guarantee reserves for contracts maturing after 12 months classified as noncurrent assets. Contracts maturing within the next 12 months are carried in current assets, as well as other investment available within the year.

7. Receivables from consumers

	09/30/2021			12/31/2020		
	Private	Public	Total	Private	Public	Total
Amounts billed and not yet due	135,868	22,069	157,937	108,915	10,664	119,579
Becoming due in more than 30 days	40,350	5,633	45,983	29,106	6,040	35,146
Overdue for up to 30 days	96,082	304	96,386	91,509	3,873	95,382
From 31 to 60 days overdue	40,357	2,524	42,881	45,241	2,770	48,011
From 61 to 90 days overdue	21,746	2,138	23,884	29,739	2,475	32,214
From 91 to 120 days overdue	14,816	2,064	16,880	21,514	1,546	23,060
From 121 to 180 days overdue	23,399	10,652	34,051	32,940	2,808	35,748
From 181 to 360 days overdue	5,604	7,331	12,935	5,274	5,382	10,656
From 361 days to 5 years overdue	23,493	67,844	91,337	18,636	85,252	103,888
Overdue for more than 5 years	453	10,436	10,889	762	8,331	9,093
Collection to be identified	(655)	-	(655)	(704)	-	(704)
Estimate of amounts to be billed	96,701	6,857	103,558	89,410	5,521	94,931
(-) Discount to present value of receivables	(1,867)	(272)	(2,139)	(1,011)	(296)	(1,307)
(-) Allowance for doubtful accounts	(9,805)	(112,116)	(121,921)	(10,480)	(104,762)	(115,242)
Subtotal	<u>486,542</u>	<u>25,464</u>	<u>512,006</u>	<u>460,851</u>	<u>29,604</u>	<u>490,455</u>
Amounts receivable (noncurrent)	22,441	16,444	38,885	16,916	17,915	34,831
(-) Discount to present value of receivables	(4,129)	(3,673)	(7,802)	(3,127)	(4,288)	(7,415)
(-) Allowance for doubtful accounts	(415)	(5,256)	(5,671)	(1,379)	(7,363)	(8,742)
Subtotal	<u>17,897</u>	<u>7,515</u>	<u>25,412</u>	<u>12,410</u>	<u>6,264</u>	<u>18,674</u>
Total	504,439	32,979	537,418	473,261	35,868	509,129

During recognition, the amounts demonstrated above were equal to their respective fair values and do not consider fines, interest or any form of monetary adjustment payable on overdue amounts. In the statement of income as at September 30, 2021, non-collectible credit written-off (net of recovery of such losses) corresponded to R\$ 36,425 (R\$ 69,146 as at 09/30/2020).

According to article 9 of Law 9.430/96, for tax purposes, credit amounts with the Government of Goiás are added when they are written-off as loss and excluded when they are recovered. Until the third quarter of 2021, the additions for write-off of debts exceeded the exclusions of recovered amounts by R\$ 431 (Until the third quarter of 2020, the amount of R\$ 3,700 was added).

The change in the allowance for doubtful accounts, recognized pursuant to the policy mentioned in Note 2.3 a), is as follows:

Balance as at 12/31/2020	<u>(123,984)</u>
Recognition/reversal of allowance for doubtful accounts (Note 31)	<u>3,608</u>
Balance as at 09/30/2021	<u>(127,592)</u>

The practice in relation to individual customers is initially notifying them about the debt through a message in the invoice of the following month. After notification, a period of 30 days is granted for payment and in the event the invoice is not paid, the supply of water is cut, what happens on average 48 days after the expiration of the original invoice in normal periods.

For public customers, the cut does not occur, and only the debt notification step is applied. In addition, by means of Regulatory Resolution AGR/CR No. 9/2014 for activities considered essential, it is not possible to interrupt the water supply, and only the possibility of the flow reduction procedure is applicable.

8. Inventories

	09/30/2021	12/31/2020
Materials to be used in treatment stations	5,905	6,984
Materials to be used in pipelines	14	24
Electric materials and equipment	2,049	4,003
Tubes and connections for pipelines and water mains	30,605	34,381
Materials to be used in building pipelines	2,767	1,634
Water meters	5,628	11,872
Valves	6,501	7,297
Pumps	916	2,009
Sundry materials	3,831	3,970
(-) Provision for inventory losses	(6,692)	(21,678)
	<u>51,524</u>	<u>50,496</u>

The change in inventory losses, accrued for as described in Note 2.3, is broken down below:

Balance as at 12/31/2020	<u>(21,678)</u>
Reversal (recognition) of provision for inventory losses (Note 31)	<u>14,986</u>
Balance as at 09/30/2021	(6,692)

9. Recoverable taxes

	09/30/2021	12/31/2020
Corporate income tax (IRPJ) (a)	-	9,813
Social contribution tax (CSLL) (a)	-	2,574
Withholding income tax (IRRF)	1,066	2,148
Federal revenue service (b)	4,016	4,015
	<u>5,082</u>	<u>18,550</u>

(a) Refers to income and social contribution tax negative balance (overpayment made during 2020). Such credits were used in August/2021 for payment of Social Security Contribution (INSS) on payroll, being offset by means of Electronic Reimbursement Request and Offset Declaration (PERDCOMP);

(b) Refers to a refund request relating an installment debt payment plan (PAES) and undue payment of social security contribution debt.

10. Prepaid expenses and advances

	09/30/2021	12/31/2020
Current amounts		
Insurance premium	252	154
Investment fund – Receivables – FIDC IV (a)	11,219	11,478
Advances for payment of graduate courses	28	29
Advances for travels	730	536
Advances for vacations	1,722	8,521
Advances for year-end bonus	21,269	4
Contract-compensation (b)	6,898	6,898
Share issuance expenses	3,189	2,689
Subscriptions to periodicals and annuities	27	-
	<u>45,334</u>	<u>30,309</u>
Noncurrent amounts		
Contract-compensation (b)	187,629	192,803
	<u>187,629</u>	<u>192,803</u>

(a) Amortization and charges paid in advance according to the FIDC IV Regulations.

(b) Payment of a compensation for anticipated renewal of contracts with the municipalities of Goiânia, Anápolis and Águas Lindas. The amounts will be amortized in 30 years (contract term).

11. Outsourcing

To assure compliance with Program Contracts executed between Saneago and the municipalities of Aparecida de Goiânia, Jataí, Rio Verde and Trindade, the Company chose to outsource sewage services through a bidding process. The winning bidder is called Foz Goiás Saneamento S.A., (whose name has been changed to Odebrecht Ambiental) and contract # 1327/2013 went into effect on July 19, 2013.

Full operations began in November 2013 and the contract term ends on November 1, 2041.

On April 25, 2017, all shares of Odebrecht Ambiental were sold to Brookfield Partners LP, and a new holding company called BRK Ambiental Participações S.A. was formed. Contract 1327/2013 is now operated by BRK Ambiental Goiás S.A. Such operation was executed with previous approval of Saneago and the documentation supporting legal compliance is currently under analysis.

The contract addresses regionalized provision of services by Saneago and has the following characteristics:

- The regulation agency is the Control and Inspection Council of Public Services (AGR) and the consenting intervening parties are the municipalities of Aparecida de Goiânia, Jataí, Rio Verde and Trindade;
- Payment of R\$273,000 granting fees to Saneago in thirty (30) installments, annually adjusted according to the IPCA rate (National Consumer Price Index);
- Operation and expansion of collection, removal and sewage treatment systems within six (6) years. The water supply universalization ratio must reach at least ninety percent (90%) of the population;
- Saneago will manage the integrated commercial operation of public water supply and sewage services in the outsourced area. It is a responsibility of the outsourced service provider to register consumers, read water meters, issue and simultaneously deliver the payment invoices, cut and reconnect the water supply and micro-measurement, among other activities related to the rendering the water supply and sewage services.

Granting fees are recorded in current assets proportionally to the contract term and adjusted according to the IPCA rate, with a corresponding item to the statement of income. The amortized investment made by the outsourced service supplier is booked in noncurrent assets, representing a right over the investments with an offsetting entry to noncurrent liabilities.

	Current assets		Current liabilities	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Outsourcing Granting fees	7,197	10,450	276	1,616
	Noncurrent assets		Noncurrent liabilities	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Investment in sewage system	1,002,737	839,500	1,002,737	839,500
Total	1,009,934	849,950	1,003,013	841,116

12. Other receivables

	09/30/2021	12/31/2020
Current portion		
Collateral deposits	18	18
Consortium-related amounts	2,358	375
Sundry advances	437	396
Auction credits (a)	6,185	-
(-) Provision for losses	(375)	(375)
	<u>8,623</u>	<u>414</u>
Noncurrent portion		
Contracts under legal dispute (b)	32,765	32,765
(-) Estimated credit losses	(32,765)	(32,765)
	<u>-</u>	<u>-</u>

(a) These refer to credits arising from auction of land without use, according to the operation mentioned in Note 12. R\$ 128 referring to monetary adjustment to such receivables was recorded.

(b) Contracts under legal dispute

The Company is questioning at court concession contracts of water supply and sewage services of the following municipalities:

Caldas Novas

Seeing the government of that municipality took back the control over systems on June 27, 1995, Saneago's Management filed an action for damages (Case # 0033803.68.1995.8.09.0051). In April 2020, the proceedings were sent to the Superior Court of Justice (STJ) for judgment of a special appeal Saneago's lawyers had filed. On May 6, 2020, the appeal was sent to the STJ's Chairman for judgment. On October 2, 2020, that court agreed to hear the special appeal, but upheld the ruling of the court of Goiás. The process went back to the original court, but the responsible judge has not received back the proceedings yet.

Catalão

That municipality took back the control of the systems by means of a court order and Saneago was not successful in reversing that order. Action 37532.36.2016.8.09.0029 has been filed. In September 2019, a request was made to the Counsel of the Municipal Superintendency of Water and Sewage of Catalão (SAE) for access to the digital proceedings. On June 2, 2020, the proceedings were concluded to be sent to the Judge, who may appoint a new expert for the case.

13. Noncurrent assets held for sales

During the 3rd Quarter of 2021, the Company's Management decided to sell 18 properties that were in a situation of idleness and for not being part of any plan or project to expand the Company's water supply and sewage systems. The Company published three notices for biddings in a similar type to the Auction, under the criterion of highest price offer:

Bidding process	Date of publication	Type	Number / Assets in the lot	Book value	Minimum value of purchase	Process status	Winner bid
19176/2019	09/29/2021	Disposal, Similar to Auction	5 plots of land	112	1,681	In progress	-
8179/2015	08/03/2021	Disposal, Similar to Auction	11 plots of land	3	230	In progress	-
21107/2015	06/28/2021	Disposal, Similar to Auction	1 plot of land	2,577	4,709	Concluded	6,960
				<u>2,692</u>	<u>6,620</u>		

Based on the mentioned decision and pursuant to CPC 31/IFRS 5 Non-Current Assets Held for Sales, for the financial statements of 09/30/2021, these assets were transferred from Non-Current Assets to Current Assets and are shown below:

Non-current assets held for sales	12/31/2020	Inflows	Sales of assets	09/30/2021
Plots of land	-	2,692	(2,577)	115
Total	-	2,692	(2,577)	115

Gains from the disposal of assets – 09/30/2021

Revenue from sales	6,960
Book value of disposed assets	(2,577)
Gains from disposal of fixed assets	4,383
Taxes on income – 34%	(1,490)
Net gains from sales of assets	2,893

14. Court deposits

	09/30/2021	12/31/2020
Court deposits	22,278	16,069
	22,278	16,069

Of the outstanding balance as at September 30, 2021, around 88% correspond to deposits made in the last five years, with emphasis on deposits arising from proceedings 5532023-46.2019.8.09.0103, filed by the municipality of Minaçu in the amount of R\$6,533, and 241645.61.2008.8.09.0051, filed by the municipality of Goiânia in the amount of R\$4,164.

The change in the balance of court deposits refers mainly to a labor complaint filed by STIUEG, (an employees' union in the state of Goiás) under proceeding 0011549-64.2017.5.18.0008, and an expropriation filed by Saneago under proceeding 0269050-03.2011.8.09.0137. Both proceedings are still in progress and the amounts deposited were R\$ 3,072 and R\$ 2,254, respectively.

15. Deferred taxes

	09/30/2021				12/31/2020			
	Tax base	IRPJ (25%)	CSLL (9%)	Total	Tax base	IRPJ (25%)	CSLL (9%)	Total
Deferred tax assets								
Allowance for doubtful accounts	127,591	31,899	11,483	43,382	123,983	30,995	11,158	42,153
Provision for inventory losses	6,693	1,673	602	2,275	21,679	5,420	1,951	7,371
Provision for losses on investment	564	141	51	192	564	141	51	192
Provision for contingencies	245,636	61,409	22,107	83,516	145,596	36,399	13,104	49,503
Provision for losses on other receivables	375	94	34	128	375	94	34	128
Provision for contracts without concession	32,765	8,191	2,949	11,140	32,765	8,191	2,949	11,140
Provision for losses on construction work	128,347	32,087	11,551	43,638	128,347	32,087	11,550	43,637
Actuarial obligations	37,202	9,300	3,348	12,648	37,202	9,300	3,348	12,648
Provision for profit sharing	-	-	-	-	33,635	8,409	3,027	11,436
Income tax losses (a)	-	-	-	-	41,823	10,432	-	10,432
Social contribution tax losses (a)	208,205	-	18,738	18,738	286,131	-	25,752	25,752
Total	787,378	144,794	70,863	215,657	852,100	141,468	72,924	214,392
Deferred tax loss								
Tax vs. accounting depreciation	334,547	83,637	30,109	113,746	240,675	60,169	21,660	81,829
Asset and liability valuation adjustment	50,476	12,619	4,543	17,162	50,477	12,619	4,543	17,162
	385,023	96,256	34,652	130,908	291,152	72,788	26,203	98,991
Total deferred taxes, net				84,749				115,401

At the Company, based on studies and future perspective of growth, tax assets are limited to the lower between the amount of future income and the amount of tax to be offset through the realization of temporary differences and tax losses.

We provide below the projection of realization of deferred tax assets in relation to tax losses:

Year	Realization Estimate		Sum
	IRPJ	CSLL	
2021	10,432	25,572	36,004
Change in deferred taxes in the period			
Balance kept in deferred tax assets on 12/31/2020			115,401
(+) Realization of deferred tax assets - Statement of income			1,265
(+) Realization of deferred tax assets - Equity			
(-) Realization of deferred tax liabilities - Equity			(31,917)
Balance kept in deferred tax assets on 09/30/2021			84,749
Reversal in the statement of income on 09/30/2021			
Income (loss) before taxes			350,290
Combined rate 34%			119,099
(+ / -) IRPJ/CSLL on permanent/temporary additions and exclusions and tax losses			(149,751)
Reversal in the statement of income			(30,652)

16. Investment

The Company has shares of investment in some companies where it does not hold significant control, corresponding to R\$573, which are accounted for under the cost method. However, a provision for impairment has been recognized, as there is no perspective of realization of that investment.

Description	09/30/2021	12/31/2020
Comurg	515	515
Metrobus	46	46
Other	12	12
	<u>573</u>	<u>573</u>
Provision for losses	(564)	(564)
	<u>9</u>	<u>9</u>

17. Property, plant and equipment

	09/30/2021	12/31/2020
General use assets	178,106	171,898
General use assets in construction (a)	163,492	160,765
Deemed cost of assets	62,159	64,839
General use assets - Lease-purchase operations	7,242	7,241
Contributions to realize - Corumbá Consortium	47,077	47,303
Land-title regularization	222	222
Right-of-use - vehicles (Note 16.2)	57,142	57,142
Accumulated depreciation - Right-of-use assets (Note 16.2)	(37,529)	(26,238)
Accumulated Depreciation - General	(109,083)	(103,199)
Accumulated depreciation - Deemed cost	(14,280)	(14,379)
Accumulated Depreciation - Lease-purchase operations	(5,550)	(5,011)
	<u>348,998</u>	<u>360,583</u>

(a) Breakdown of general use assets in construction:

	09/30/2021	12/31/2020
General use assets in construction	103,611	100,948
General use assets in construction - Growth Acceleration Program (PAC)	59,881	59,817
	<u>163,492</u>	<u>160,765</u>

17.1 Technical assets

The change in assets is as follows:

Technical assets	Balance 12/31/2020	Addition	Write-off	Depreciation/ amortization	Transfer to current	Fixed assets	Capital contributions	Balance 09/30/2021
General use assets	171,898	6,474	(459)	-	-	193	-	178,106
General use assets in progress	160,765	2,727	-	-	-	-	-	163,492
Assets - deemed cost	64,839	-	(101)	-	(2,579)	-	-	62,159
General use assets - lease	7,241	-	-	-	-	-	-	7,241
Unrealized capital contributions - Corumbá Cons.	47,302	-	-	-	-	-	(225)	47,077
Property title compliance	223	-	-	-	-	-	-	223
General accumulated depreciation	(103,199)	-	428	(6,311)	-	-	-	(109,082)
Accumulated depreciation - deemed cost	(14,379)	-	101	(2)	-	-	-	(14,280)
Accumulated depreciation - lease	(5,011)	-	-	(540)	-	-	-	(5,551)
	<u>329,679</u>	<u>9,201</u>	<u>(31)</u>	<u>(6,853)</u>	<u>(2,579)</u>	<u>193</u>	<u>(225)</u>	<u>329,385</u>

17.2 Right-of-use assets - Leases

The requirements of standard CPC06 (R2)/IFRS16 have been applied starting January 1, 2019, as described in Note 19d.

	09/30/2021	12/31/2020
Right-of-use assets - vehicles	57,142	57,142
Accumulated depreciation- Right-of-use assets	(37,529)	(26,238)
	<u>19,613</u>	<u>30,904</u>

The change in right-of-use assets is broken down below:

Fixed assets - right of use	Balance 12/31/2020	Depreciation /Amortization	Balance 09/30/2021
Right of use - vehicles	57,142	-	57,142
Accumulated depreciation - right of use	(26,238)	(11,291)	(37,529)
Total	<u>30,904</u>	<u>(11,291)</u>	<u>19,613</u>

According to decision CVM 859 of June 7, 2020, the lease-purchase operations of the Company were assessed according to the provisions of standard CPC 06 (R2). No change in contracts or in right-of-use assets was necessary and the operation of assets is normal, even amid the COVID-19 pandemic.

18. Contract-related assets

A contract-related asset (work in progress) is the right to consideration for goods or services transferred to customers. As determined by standard CPC 47 - Revenue from Contracts with Customers, assets tied to construction work established by a concession and recognized under the scope of standard ICPC 01 (R1) - Concession Contracts must be classified as contract-related assets during the construction period and transferred to intangible assets only after the conclusion of the work.

Contract-related assets are initially recognized at fair value, including costs of loans capitalized along the period where the asset is under construction and consider the effective rate of loans prevailing at capitalization date.

Contract assets	Balance as at 12/31/20	Addition	Inventory adjustment	Inventory returns and purchases	Transfer to storeroom	Application of inventory to additions	Transfer to intangible assets	Balance as at 09/30/2021
Water systems	253,634	13,658	-	-	-	-	(49,034)	218,258
Sewage systems	427,600	17,702	-	-	-	-	(19,963)	425,339
Inventory of construction work	48,918	-	(1,971)	11,902	(2,327)	(3,724)	-	52,798
	<u>730,152</u>	<u>31,360</u>	<u>(1,971)</u>	<u>11,902</u>	<u>(2,327)</u>	<u>(3,724)</u>	<u>(68,997)</u>	<u>696,395</u>

19. Intangible assets

	09/30/2021	12/31/2020
Water systems	2,647,792	2,572,495
Sewage systems	2,825,764	2,801,866
General use assets	12,868	7,834
Software (licenses)	47,486	34,189
Accumulated amortization	(2,750,299)	(2,675,421)
Contributions to realize - Águas Lindas	55,118	55,544
Provision for impairment	(128,347)	(128,347)
“Operação Decantação” (Note 39)	(118,494)	(118,494)
Land-title regularization	38,495	38,427
Non onerous assets - water supply	51,829	46,611
Non-onerous assets - sewage	96,219	89,179
	<u>2,778,431</u>	<u>2,723,883</u>

The change in intangible assets in the period is as follows:

	Balance 12/31/2020	Addition	Write- off	Depreciation/ amortization	Capital contribution	Transfer to current	Construction work	Transfer to intangible assets	Balance 09/30/2021
Intangible assets									
Water systems	2,572,495	29,021	(4,082)	-	-	(3)	50,361	-	2,647,792
Sewage systems	2,801,866	1,716	-	-	-	(111)	22,294	-	2,825,765
General use assets	7,834	5,099	(66)	-	-	-	-	-	12,867
Accumulated amortization	(2,675,421)	-	2,591	(77,469)	-	-	-	-	(2,750,299)
Software (Licenses)	42,746	17,703	-	-	-	-	-	-	60,449
Software amortization (Licenses)	(8,557)	-	-	(4,406)	-	-	-	-	(12,963)
Unrealized capital contributions - Águas Lindas	55,544	-	-	-	(426)	-	-	-	55,118
Provision for losses (Impairment)	(128,347)	-	-	-	-	-	-	-	(128,347)
Decantation operation “Operação Decantação” (Note 39)	(118,494)	-	-	-	-	-	-	-	(118,494)
Property title compliance	38,427	3,919	-	-	-	-	-	(3,851)	38,495
Non-onerous intangible assets - Water	113	227	-	-	-	-	1,631	-	1,971
Non-onerous intangible assets - Sewage	-	515	-	-	-	-	12,957	-	13,472
(-) Government subsidies/ assistance	(110)	-	-	212	-	-	(15,330)	-	(15,228)
Amortization of non- onerous assets	(3)	-	-	(212)	-	-	-	-	(215)
Total	2,588,093	58,200	(1,557)	(81,875)	(426)	(114)	71,913	(3,851)	2,630,383
Intangible assets in progress - non-onerous									
Non-onerous - Water	46,611	6,850	-	-	-	-	(1,631)	-	51,830
Non-onerous - Sewage	89,179	19,996	-	-	-	-	(12,957)	-	96,218
Total	135,790	26,846	-	-	-	-	(14,588)	-	148,048
Total intangible assets	2,723,883	85,046	(1,557)	(81,875)	(426)	(114)	57,325	(3,851)	2,778,431

19.1) Government subsidies

The balances of the property, plant and equipment and intangible assets include those obtained with own funds and/or purchased with funds transferred by the Brazilian Federal Government through the Growth Acceleration Program (PAC).

As at December 19, 2007, fund-transfer contracts were executed between the Federal Government, through the Ministry of Cities represented by Caixa Econômica Federal and the state of Goiás. That aimed urban water supply and sewage service provision in several municipalities, having Saneago as executing intervening party.

The purpose of each contract is establishing joint actions between Saneago and the Municipalities to expand water supply and sewage systems, as well as transfer the amount of consideration payable by the state of Goiás to the Company.

Item 8.5.1 of Clause eight - Financial Performance of Fund-Transfer Contracts and the Guidelines of the Growth Acceleration Program (PAC) provide refund in the following cases:

- When the purpose agreed upon in the contract has not been achieved;
- When a report on the rendering of accounts is not presented within the required time limit, whether a partial or final one;
- When the funds are used for other purposes and not the one established in the contract;
- When the amounts from financial investment are used in violation to the term, purpose or consideration established in the contract.

In the cases above, the refund is made according to the rules set in the contract for partial performance or non-compliance.

Amounts transferred by municipalities are listed below:

City	Contract	12/31/2020	PAC program	Concluded work/Other	09/30/2021
Formosa	0218016-87	7,689	-	-	7,689
Stº Antônio do Descoberto	0218331-07	388	-	-	388
Cristalina	0226017-65	307	-	-	307
Goiânia - Meia Ponte	0226025-62	3,873	994	(301)	4,566
Valparaíso	0218021-51	-	-	-	-
Luziânia	0218328-52	1,465	-	-	1,465
Planaltina	0218330-94	63	-	-	63
Valparaíso	0218343-40	44	-	-	44
Novo Gama	0226015-46	129	-	-	129
Novo Gama	0226018-79	971	-	-	971
Goiânia - Vila Adélia	0226024-57	7,294	-	-	7,294
Luziânia	0226026-76	68,824	783	-	69,607
Luziânia	0231460-45	57	-	-	57
Trindade	0237772-43	1,189	38	-	1,227
Goiânia	0350788-10	40,315	-	-	40,315
Stº Antônio do Descoberto	0350796-17	2,686	-	(1,631)	1,055
Pirenópolis	0350884-88	1,422	26	-	1,448
Aparecida de Goiânia	0351738-28	3,094	3,252	-	6,346
Goiânia Jd Petrópolis SES	0408678-27	23,463	17,346	(4,076)	36,733
Anápolis SES	0408691-99	21,134	1,459	(9,095)	13,498
Total PAC		184,407	23,898	(15,103)	193,202
Other Programs					
Aduutora João Leite	1524/01	729	-	-	729
Aduutora João Leite	0187/06	1,472	-	-	1,472
Amaralina - FUNASA	25	248	-	-	248
Nerópolis - ANA-PRODES	68/15	4,601	-	-	4,601
Pires do Rio - ANA PRODES	68/15	1,976	-	-	1,976
Campos Verdes FUNASA/SECIMA	TC650/20	383	-	-	383
Goiânia-Recuperação Florestal	0153005/16	604	-	(228)	376
Vianópolis	1288/14	131	-	-	131
Itapirapuã	1283/2014	51	-	-	51
Total Other Programs		10,195	-	(228)	9,967
Grand Total		194,602	23,898	(15,331)	203,169

20. Loans and financing

IDB (Inter-American Development Bank)

Interest is paid every six months in April and October at the rate IDB establishes. The rate on October 8, 2021, was 0.95% for that half-year period and 1.89% per annum. Amortization is also half-yearly made. It began on October 11, 2008, and will end on October 11, 2027.

Bonds - 4th Issuance

In December 2017, in compliance with CVM instruction 476 of January 16, 2009, there was the fourth (4th) issuance of simple, book-entry, secured bonds, not convertible into shares in a single series to be distributed in a restricted manner.

The indenture of issuance and the trust assignment contract were executed as decided during the 351st Meeting of Saneago's Board of Directors on November 24, 2017, and the 352nd meeting on December 15, 2017.

Number of bonds issued	Unit value	Amount obtained (R\$)
130,000	1,000	130,000.000

According to clause 4.1.4 of the indenture, such operation contains covenants, which, if not fulfilled, entitles the Trustee to enforce all obligations and demand immediate payment. Such financial ratios relate to the debt-service coverage ratio annually checked.

The financial index to be annually achieved and established for the 4th issuance of bonds is a ratio between net debt and adjusted EBITDA lower or equal to 3.0. As at September 30, 2021, the ratio had been reached.

Bonds - 5th Issuance

In December 2018, in compliance with article 59 of Law 6404 of December 15, 1976, and CVM instruction 476 of January 16, 2009, there was the fifth (5th) issuance of simple, book-entry, secured bonds, not convertible into shares in a single series to be distributed in a restricted manner.

The indenture of issuance and the trust assignment contract were executed as decided during the 370th Meeting of Saneago's Board of Directors on November 8, 2018.

Number of bonds issued	Unit value	Amount obtained (R\$)
250,000	1,000	250,000.000

According to clause 4.15.1 of the indenture, such operation contains covenants, which, if not fulfilled, entitles the Trustee to enforce all obligations and demand immediate payment. Such financial ratios relate to the debt-service coverage ratio annually checked.

The financial index to be annually fulfilled for the 5th issuance of bonds is a ratio between net debt and adjusted EBITDA lower or equal to 3.0. As at September 30, 2021, that ratio had been achieved.

Bonds - 6th Issuance

In September 2019, in compliance with article 59 of Law 6404 of December 15, 1976, and CVM instruction 476 of January 16, 2009, there was the sixth (6th) issuance of simple, book-entry, secured bonds, not convertible into shares in a single series to be distributed in a restricted manner.

The indenture of issuance and the trust assignment contract were executed as decided during the 387th Meeting of Saneago's Board of Directors on July 24, 2019.

Number of bonds issued	Unit value	Amount obtained (R\$)
140,000	1,000	140,000.000

According to clause 4.15.1 of the indenture, such operation contains covenants, which, if not fulfilled, entitles the Trustee to enforce all obligations and demand immediate payment.

The financial index to be annually fulfilled and established for the 6th Issuance is an adjusted annual EBITDA lower or equal to 3.0. As at September 30, 2021, the ratio had been reached.

Bonds - 8th Issuance

In November 2020, in compliance with article 59 of Law 6404 of December 15, 1976, and CVM instruction 476 of January 16, 2009, there was the eighth (8th) issuance of simple, book-entry, secured bonds, not convertible into shares in a single series to be distributed in a restricted manner.

The indenture of issuance and the trust assignment contract were executed as decided during the 429th Meeting of Saneago's Board of Directors on November 26, 2020.

Number of bonds issued	Unit value	Amount obtained (R\$)
220,000	1,000	220,000,000

As per clause 4.15.1 of the indenture, such operation contains covenants, which, if not fulfilled, entitles the Trustee to enforce all obligations and demand immediate payment. The financial index to be annually reached and established for the 8th Issuance is an adjusted annual EBITDA lower or equal to 3.0 to be annually checked by the Issuer and followed up by the Trustee starting December 2020. There was no non-compliance with the financial ratios related to debt coverage until September 30, 2021

Bonds - 9th Issuance

In August 2021, in compliance with article 59 of Law 6404 of December 15, 1976, and CVM instruction 476 of January 16, 2009, there was the ninth (9th) issuance of simple, secured bonds, not convertible into shares in a single series to be distributed in a restricted manner..

This indenture of issuance and the trust assignment contract were entered into in accordance with the 443rd Meeting of Saneago's Board of Directors, held on June 02, 2021.

Number of bonds issued	Unit value	Amount obtained (R\$)
250,000	1,000	250,000,000

As per clause 4.15.1 of the indenture, such operation contains covenants, which, if not fulfilled, entitles the Trustee to enforce all obligations and demand immediate payment.

The financial index to be annually reached and established for the 9th Issuance is an adjusted annual EBITDA lower or equal to 3.0 to be annually checked by the Issuer and followed up by the Trustee starting December 2021.

BNDES

The contracts of loans and financing executed with BNDES (National Economic and Social Development Bank) contain financial covenants to be annually checked to protect the interest of the creditor. They relate to debt-service coverage ratio of short-term obligations and have not been fully met. On December 20, 2019, Management obtained a waiver with the Financial Institution of the demand of compliance with that ratio starting December 31, 2019.

FIDC IV (Fund of Investment in Receivables)

During a meeting held on June 5, 2017, and as established in Article 50, paragraph (e) of the Regulations of the Fund, new covenants were set for Saneago, establishing a debt-service coverage ratio to be complied with or otherwise that may imply in anticipated payment of the debt. They have been in effect since the closing of the 2nd half of 2017.

As at September 30, 2021, the ratio had been reached

Banco do Brasil

On December 20, 2017, a Bank Credit Note was established - CCB 330.701.235 - between Saneago and Banco do Brasil. Item 10 of its regulations establishes covenants where the bank can declare all obligations established enforceable and demand immediate payment, if the covenants are not fulfilled.

We draw your attention to the fact that the ratio is annually checked. As at September 30, 2021, the Company had satisfied the debt-service coverage ratio.

Rating

As per the Notice to the market disclosed on March 15, 2021, in compliance with the provisions of article 157, paragraph 4, of Law No. 6.404/1976 and CVM Instruction No. 358/2002, Fitch Rating Brasil Ltda. rated the 4th, 5th, 6th and 8th issuance of the Company's bonds to 'A+(bra)'. On June 28, 2021, also pursuant to the Notice to the market and such provisions mentioned above, Fitch Rating Brasil Ltda rated the 9th issuance of bonds at 'A+(bra)'. On March 24, 2021, also in accordance with the Notice to the market, Fitch Rating Brasil Ltda. increased the rating of the first issuance of single series of senior shares of the Fund of Investment in Receivables - FIDC Saneago IV to 'AAAsf(bra)', from AA+sf(bra).

20.a Loans and financing

Bank name	Type	Contract	Commencement date	Maturity	Annual rate	Transaction Costs	Transaction costs to be recognized	Amount borrowed	Collateral	09/30/2021	12/31/2020	
BRASIL	Loan	330701235	12/27/2017	01/06/2026	2.9% + CDI	940	64	30,000	a)	11,942	17,559	
IBM	Loan	Lease-purchase agreement	07/28/2016	07/27/2021	3.48% + CDI	-	-	-	c)	-	404	
FIDC IV	Loan	FIDC	12/15/2015	12/15/2022	3.13% + CDI or IPCA + 8,90%	47,828	9,725	600,000	i)	135,414	216,176	
Subordinated shares FIDC IV	Loan	Subordinated shares				-	-	-		(89,421)	(86,711)	
CEF	Financing	Various		2024	5.73% + benchmark rate (TR)	-	-	-	k)	4,557	5,753	
CEF	Financing	410461-57	12/31/2013	05/14/2037	8.5% + TR	-	-	132,760	d)	4,715	4,849	
CEF	Financing	0410526-20	12/31/2013	04/14/2037	8.5% + TR	-	-	36,410	d)	25,708	26,356	
CEF	Financing	0410517-19	02/14/2014	05/14/2037	8.5% + TR	-	-	18,265	d)	5,283	5,446	
CEF	Financing	0410538-64	03/27/2015	05/14/2037	8.5% + TR	-	-	51,544	d)	39,815	41,188	
CEF	Financing	26340190232-94	06/29/2006	04/30/2028	12% + TR	-	-	3,185	c)	1,895	1,916	
CEF	Financing	26340190233-07	06/29/2006	06/30/2030	12% + TR	-	-	39,214	c)	21,545	22,820	
CEF	Financing	2635248557-66	06/30/2008	11/12/2030	8.5% + TR	-	-	6,600	c)	3,533	3,748	
CEF	Financing	2634248555-47	10/09/2009	06/14/2031	9% + TR	-	-	10,000	c)	5,829	6,222	
CEF	Financing	2634248548-42	12/30/2009	06/14/2031	9% + TR	-	-	11,882	c)	5,224	5,582	
					1.89% + range fluctuation					92,543		
IDB (Inter-American Development Bank)	Financing	1414/OC	12/11/2002	10/11/2027	(VC)	-	-	\$ 47,000	j)		94,448	
BNDES	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP	-	-	31,154	e)	135	540	
BRASIL	Financing	40/01033-3	09/10/2012	04/01/2022	10.00%	-	-	2,360	f)	128	414	
BRASIL	Financing	40/00984-x	12/20/2012	01/01/2028	2.94%	-	-	6,846	f)	4,381	4,896	
Transaction costs	Loan	Transaction costs				-	-	-		(9,789)	(15,720)	
						48,768	9,789	1,027,220		263,437	355,886	
										Current	135,030	134,637
										Noncurrent	128,407	221,249

20.b Bonds

Bonds	Beginning	Maturity	Annual rate	Transaction costs	Transaction cost to be recognized	Amount obtained	Collateral	09/30/2021	12/31/2020
Bonds - 4th Issuance	12/28/2017	12/15/2021	2.95% p.a. + CDI	1,448	11	130,000	b)	12,628	50,438
Bonds - 5th Issuance	11/15/2018	11/16/2023	2.5% p.a. + CDI	4,296	1,024	250,000	g)	151,703	203,910
Bonds - 6th Issuance	09/23/2019	09/23/2024	1.2% p.a. + CDI	3,226	1,357	140,000	h)	136,418	140,103
Bonds - 8th Issuance	11/27/2020	11/27/2025	2.45% p.a. + CDI	1,254	695	220,000	h)	220,961	220,150
Bonds - 9th Issuance	08/25/2021	08/11/2026	1.9% p.a. + CDI	2,314	2,314	250,000		250,293	-
Transaction costs of bonds								(5,401)	(4,994)
				<u>12,538</u>	<u>5,401</u>	<u>990,000</u>		<u>766,602</u>	<u>609,607</u>

Current 126,941 133,409
Noncurrent 639,661 476,198

Description	Balance
Loans and financing	263,437
Bonds	<u>766,602</u>
	1,030,039

- a) 20% of the debt amount collected at the end of each month;
- b) 150% of the amount collected of each installment not yet due;
- c) Pledge of the assets to the Financial Agent;
- d) A reserve corresponding to 3 times the monthly debt-service coverage ratio.
- e) R\$ 2 million from the amount collected + adjustment;
- f) 10% of the debt amount collected at the end of each month;
- g) 120% of the amount collected of each installment not yet due;
- h) 110% of the amount collected of each installment not yet due;
- i) 45% of the amount collected;
- j) Suretyship of the state of Goiás;
- k) No collateral.

21. Employees' pay and related charges

Current	09/30/2021	12/31/2020
Alimony and terminations	123	169
Private pension plan (PREVSAN)	11	24
Health Assistance Program (CAESAN)	6	6
Payroll loans	-	9
SESI and SENAI	1,316	2,472
Vacation pay	58,184	59,541
Year-end bonus payable (a)	34,496	617
Union Dues	203	
Severance pay fund (FGTS) on vacation pay and year-end bonus	22,304	10,525
INSS payable on salaries	16,177	17,164
Provision for INSS on vacation pay and year-end bonus	26,692	17,147
Voluntary Resignation Program	-	1,967
Profit Sharing (b)	346	34,160
	<u>159,858</u>	<u>143,801</u>

- a) This refers to the provisions for year-end bonus payable to the Company's employees and to be settled at the end of year in accordance with labor legislation.
- b) 2020 profit sharing paid to employees in July 2021.

22. Taxes payable

Current	09/30/2021	12/31/2020
Tax on sales (COFINS)	15,694	13,119
Social contribution tax	3,112	-
INSS on rendering of services	1,695	2,414
IRPJ	12,383	-
IRRF on payroll and services	6,725	13,037
Tax on services (ISS)	880	1,036
Installment payments to Federal Revenue Service (a)	7,785	870
Tax on sales (PIS) payable	3,381	2,833
Withholdings of Federal Contributions	656	504
	<u>52,311</u>	<u>33,813</u>
Non-current		
Installment payments to Federal Revenue Service (a)	<u>33,070</u>	<u>7,314</u>

(a) Debt payable to the Brazilian Federal Revenue Service

	Description	Beginning	End	Number of installments	09/30/2021	12/31/2020
I	INSS	09/26/2017	01/26/2030	149	7,449	8,184
II	PIS/COFINS	08/31/2021	07/31/2026	60	33,306	-
					<u>40,755</u>	<u>8,184</u>
	Current				7,785	870
	Non-current				33,070	7,314

I) INSS - Social security debts

The debt of the Company was included in a program established by Law 13.496/2017 called Special Tax Settlement Program (PERT) for taxes governed by the Brazilian Internal Revenue Service. As a result, after the waiver of lawsuit # 200935000107769 that questioned the payment of contributions for the Brazilian Social Security Institute (INSS) on the amounts of meal tickets in the period from Jan./2004 to Dec./2005 resulting from the lack of registration with the Workers' Meal Program (PAT).

II) PIS/COFINS

In August 2021, Saneago paid PIS and COFINS referring to proceedings 10120-005929/2003-73 and 10120-005927/2003-84, respectively, in installments to the Federal Revenue Service. Such lawsuits referred to contingencies assessed with a possible likelihood of an unfavorable outcome, arising from assessment of tax deficiency for non-recognition of realized tax offsets. The payment will be in 60 installments, plus interest equivalent to reference rate of SELIC (Central Bank Overnight Rate), for federal government bonds.

23. Amounts to be paid in installments

	Description	Beginning	End	Number of installments	Adjustment	09/30/2021	12/31/2020
I	AGR - Control and Inspection Council T.A.0255/15	12/10/2015	12/10/2030	180	a)	10,960	11,432
II	AGR - Control and Inspection Council T.A.054/18	05/10/2018	04/10/2033	180	a)	4,181	4,301
III	Government of the Municipality of Goiânia	06/23/2018	09/21/2021	20	-	-	1,574
IV	STIUEG - Sindicato dos Trabalhadores (union of workers)	08/06/2020	03/08/2021	8	-	-	1,594
V	Prosul Projetos Supervisão e Planejamento	01/03/2021	05/03/2021	5	-	-	1,127
VI	ANA - National Water Agency	05/31/2021	11/30/2021	7	-	93	-
	Other					12	155
						<u>15,246</u>	<u>20,183</u>
	Current					982	5,252
	Noncurrent					14,264	14,931

a) Adjustment and monthly interest of 1% p.m.

I) AGR - Control and Inspection Council of Public Services

Based on Law 18.109 of July 25, 2013, amended by Law 18.957 of July 16, 2015, on December 10, 2015, the Company's Management executed instrument # 255/15 relating an installment debt payment plan.

The amount includes the remaining balances relating instruments 024/2011 and 0102/2013 regarding the Control and Inspection Fee (TRCF) of previous periods and tax assessment notices for non-fulfillment of regulatory requirements.

Total consolidated amount	
Principal	10,808
One-time penalty	2,797
Fine	42
Interest	<u>133</u>
	13,780

II) AGR - Control and Inspection Council of Public Services

Based on Law 18.109 of July 25, 2013, amended by Law 19.906 of July 14, 2017, on May 10, 2018, the Company's Management executed instrument # 054/2018 relating an installment debt payment plan, which allows reduction in interest and fine on late payment, as well as in the indexation applicable. The debt to be paid in installments corresponds to R\$4,667 and refers to the Control and Inspection Fees (TRCF) of 2016 and 2017.

III) Municipal Government of Goiânia

On April 24, 2017, an instrument was executed between Saneago and the Municipal Government of the Goiânia corresponding to an amount of R\$16.089, of which R\$12,484 is consideration for the concession of services and R\$3,605 regarding measurements of streets for asphalt paving in the period between 2011 and 2016.

IV) STIUEG - Sindicato dos Trabalhadores nas Indústrias Urbanas no Estado de Goiás

On August 6, 2020, the Company reached an agreement with Stiuieg (Union of the Workers of Urban Industries of the State of São Paulo). That relates to a labor complaint filed by that union claiming addition of daily wages with 50% extra payment to the compensation base of substitute employees and its corresponding effects to overtime, year-end bonus, vacations and contributions to the Severance Pay Fund (FGTS).

V) PROSUL - Projetos, Supervisão e Planejamento Ltda

On December 20, 2020, an agreement was reached with Prosul - Projetos, Supervisão e Planejamento Ltda regarding action # 0020716-83.2011.8.09.0051. The agreement refers to the payment of interest on late measurements of contracts 64/2006 and 1242/2008.

VI) ANA - National Water Agency

The installment payment plan refers to charges on the use of water resources owned by the Federal Government in the hydrographic basin of the Paranaíba River, in the municipalities of Itumbiara, Novo Gama, Santo Antônio do Descoberto, Valparaíso de Goiás and Cidade Ocidental, during 2020.

23.1 Contract-related obligations

	Description	Beginning	End	# of installments	09/30/2021	12/31/2020
I	Municipality of Águas Lindas	12/28/2018	10/11/2019	4	10,147	15,220
					10,147	15,220

I) Municipality of Águas Lindas

On December 28, 2018, Saneago executed an agreement with the Municipal Government of Águas Linda where the Company commits to transfer to the Local Fund of Environmental and Sanitation Infrastructure (FMSAI) an amount of R\$20,293. It represents a compensation for the anticipated termination of Concession Contract # 170/2000 and execution of a Program Contract. The funds must be used in the construction of local sewage systems and are conditioned to fulfillment of the work schedule. Until September 30, 2021, in compliance with the stage of completion of the work, two installments were paid.

24. Jointly controlled enterprises - Consortium

Noncurrent liabilities	09/30/2021	12/31/2020
Águas Lindas Consortium (a)	137	619
Corumbá Consortium (b)	47,881	47,861
	<u>48,018</u>	<u>48,480</u>

a) Águas Lindas Consortium

The companies Saneago and Caesb organized Águas Lindas Consortium on April 7, 2003. It is enrolled with the registry of legal entities (CNPJ) under # 05.966.179/0001-50, and is headquartered at Quadra 45, Conjunto B, Lote 36 a 38, Salas 01 a 04, Setor 01, municipality of Águas Lindas de Goiás, CEP 72,910-000. It is set to run for thirty-one (31) years, renewable for an equal period and relates to the existing concession contracts between the municipal government and the consortium members.

It has the specific purpose of designing guidelines for the preparation of studies and analyses aiming implementation of sanitation infrastructure, in all its phases and processes, including water supply and sewage systems, in the municipality of Águas Lindas de Goiás.

Saneago holds the financial control of the Consortium (bank accounts and accounts receivable) and its management is shared by the consortium members. Expenses are paid and amounts invested by the member companies and reported in a monthly rendering of accounts where one consortium member approves the accounts of the other party.

It is classified as a joint operation. According to items 14 and 15 of standard CPC 19, the parties that hold joint control have rights on assets and obligations in relation to liabilities. According to the articles of organization, the participation of the member companies is 50% each. However, in practice it is not proportional. On August 31, 2021, Caesb held 48.75% and Saneago 51.25%, (as at December 31, 2020, Caesb held 50.28% and Saneago 49.72%) and the difference is currently recognized in Saneago's noncurrent assets.

Statement of Financial Position - Águas Lindas Consortium					
	08/31/2021	12/31/2020		08/31/2020	12/31/2020
	1	0		1	0
Assets			Liabilities		
Current assets			Current liabilities		
Cash and cash equivalents	2,746	1,495	Contributions to be realized - Suppliers	3,468	2,312
Receivable from consumers	15,925	14,716	Employees' pay and related charges	692	464
Prepaid expenses and advances	677	677	Other payables	16,550	16,550
Storeroom	351	410		20,710	19,326
	<u>19,699</u>	<u>17,298</u>			
Noncurrent assets			Noncurrent liabilities		
Long-term assets			Provision for lawsuits	127	370
Receivable from consumers	1,152	861		127	370
Court deposits	-	225			
Prepaid expenses	17,813	18,264			
	<u>18,965</u>	<u>19,350</u>			
Property, plant and equipment and intangible assets			Equity		
Property, plant and equipment	103	115	Participation Fund - SANEAGO	82,797	88,791
Intangible assets	87,617	88,695	Participation Fund - CAESB	78,770	89,802
Contract-related assets	72,859	72,831	Income reserve	16,839	-
	<u>160,579</u>	<u>161,641</u>		178,406	178,593
Total assets	199,243	198,289	Total liabilities	199,243	198,289

b) Corumbá Consortium

Saneago and Caesb organized Corumbá Consortium on September 17, 2009. It is enrolled with the registry of legal entities (CNPJ) under number 18.801.675/0001-03 and is headquartered at Rua Recife, Quadra 184 Lote Área Especial, Parque Marajó, in the municipality of Valparaíso de Goiás. Its organization is based on articles 278 and 279 of Law 6.404 of December 15, 1976.

The consortium has as exclusive purpose the implantation, operation and joint maintenance of an enterprise called Sistema Produtor de Água Corumbá and aims to meet the demand of water supply in the municipalities of Luziânia, Valparaíso de Goiás, Novo Gama and Cidade Ocidental in the state of Goiás, as well as the cities of Gama and Santa Maria in Distrito Federal.

It is conducted by a managing council with ten equally divided members representing the companies and an Executive Management with two officers. It was set to run for a period of thirty (30) years, renewable for equal and successive periods. On August 31, 2021, Caesb held 60.86% and Saneago 39.14% interest in it, (as at December 31, 2020, Caesb held 61.12% and Saneago 38.88%). The difference is recognized in Saneago's noncurrent liabilities.

Statement of Financial Position - Corumbá Consortium				
	08/31/2021	12/31/2020	08/31/2021	12/31/2020
		0	1	0
Assets				
Current assets				
Storeroom	10			
	10		1,454	1,414
Noncurrent assets				
Long-term assets				
Property, plant and equipment				
General use assets	13,262	13,207		
Construction work in progress	388,253	383,140	170,313	166,212
Construction work in progress - PAC	32,589	32,525	264,850	261,246
	434,104	428,872	(2,503)	-
			432,660	427,458
Total assets	434,114	428,872	434,114	428,872
Liabilities				
Current liabilities				
Contributions to be realized - Suppliers			1,454	1,414
			1,454	1,414
Equity				
Participation Fund - SANEAGO			170,313	166,212
Participation Fund - CAESB			264,850	261,246
Loss for the period			(2,503)	-
			432,660	427,458
Total liabilities			434,114	428,872

25. Contract-related advances

The Brazilian Central Bank authorized the hiring of a private bank institution to process the payment of salaries, vacations, travel advances, pension plans and similar ones of Saneago's employees according to the conditions established in the invitation to bid and its attachments. The contracted service provider paid an amount of R\$9,970 to Saneago for the assignment of the services in one installment. The term of the contract is sixty (60) months starting June 1, 2017. The outstanding balance of R\$ 1,329 as at September 30, 2021, refers to 8 installments in the amount of R\$166 thousand corresponding to the period from October/2021 to May/2022 (balance of R\$ 2,825 related to 17 installments of the same amount as at December 31, 2020).

26. Other payables

	09/30/2021	12/31/2020
Current		
Guarantees	667	810
Other payables (a)	13,253	14,919
	<u>13,920</u>	<u>15,729</u>

(a) These mainly refer to the provision for concession-related compensation owed to municipal governments, in addition to other accrued expenses not yet billed.

27. Provision for lawsuits

	09/30/2021	12/31/2020
Civil actions	110,330	49,438
Tax-related court cases	31,645	13,084
Labor complaints	102,357	81,984
AGR - Control and Inspection Council of the State of Goiânia	1,304	1,090
	<u>245,636</u>	<u>145,596</u>

Change in provisions:

	Balance as at 12/31/2020	Recognition/reversal of provisions	Balance as at 09/30/2021
Civil actions (a)	49,438	60,892	110,330
Tax-related court cases	13,084	18,561	31,645
Labor complaints (b)	81,984	20,373	102,357
AGR – Control and Inspection Council of the State of Goiânia	1,090	214	1,304
Total	<u>145,596</u>	<u>100,040</u>	<u>245,636</u>

According to the rating of legal counselors and evaluation of the Company's Management, the most relevant causes are the following:

a) Minaçu

Refers to an environmental-related fine of 2002, which has been added to the enforceable debt of the municipality and has been challenged in court. The motion to stay execution filed was denied, however there was chance of reversal of that ruling through an appeal. It was previously rated as a possible loss, but it was changed to a probable loss based on the fact that the appeal was denied in January 15, 2021, and on the low likelihood of success. Payment is expected to be made in the medium term and in cash. Dation in payment or installment payment of the tax credit requires approval by the municipal legislative authority.

b) STIUEG

In March 2021, STIUEG (Union of Urban Workers of the State of Goiás) filed three collective actions discussing the rest time of the Company's system operators in the period from March from 2016 to February 2021. The action rating is based on previous unsuccessful actions (corresponding to the period from 2011 to February 2016) and continuation of the same scenario. Management has applied procedures to avoid future litigation in similar situations.

In addition to the main provisioned lawsuits mentioned above, in the second quarter of 2021, a provision was reversed in the amount of R\$10,000 thousand relating to undue water meter collection filed by the Federal Public Prosecution Office. It was agreed that indemnity in the amount of R\$6,825 thousand would be paid, which has already been settled.

Civil, tax and labor lawsuits

The Company is a party of various civil, tax and labor court cases classified as probable losses and duly accrued for according to CVM Decision 594/09 and standard CPC 25.

(a) Civil, tax and labor lawsuits:

Proceedings	Description	Plaintiff	Estimate
0421373-37.2007.8.09.0103	Tax foreclosure - enforceable debt certificate	Municipal government of Minaçu	75,123
0010242-85.2016.5.18.0016	Class action claiming payment of rest time between working days	STIUEG	31,050
0011614-8.2016.5.18.0004	Class action claiming weekly paid rest time	STIUEG	23,000
0010341-76.2021.5.18.0017	Class action claiming payment of rest time between working days	STIUEG	17,250
0026826-44.2018.4.01.3500	Tax foreclosure	Regional Chemistry Committee of 12 Region	11,455
5377963-81.2018.8.09.0158	Tax foreclosure	Municipal government of Sto Ant. do Descoberto	9,473
0010242-39.2021.5.18.0007	Class action claiming payment of rest time between working days	STIUEG	8,800
10120.734564/2018-74	Tax foreclosure	Federal revenue service	7,427
5532023-46.2019.8.09.0103	Provisional decision referring to stays of execution	Municipal government of Minaçu	7,186
0010243-24.2021.5.18.0007	Class action claiming payment of rest time between working days	STIUEG	5,500
			196,264

Causes rated as possible

They are not accrued for, but the possibility of loss is continuously evaluated.

	09/30/2021		12/31/2020	
	Estimated value	Qty	Estimated value	Qty
Administrative	-	-	2,434	36
Environmental	44,654	33	-	-
Civil	113,651	836	181,019	1,260
Criminal	-	2	-	1
Regulatory	112	30	335	10
Labor	10,665	37	4,467	11
Tax	729,640	12	552,226	10
		898,722	740,481	1,328

Proceedings	Plaintiff	Matter	Amount
0057557-58.2003.8.09.0051	Municipality of Goiânia	Tax	404,030
0281694-13.2009.8.09.0051	Municipality of Goiânia	Tax	241,870
0350138-73.2008.8.09.0103	Municipal government of Minaçu	Tax	72,562
5182910-61.2019.8.09.0051	State Prosecutor's Office	Environmental	25,050
0350155-12.2008.8.09.0103	Municipal government of Minaçu	Civil	23,622
0251149-53.2009.8.09.0117	Eco Engenharia Ltda.	Civil	16,749
0215530-65.2004.8.09.0011	Public Prosecutor's Office	Environmental	11,847
0400750-30.2015.8.09.0051	Saalva - Associacao Dos Amigos Do Residencial Aldeia Do Vale	Civil	10,350
10120.734566/2018-63	Federal Revenue Service	Tax	5,548
5379008-22.2018.8.09.0126	Sobrado Construcao Ltda	Civil	4,600
0241645-61.2008.8.09.0051	Municipality of Goiania	Tax	4,580
0010290-17.2020.5.18.0012	Stiueg	Labor	4,353
0010469-20.2021.5.18.0010	Prosecutor's Office for labor issues	Labor	4,000
0250140-93.2009.8.09.0137	Prosecutor's Office of the state of Goiás	Environmental	4,000
0279704-45.2015.8.09.0093	Municipal government of Jataí	Civil	3,401
0390363-53.2015.8.09.0051	Prosecutor's Office of the state of Goiás	Civil	3,000
0252088-62.2017.8.09.0146	Municipality of São Luís dos Montes Belos	Civil	3,000
			842,562

28 Employee benefits

28.a - Defined benefit pension plan

According to Technical Pronouncement CPC 33 (R1), the retirement pension plan managed by PREVSAN is of the defined benefit type, financed by contributions of active participants and assisted by Saneago as sponsor. According to regulations of the plan, the monthly contribution of the Sponsor is equal to the ones of employees, maintaining a one to one parity.

At the Company, after-employment benefits provided to employees are the following: Retirement pension for disabled workers, retirement pension for time of service or contribution, retirement for age, special retirement plan, annual bonus and deferred proportional benefit.

They take into account other actual benefits paid, equivalent to an average of the contributions made to the plan and the value of the benefit paid by government program. In the preparation of the study, actuarial calculations were made for the reference date of November 30, 2020.

Determination of net liabilities (assets)		12/31/2020
1 Deficit/(Surplus) determined		
1 Actuarial obligations determined		1,184,225
2 Fair value of the assets of the plan		(1,147,023)
3 Deficit/(Surplus) determined		37,202
2 Asset ceiling effect and additional liabilities		
1 Asset ceiling effect		-
2 Additional liabilities		-
3 Asset ceiling effect and additional liabilities		-
3 Net liabilities/(assets) resulting from the provisions of CPC 33 (R1)		
1 Net liabilities/(assets) determined (A 1.3 + A 2.3)		37,202

As seen in the table above, there was appreciation of the assets of the plan from 2019 to 2020. However, existing pool of funds of the plan on November 30, 2020, was not enough to assure the pensions of the plan. The actuarial liability in 2020 was R\$37,202.

Assumptions used in the calculation of liabilities and projections

The assumptions and actuarial methods adopted were those set forth in standard CPC 33(R1) addressing when and how the cost to provide the benefits to employees must be recognized by the employer, as well as data that must be disclosed in the financial information. As demanded in the norm, the projected unit credit method was adopted to calculate actuarial liabilities. In 2020, for calculation of the weighted average of future payments of benefit of the plan, the following hypotheses and actuarial assumptions were used:

Assumption	12/31/2020
Actual rate of actuarial discount	3.66%
Actual return expected from assets	3.66%
Actual rate of growth of assets	3.30%
Benefit capacity factor	0.98
Salary capacity factor	0.98
Estimated inflation	3.32%
Nominal discount rate	7.10%
Nominal return expected from the assets of the plan	7.10%
Nominal rate of salary growth	6.73%
General death rate	BR-EMSSb-2015, divided by gender
Death of disabled people	MI-85 divided by gender
People becoming disable	TASA 27
Annual turnover rate	Linear 1.00% p.a.
	Benefits to be granted: Average family
Family composition	Benefits granted: Actual family, according to the records of people receiving benefits

28.b Defined contribution pension plan

Approved on April 16, 2019, according to Administrative Act 310 of the National Superintendency of Private Pension Plans (Previc), code CNPB 2019.0009-38, the benefit plan 002 managed by PREVSAN is of the defined contribution type, or in other words, where the programmed benefits have their value adjusted to the balances of the shares kept on behalf of the participant, including in the phase where benefits are received, considering the net result of the pool of funds invested, amounts contributed and benefits paid.

It is financed by the contributions of active participants and sponsored by Saneago. The participants' monthly contribution has to be at least 3% of the minimum contribution and the maximum one is at discretion of the participant'. The contribution of the sponsor is at least 3% of the minimum individual contribution and 6.10% at most.

28.c Health assistance program

CAESAN is a non-profit private association destined to provide exclusive medical and hospital assistance to its beneficiaries and their dependents, offering non-mandatory collective plans according to the conditions established in its specific benefit regulations.

As determined in article 68 of the Regulations, the Program is maintained by means of usual and special contributions by Saneago of forty percent (40%) of the amount of the expenses incurred with employees during work. As article 69 of the Regulations provides, former employees and retired ones that opt for the program undertake to pay the cost and the one that would be payable by Saneago.

CAESAN's Program has the characteristic of a defined contribution plan. To meet the provisions of CVM Decision CVM 695/12, accounting of obligations of that type of program is determined through the amount of contributions Saneago made to it. As at September 30, 2021, they corresponded to R\$ 20,138 (R\$ 16,153 as at September 30, 2020), not being necessary to calculate actuarial liabilities.

29. Equity

a) According to the prevailing law, capital may be increased upon decision of the Board of Directors, regardless of amendment to the articles of incorporation, up to the limit of three billion, one hundred and twenty-five million Brazilian reais (R\$3,125,000,000.00), provided the proportion established in Article 5, paragraph 1 of the Articles of Incorporation.

The Company's capital totally subscribed and paid corresponds to two billion, five hundred and fifteen million, five hundred and forty-six thousand, three hundred and sixty-seven Brazilian reais and seventy-six cents (R\$2,515,546,367.76), represented by two billion, five hundred and fifteen million, five hundred and forty-six thousand, three hundred and sixty-seven (2,515,546,367) book-entry shares, without face value.

The shareholder called Companhia de Investimentos e Parcerias do Estado de Goiás - Goiás Parcerias, through Letter 091/2019-GP of October 18, 2019, confirmed by letter 091/2019-GP of January 9, 2020, requested the conversion of ordinary shares into preferred ones. The conversion at an amount of 170,998.719 (broken down in the table below) was approved in the Meeting of the Board of Directors # 404/2020 on January 30, 2020.

09/30/2021

Shareholder	# of ordinary shares	%	# of preferred shares	%	Total # of shares	%
State of Goiás	1,336,135,801	71.5695%	354,992,364	54.7287%	1,691,128,165	67.2271%
State Social Security Fund	488,016,887	26.1404%	122,637,514	18.9069%	610,654.401	24.2752%
Cia de Inv. E Parcerias Goiás	42,749,681	2.2899%	170,998,719	26.3627%	213,748.400	8.4971%
Others	4,005	0.0002%	11,396	0.0018%	15,401	0.0006%
Total	1,866,906,374	100.00 %	648,639,993	100.00000%	2,515,546,367	100.00 %

12/31/2020

Shareholder	# of ordinary shares	%	# of preferred shares	%	Total # of shares	%
State of Goiás	1,336,135,801	71.5695%	354,992,364	54.7287%	1,691,128,165	67.2271%
State Social Security Fund	488,016,887	26.1404%	122,637,514	18.9069%	610,654,401	24.2752%
Cia de Inv. E Parcerias Goiás	42,749,681	2.2899%	170,998,719	26.3627%	213,748,400	8.4971%
Other	4,005	0.0002%	11,396	0.0018%	15,401	0.0006%
Total	1,866.906,374	100.00 %	648,639,993	100.00000%	2,515,546,367	100.00 %

The unit value of ordinary and preferred shares is R\$1.00 (one Brazilian real).

b) Payment of capital

Between December 31, 2020, and September 30, 2021, there was no payment of capital.

c) Legal reserve

It is recognized by allocating 5% of the net income of the year up to the limit of 20% of capital. A statutory reserve is no longer recognized in the year where the balance of the reserve exceeds 30% of capital. The statutory reserve aims to assure the integrity of capital and can only be used to compensate losses or increase capital and it cannot be used for payment of dividends.

d) Investment reserve

According to Article 73, item II of the Company's articles of incorporation, the remaining balance of income after deduction of accumulated losses, statutory reserve and mandatory minimum dividends has to be destined for the recognition of an investment reserve.

e) Asset and liability valuation adjustment

Law 11.638/07 created this account, which was amended by Law 11.941/09. Its purpose is accounting for increase and decrease in the value of assets and liabilities as a result of adjustment to fair value not yet computed in the income of the year because of the accrual basis and also the realization of the depreciation of assets.

	09/30/2021	12/31/2020
Asset and liability valuation adjustment	50,477	50,477
Asset and liability valuation adjustment	(17,162)	(17,162)
Deferred taxes on deemed cost (Note 14)	33,315	33,315

f) Dividends and interest on equity capital

In compliance with the Brazilian corporate law, the Company's articles of incorporation establish the distribution of mandatory dividends of 25% of the net income of the year, first paid to holders of preferred shares. During an ordinary general meeting on April 29, 2021, Management approved the distribution of an amount of R\$79,884 referring 2020. As approved during meeting # 431/2021 on Dec. 17, 2020, payment was made in June 2021 in the form of interest on equity capital.

, The Company's Management also recognized a provision for interest on equity capital in the interim statement of income until September 2021, to be distributed to shareholders as follows:

Calculation of dividends and interest on equity capital payable	
Interim statement of income -3rd quarter of 2021	248,498
Legal reserve as a portion of interim income (5%)	(12,425)
Adjusted profit distributable	236,073
Mandatory dividends offset (25%)	59,018
Interest on capital added to dividends	59,018
Total proceeds distributed to shareholders until 2021	59,018

g) Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average of outstanding ordinary and preferred shares. However, as described in item II of paragraph 1 of article 17 of the Brazilian Corporate Law, shareholders holding preferred shares are entitled to receive a dividend ten percent (10%) higher than the one attributed to ordinary shares.

Type of share	Quantity	Percentage	Income for the period	Earnings per share
Ordinary shares	1,866,906,374	74.21%	184,422	0.0988
Preferred shares	648,639,993	25.79%	64,076	0.0988
	2,515,546,367		248,498	

30. Net operating revenue (expenses)

Gross revenue	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Water supply and sewage services	710,926	1,996,360	693,140	1,925,489
Technical services	649	1,921	481	1,353
Outsourcing	2,275	6,825	2,275	6,825
Revenue from construction work	23,667	70,412	51,919	128,823
Total	737,517	2,075,518	747,815	2,062,490
Taxes and returned items				
Contribution to the Social Integration Program (PIS)	(12,005)	(33,324)	(11,488)	(31,908)
Contribution for Social Security Funding (COFINS)	(55,294)	(153,493)	(52,915)	(146,970)
Products returned and rebates	(467)	(1,264)	(422)	(1,889)
	(67,766)	(188,081)	(64,825)	(180,767)
Net operating revenue (expenses)	669,751	1,887,437	682,990	1,881,723

31. Costs and expenses

Cost of services	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Personnel	(147,354)	(447,659)	(147,985)	(429,762)
Materials	(17,557)	(56,062)	(18,693)	(62,649)
Electric power	(60,947)	(168,208)	(53,844)	(155,260)
Third-party services	(26,109)	(77,003)	(18,102)	(52,770)
General expenses	(1,380)	(3,458)	(2,177)	(4,985)
Amortization	(26,059)	(77,123)	(15,760)	(66,411)
Depreciation	(996)	(2,908)	(1,008)	(3,083)
Depreciation of deemed cost	-	-	(1)	(2)
Depreciation of lease-purchase operations	(25)	(72)	(24)	(72)
PIS and COFINS credit on depreciation and amortization (a)	3,563	10,546	-	-
	<u>(276,864)</u>	<u>(821,947)</u>	<u>(257,594)</u>	<u>(774,994)</u>
Construction costs	<u>(23,667)</u>	<u>(70,412)</u>	<u>(51,919)</u>	<u>(128,823)</u>
	<u>(300,531)</u>	<u>(892,359)</u>	<u>(309,513)</u>	<u>(903,817)</u>

Administrative expenses	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 07/30/2020	01/01/2020 to 09/30/2020
Personnel	(79,477)	(237,648)	(78,057)	(232,097)
Materials	(729)	(2,526)	(626)	(3,436)
Electric power	(639)	(1,871)	(539)	(1,693)
Third-party services	(7,322)	(25,564)	(10,642)	(28,530)
General expenses	(3,265)	(15,966)	(2,500)	(6,933)
Amortization	(1,463)	(4,729)	(8,070)	(4,494)
Depreciation	(4,894)	(14,603)	(4,590)	(13,833)
Depreciation of deemed cost	-	(1)	(1)	(4)
Depreciation of lease-purchase operations	(136)	(411)	(138)	(413)
	<u>(97,925)</u>	<u>(303,319)</u>	<u>(105,163)</u>	<u>(291,433)</u>

Selling expenses	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Personnel	(29,477)	(90,681)	(29,306)	(84,818)
Materials	(99)	(379)	(83)	(440)
Electric power	-	-	-	(9)
Third-party services	(20,670)	(53,452)	(17,878)	(54,498)
Concession-related compensation	(19,484)	(55,696)	(17,807)	(54,190)
General expenses	(1,467)	(4,614)	(1,321)	(2,286)
Amortization	(7)	(20)	(7)	(25)
Depreciation	(34)	(95)	(30)	(99)
Depreciation of lease-purchase operations	(19)	(57)	(20)	(56)
PIS/COFINS credit on depreciation and amortization (a)	6	17	-	-
	<u>(71,251)</u>	<u>(204,977)</u>	<u>(66,452)</u>	<u>(196,421)</u>

Total costs and expenses	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Personnel	(256,308)	(775,988)	(255,348)	(746,677)
Materials	(18,385)	(58,967)	(19,402)	(66,525)
Electric power	(61,586)	(170,079)	(54,383)	(156,962)
Third-party services	(54,101)	(156,019)	(46,622)	(135,798)
Concession-related compensation	(19,484)	(55,696)	(17,807)	(54,190)
General expenses	(6,112)	(24,038)	(5,998)	(14,204)
Amortization	(27,529)	(81,872)	(23,837)	(70,930)
Depreciation	(5,924)	(17,606)	(5,628)	(17,015)
Depreciation of deemed cost	-	(1)	(2)	(6)
Depreciation of lease-purchase operations	(180)	(540)	(182)	(541)
PIS/COFINS credit on depreciation and amortization (a)	3,569	10,563	-	-
	<u>(446,040)</u>	<u>(1,330,243)</u>	<u>(429,209)</u>	<u>(1,262,848)</u>

(a) As from 2021, credits started being accounted for before deduction from expenses on depreciation and amortization and shown in a specific account.

32. Net recognition/reversal of provisions

	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Losses/recovery of expired credit	(6,688)	(36,425)	(33,455)	(69,146)
Recognition/reversal of provision for contingencies	3,549	(100,040)	5,225	575
Net recognition/reversal of allowance for doubtful accounts	(6,991)	(3,608)	(6,478)	(13,358)
Recognition/reversal of provision for losses on construction work	-	-	-	3,750
Recognition/reversal of provision for inventory losses	(214)	14,986	7,451	10,945
	<u>(10,344)</u>	<u>(125,087)</u>	<u>(27,257)</u>	<u>(67,234)</u>

33. Other operating revenues and expenses

	01/07/2021 to 09/30/2021	01/01/2021 to 09/30/2021	01/07/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Other operating revenues and expenses				
Reimbursements and Indemnities	337	953	87	225
Disposal and write-offs of fixed assets	4,028	3,108	(1,764)	(8,883)
Sales of unserviceable materials	-	4,180	-	1
Inventory adjustments	(272)	(1,938)	238	166
Legal indemnities receivable (a)	13,659	13,659	-	-
Employee profit sharing	578	578	-	-
Other operation revenues/expenses	493	1,463	495	1,439
	<u>18,823</u>	<u>22,003</u>	<u>(944)</u>	<u>(7,052)</u>

- (a) Receipt as indemnity for material damages related to the damming of Corumbá river that caused flooding in the Company's construction work. The amount received was R\$ 18,587, of which R\$ 4,928 refer to the adjustment of the fixed indemnity recorded in the financial income (loss).

34. Net financial income (loss)

	01/07/2021 to 09/30/2021	01/01/2021 to 09/30/2021	01/07/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Financial revenues				
Interest, fines and returns (a)	24,070	64,331	11,645	34,596
Monetary adjustment (a)	15,824	32,083	7,819	16,323
Discount to present value	(435)	(1,220)	410	1,074
	<u>39,459</u>	<u>95,194</u>	<u>19,874</u>	<u>51,993</u>
Financial expenses				
Interest /fines/charges and other expenses	(55,121)	(100,808)	(26,020)	(78,586)
Monetary adjustment	(713)	(1,851)	(1,394)	(1,967)
Exchange rate losses (b)	(7,325)	(4,537)	(3,184)	(32,813)
	<u>(63,159)</u>	<u>(107,196)</u>	<u>(30,598)</u>	<u>(113,366)</u>
Net financial income (loss)	<u>(23,700)</u>	<u>(12,002)</u>	<u>(10,724)</u>	<u>(61,373)</u>

- (a) The variation in revenue is the result of an increase in receivables collected with addition of monetary adjustment, fines and interest on late payment and installment payment agreements. Such recovery is associated with the resumption of supply cuts, after suspension in 2020 due to COVID-19 (Note 1).
- (b) The variation in exchange rate losses refers to contract 1414/OC executed with in 2002 and is a reflex of the current scenario of exchange instability. In the 3rd quarter of 2020, there was an increase in the exchange rate of dollar in relation to the Brazilian real of 40.27% going up from R\$4.03 to R\$5.64. In the 3rd quarter of 2021, there was a lower increase of 5.36%, from R\$5.16 (01/01/2021) to R\$5.44 (09/30/2021).

35. Obligations undertaken

Currently, 62 of contracts with municipalities of the state of Goiás are Program Contracts, which define the investment to be made within the terms of the Contracts. The amount to be invested and the realized amounts are broken down below:

Municipality	Expiration of Program Contract	Amount to be invested	Amount invested until 09/30/2021 - Saneago	Amount invested until 09/30/2021 - BRK Ambiental	Total amount invested
Adelândia	01/16/2048	525	89	-	89
Águas Lindas de Goiás	12/28/2048	309,022	1,787	-	1,787
Anápolis	02/27/2050	525,925	27,725	-	27,725
Anicuns	04/10/2048	42,785	5,583	-	5,583
Aparecida de Goiânia	11/01/2041	988,848	191,285	604,775	796,060
Aporé	04/6/2048	7,682	265	-	265
Aragoiânia	12/26/2042	27,926	1,275	-	1,275
Araguapaz	03/16/2048	5,210	923	-	923
Avelinópolis	01/22/2046	1,724	243	-	243
Barro Alto	12/26/2042	32,703	1,849	-	1,849
Brazabrantes	02/06/2044	8,056	1,404	-	1,404
Cachoeira Alta	07/27/2045	26,167	908	-	908
Caldazinha	08/02/2048	1,070	268	-	268
Campestre de Goiás	01/06/2046	645	314	-	314
Campinaçu	08/12/2045	13,146	9,744	-	9,744
Cavalcante	12/28/2048	1,612	2,111	-	2,111
Cezarina	12/17/2042	23,352	15,058	-	15,058
Cidade Ocidental	11/01/2041	243,394	17,972	-	17,972
Cristalina	02/07/2044	58,952	20,205	-	20,205
Davinópolis	05/04/2048	506	99	-	99
Diorama	07/24/2047	1,091	27	-	27
Divinópolis	10/05/2047	675	175	-	175
Flores de Goiás	08/14/2044	4,221	266	-	266
Goiandira	10/03/2048	1,457	138	-	138
Goiânia	12/17/2049	3,419.897	169,757	-	169,757
Guarani de Goiás	09/15/2040	962	598	-	598
Guarinos	02/16/2048	1,383	144	-	144
Hidrolândia	08/03/2046	9,737	2,437	-	2,437
Indiara	04/30/2044	32,180	1,734	-	1,734
Inhumas	06/17/2050	79,176	4,268	-	4,268
Israelândia	11/24/2039	3,300	120	-	120
Itajá	12/19/2042	2,328	342	-	342
Itapaci	12/28/2048	56,172	796	-	796
Itapuranga	12/28/2048	8,063	7,568	-	7,568
Jataí	11/01/2041	114,116	33,538	103,579	137,117
Jussara	12/26/2046	5,759	824	-	824
Luziânia	12/01/2045	366,853	29,569	-	29,569
Mambai	03/07/2046	1,689	427	-	427
Minaçu	02/06/2044	57,857	9,950	-	9,950
Morrinhos	11/30/2040	46,917	18,032	-	18,032
Morro Agudo de Goiás	05/02/2046	1,198	402	-	402
Mozarlândia	12/28/2046	1,894	1,119	-	1,119
Nazário	05/04/2048	2,280	237	-	237
Novo Gama	11/16/2048	253,055	3,115	-	3,115
Palmelo	10/29/2042	1,039	163	-	163
Perolândia	12/21/2048	499	181	-	181
Petrolina de Goiás	10/20/2041	6,797	7,518	-	7,518
Pires do Rio	11/03/2038	10,529	23,693	-	23,693
Posse	06/12/2047	19,945	9,575	-	9,575
Rio Verde	11/01/2041	249,889	57,057	194,568	251,625
Santa Cruz de Goiás	06/28/2043	1,497	304	-	304
Santo Antônio da Barra	12/29/2045	3,977	408	-	408
Santo Antônio de Goiás	12/02/2045	15,868	748	-	748
Santo Antônio do Descoberto	06/10/2046	55,686	22,771	-	22,771
São Domingos	12/28/2048	1,334	288	-	288
São João D'aliança	05/31/2049	3,033	1,555	-	1,555

São Luís de Montes Belos	12/19/2042	41,928	5,551	-	5,551
São Miguel do Passa Quatro	12/18/2049	8,686	298	-	298
Trindade	11/01/2041	169,222	21,275	99,815	121,090
Uirapuru	12/28/2048	699	61	-	61
Uruaçu	12/28/2048	44,341	2,679	-	2,679
Valparaíso de Goiás	11/16/2048	389,652	3,127	-	3,127
		<u>7,816,131</u>	<u>741,942</u>	<u>1,002,737</u>	<u>1,744,679</u>

36. Insurance

On July 05, 2021, the Company's civil liability insurance policy was renewed for twelve (12) months in relation to Managers and Directors (D&O Insurance). According to it, the insurance company will pay, on behalf of policy holders, all losses they are legally forced to pay as a result of actions brought for alleged wrongful acts during the retroactivity period or within the term of the policy, provided such loss does not exceed the maximum contracted limit of insurance, which is fifty million Brazilian reais. The total premium is 336 thousand paid in 4 installments.

The Company has no full coverage of all costs inherent to its businesses and assets. The occurrence of any uncovered losses may adversely affect its financial performance.

37. Related-party transactions

As required according to item 9, of standard CPC 05(R1) and CVM Decision 642 of October 7, 2010, we list below the entities that are related to Saneago.

37.1 State of Goiás

a) Non-dependent relation

Saneago is in the condition of a non-dependent state company, or in other words, it does not receive any financial funds to pay payroll costs, general costs general or capital from the controller, the Government of the state of Goiás, except for funds for shareholding increase.

b) Participation in financing operations

The state of Goiás participates as guarantor in the loan agreement executed between the Company and the Inter-American Development Bank (IBD), besides offering collateral to financing contracts executed with Caixa Econômica Federal and BNDES.

c) Rendering of services

The Company provides water supply and sewage services to direct and indirect public administration agencies of the state of Goiás. In the third quarter of 2021, the gross revenue the Company received from that State was R\$ 73,348 totaling R\$ 172,658 in the accumulated amount (R\$ 74,774 in the third quarter of 2020 and R\$ 174,238 in the accumulated amount). The balances of debt due and not yet due of those agencies are the following:

	09/30/2021	12/31/2020
Amounts billed not yet due	10,420	4,730
Falling due in more than 30 days	688	1,030
Overdue for up to 30 days	-	1,614
Overdue from 31 to 60 days	1,422	1,135
Overdue from 61 to 90 days	1,285	1,158
Overdue from 91 to 120 days	1,325	364
Overdue from 121 to 180 days	9,002	915
Overdue from 181 to 360 days	5,080	2,566
Overdue from 361 days to 5 years	67,665	85,245
Overdue for more than 5 years	10,412	8,303
Estimate of amounts to be billed	3,260	2,718
(-) Discount to present value of receivables	(27)	(51)
(-) Allowance for doubtful accounts	(105,986)	(106,201)
Subtotal	<u>4,546</u>	<u>3,526</u>
Amounts receivable (noncurrent)	2,207	1,697
(-) Discount to present value of receivables	(303)	(226)
(-) Allowance for doubtful accounts	-	-
Subtotal	<u>1,904</u>	<u>1,471</u>
Total	<u>6,450</u>	<u>4,997</u>

Considering the history of amounts received from state agencies at the Company, it was established as practice of allowance for doubtful accounts for amounts overdue for more than 90 days.

36.2 Operations with municipalities

a) The program contract with the municipality of Goiânia was executed on December 17, 2019, to be in effect until December 17, 2049. The contract establishes monthly payment of 5% of gross revenue into the Municipal Sanitation Fund. Until September 30, 2021, gross revenue in the municipality of Goiânia corresponded to R\$ 759,121 and an amount of R\$ 37,956 was deposited into the Fund.

b) As at September 30, 2021, 23 out of the 226 contracts had as compensation a percentage ranging from 2% to 5% of the amounts collected in the municipality.

c) Rendering of accounts have been prepared and debt settled through services provided by local governments to the Company. As at September 30, 2021, the balance of accounts receivable overdue and not yet due regarding the debt of municipalities with the Company was R\$ 78,689. An amount of R\$ 743 was settled after 25 rendering of account reports were prepared. (December 31, 2020 - R\$72,165, and 17 reports, with settlement of R\$609).

38. Compensation of Management, Tax Board and Statutory Committee

As at September 30, 2021, the expenses related to the compensation of members of the Board of Directors, Executive Board, Internal Audit Committee and Statutory Audit Committee was R\$ 4,720 (R\$ 4,439 as at September 30, 2020).

a) Board of Directors

The Board of Directors is the area of the Company that establishes norms and makes decisions. It has at least seven (7) and eleven (11) members at most, which receive monthly fees of eighteen percent (18%) of the average compensation paid to Executive Officers of the Company.

b) Executive Board

The Executive Board has the powers to manage the Company's day-to-day businesses and has the following composition: Main Management Board, Sales Management, Corporate Management, Financial Management, Relationship with Investors and Regulations, Production Management, Expansion Management and Legal Affairs Management. The Board of Directors establishes Management's compensation, which cannot be lower than the highest compensation paid to employees of the Company. Officers receive fees between the equivalent to the highest base salary of the Company and ninety five percent (95%) of the highest compensation established for the position of CEO.

The Company's articles of incorporation do not provide the payment of annual bonus to the Officers, however they are employees of the Company and receive the same benefits that other employees receive.

c) Internal Audit Committee

The Internal Audit Committee has at least three (3) and five (5) members at maximum and an equal number of substitutes. The Board of Directors also establishes the monthly fees to be paid them, observing a minimum limit, for each member, of fourteen percent (14%) of the average fees attributed to Officers.

d) Statutory Audit Committee

It is a Committee that reports directly to the Board of Directors, with operating autonomy to conduct or determine the execution of consultations, evaluations and investigations. It is composed of at least three (3) and five (5) members at maximum and, according to Law 13.303/2016, the appointment of substitutes is not allowed. The Board of Directors chooses the members and determines their monthly fees, which correspond to eighteen percent (18%) of the average compensation paid to the Officers of the Company.

39. Supplementary cash flow information

As demonstrated below, changes not affecting cash are deducted from the Statement of Financial Position:

ASSETS	09/30/2021	LIABILITIES	09/30/2021
Receivables from consumers	(28,289)	Consortiums	(462)
Allowance for doubtful accounts - losses/reversals/Discount to present value	(132,635)	Transfers of fixed assets	225
	<u>(160,924)</u>		<u>(237)</u>
Other accounts receivable	(8,209)		
Auction Credit - sales of NC Asset held for sales to rec.	6,185		
Transfer of intangible assets	426		
	<u>(1,598)</u>		
Inventories	(1,028)		
Transfer of contract assets	6,051		
Estimated losses on inventory/Reversals	14,986		
	<u>20,009</u>		
Noncurrent assets available for sales	(115)		
Transfers of fixed and intangible assets	2,692		
Gains from/losses on sales - non-current assets held for sales	(2,577)		
	<u>-</u>		

40. 'Operação Decantação'

Current situation:

The complaint brought by the Public Prosecution Office was rejected by the Federal Judge of the 11th Court of Goiânia, given the lack of exposure of the criminal fact and the elements of conviction required to file a criminal suit against those then investigated.

The Public Prosecution Office filed an appeal against the decision issued, with a request for reform, for receipt of the complaint and consequent filing of the criminal suit. The parties presented counterarguments and, as at September 30, 2021, the proceeding has yet to be judged by the court, which has issued no decision contrary to the prior one.

Chronological description of events and Management's response:

On August 24, 2016, an official investigation process called "Operação Decantação" was started, aiming to determine whether irregularities exist at Saneago in relation to certain bidding operations at the Company, under the reasoning that possible price alignments have been taking place, as well as overpayment in the performance of the respective contracts.

As described in the complaint, those facts would be causing misapplication of federal funds coming from the Growth Acceleration Program (PAC) and from financing obtained with financial institutions, as well as of amounts destined for the execution of construction work, besides other assumed acts against the government.

It is important to clarify that the investigation started is based on the need of determining assumed irregularities in the application of public funds by certain managers, employees and suppliers and Saneago is not a party to the complaint.

The investigation was divided into two stages:

(I) analyzing the bidding process executed for the purchase of pumps to be used in the Raw Water Pumping Station of Corumbá IV Production System;

(II) determine whether fraud exists in the above-mentioned bidding process and the assumed overpricing in the Company's reference budget, as well as the people who was making use of their positions to take personal advantage and who may still be holding their respective positions.

As per a federal court order, all executive officers of the Company were dismissed. On the 331st meeting of the Board of Directors on August 24, 2016, Directors decided that the Chairwoman of the Board, Ms. Marlene Alves de Carvalho e Vieira would temporarily hold the position of CEO of the Company. That decision made possible to keep the usual provision of services, as well as the fulfillment of commitments and obligations.

On August 29, 2016, during the 332nd Meeting of the Board of Directors, Mr. José Carlos Siqueira was elected to hold the position of CEO until February 16, 2017. Jalles Fontoura de Siqueira replaced Mr. José Carlos and remained in the position until Dec. 31, 2018. Effort was made to appoint new officers for the Company to provide assurance to shareholders, market and people about the lawfulness of operations. Later, other officers were appointed and some of them were employees of Saneago.

The members of the Permanent Bidding Committee mentioned in the official investigation were removed from their positions according to Decision # 123/2016 of September 6, 2016. Involved employees of the Company were suspended for a period of 120 days as per a court order. They later returned, however, they do not hold any powers to make decisions in any department of Saneago and none of them took part in the Bidding Committee. Other employees returned to the agencies they came from. In the same Decision, new members were appointed for the Bidding Committee.

On September 8, 2016, the Board of Directors, through Decision 18.683/2016, authorized the hiring of an independent firm to internally investigate the irregularities mentioned in the Official Investigation.

On December 26, 2016, bidding 41/2016 was announced calling bidders. The bidding winner was the company Maciel Auditors S/S. and the contract was signed on January 30, 2017. The period established for execution of the services was sixty (60) days. On March 22, 2017, the contracted company requested more thirty (30) days to finish the services, what Saneago granted.

The report of the audit firm was completed on April 26, 2017. In the opinion of the auditors, the bidding procedures are lawful and no breach exists that could invalidate them.

On the other hand, noncompliance was detected in the execution of construction work, what led to the adoption of measures to solve the non-compliance. That allowed an evolution in the management and execution of construction work, including the control of materials, equipment and receiving of the work done, in particular, an Enterprise Resource Planning (ERP) system was purchased.

Starting November 10, 2017, after an amendment to the articles of incorporation, a Statutory Eligibility Committee was organized to make background checks of all people appointed to hold administrative positions, as well as of members of the Audit Committee and of members of the Statutory Audit Committee, in compliance with Law 13.303/2016, bringing more assurance as for the Company's managers.

Another relevant point was the adoption of the electronic system of Banco do Brasil for execution of auctions (electronic bidding).

As a result of negotiation among the Ministry of Cities, Federal Public Prosecution Office (MPF), General Federal Controllershship (CGU), Caixa Econômica Federal (CEF), the contracted building consortium and Saneago, the contract relating to the purchase of the pumps was renegotiated and an Addendum executed, which made possible the resuming of the work of implantation of the Water Producing Corumbá IV, currently in its final phase.

In relation to the work of the Sewage System of Goiânia, a technical report/justification was presented to CEF as for the item "transportation", which that financial institution had questioned. After analysis and as authorized by CEF and Ministry of Cities, the work was resumed, including the one regarding secondary treatment of the Sewage Treatment Station Hélio Seixo de Brito.

Management, aiming to improve the standing of the Company in relation to shareholders, market and society, detected the need of hiring the service of an Expert in Forensic Services in addition to the report of Maciel Auditors S/S and also to support the audit opinion on the financial statements as at December 31, 2017. Thus, the firm Ernst & Young (EY) was hired through Decisions # 20.734/2017 and # 2.474/2018. Contracts were executed on December 15, 2017, and February 16, 2018, for the provision of "Specialized Forensic Technical Services." A Statutory Audit Committee was also organized, which among its attributions, tracked and adjusted the investigation plans together with Ernst & Young."

The following procedures were executed:

- Gathering of data and processing of information with a specific forensic methodology and tool;
- Identification of the individuals and legal entities investigated by 'Operação Decantação';
- Detailed research in public sources regarding the companies and individuals mentioned above and in reports of the Federal General Controllershship (CGU), Federal General Accounting Office and Prosecution Office, among others;
- Background check of the parties that sign the representation letter;
- Preparation of a list of custodians and per key word, based on the assumed violations for review of documentation and conflicts of interest;
- Financial and engineering analysis of a sample of contracts executed in the period from 2007 to 2017 with similar business purposes to the ones investigated.

In August 2018, the Final Forensic Audit Report was also presented to the Statutory Audit Committee, which analyzed it together with independent legal counselors. That was finished in January 2019. Even before the conclusion, the Committee started to adopt the necessary measures to confirm the findings of the audit firm, as well as determine the responsible people.

The report indicated the following:

- i) quantifiable findings in relation to financial, accounting, managerial and engineering matters referring the period from 2007-2017, determined by means of analysis of finances, contracts, comparative prices, evaluation in unit prices and other transactions;
- ii) data research and personal and corporate history, aiming to identify relationships and possible conflicts of interests (background check).

As for quantified findings, they were all classified and sent to the Internal Audit Committee of the Company, where some were concluded and others are in the process of confirmation, for issuance of conclusion reports.

As for background checks, the Statutory Audit Committee followed-up the investigations to confirm of the points indicated in the report about the assumed conflicts of interests and/or misconduct, as well as any other situations classified as irregular or as violation to ethics or other important principles of the Company. The conclusion report has already been issued and the Board of Directors approved it on December 13, 2018, according to the minutes of the 372nd meeting of the Board of Directors.

At the same time, the Company's Management identified possible accounting effects by applying of a reasonable methodology, what made possible to measure the amounts to be accrued for. As a result of the evaluation process and Report issued by EY and information on improper additional payments made to contracted parties, the impacts of losses on the financial information of Saneago can be measured according to the following assumptions:

- Saneago does not tolerate corruption or any illegal business practices on the part of suppliers, employees or service providers, nor involvement of employees, management or anyone that, internally or externally, holding managerial position could cause damage to the assets of the Company or to its image;
- Internal audit procedures are in progress to qualify and quantify all losses directly or indirectly caused and included in the EY's Report and Management has been adopting all necessary measures to repair such losses;
- It is not practicable to quantify the amount of the supposed overpayment of all contracts executed at the Company in the period, being possible only to establish estimates based on the sample available in the EY's Report;
- No amounts of overpayment accrued for have been recovered yet and no reliable estimate of recoverable amounts can be made at this moment. Such estimation will be prepared when amounts are received or when their realization becomes almost certain.

The Final Forensic Audit Report points some possible irregularities. From the contracts analyzed, forty-eight (48) were considered as priority and correspond to one billion, one hundred and sixty-six million, seventeen thousand and five hundred and sixty-nine Brazilian reais). The sample was selected from payments made to certain companies in the period from 2007 to 2017.

On that sample, the forensic audit pointed differences amounting to seventy-four million, four hundred and twenty-six thousand and nine hundred and eighty-two Brazilian reais (R\$74,426,982.00), what corresponds to a percentage of six-point eight three percent (6.383%) of the amount of payments of the sample.

The data regarding the assumed overpayment in the period was updated and extrapolated to other payments made to the companies mentioned in the Audit Report, what totaled one billion, seven hundred and eighty five million, one hundred and eleven thousand, nine hundred and eighty Brazilian reais (R\$1,785,111,980.00), on which the same percentage was applied, resulting in an amount of one hundred and thirteen million, nine hundred and forty three thousand, eight hundred and twenty-one Brazilian reais (R\$113,943,821.00), as estimated differences that should be write-off (accrued for).

The Board of Directors had recognized a provision on Dec. 31, 2017, based on the preliminary findings of the forensic audit of sixty-four million, seven hundred and eighty-five thousand, four hundred and thirty-two Brazilian reais (R\$64,785,432.00).

After the conclusion of the reports and analysis by a multidisciplinary team, including technicians of the Company and the Statutory Audit Committee, it was detected that a complement to the existing provision was necessary, as follows:

Description			In Brazilian reais	
Sample (Period from 2007 to 2017)				
Amount paid in priority contracts (EY's Report)		A	1,166,017,570	
Amount of difference described on EY's Report in Priority Contracts		B	74,426,982	
% ratio of difference to priority payments	(B*100/A)	C	6.383	%
Extrapolation of the sample to the universe of the construction work contracts (Period 2007 - 2017) Total amount paid in all contracts mentioned in the "Operação Decantação"		D	1,709,805,620	
Total amount paid in contracts of companies listed for Background Check		E	75,306.360	
	Subtotal	(D+E)	F	1,785,111,980
Estimated provision for contracts listed in "Operação Decantação"		(F*C/100)	G	113,943,821
Amount accrued for as at December 31, 2017			H	64,785,432
	Subtotal	(G-D)	I	49,158,389
Tax effects to contracts entered in the statement of income			L	4,550,663
Supplementary provision restated on January 1, 2018		(I+L)	K	53,709,052

The operation of the Brazilian Federal Police that determines the facts called "Operação Decantação" is still in indictment phase.

Besides, considering the facts occurred on March 28 and April 4, 2019, where the Federal Police executed the first investigation actions, the Company released an official letter to the market stating that:

- In relation to the facts occurred in the period from 2012 to 2016, Saneago highlights that the current Management of the Company has been prioritizing the implantation of governance and compliance practices to assure the lawfulness of all processes;
- Among the actions implemented, there was the creation of a Governance Superintendency, responsible for the implantation of a series of strategic policies, such as Responsibility Limits, a document that standardized the making of decisions by the Executive Board, Policies for Prevention of Conflict of Interests, a Code of Conduct, Policies for Transactions with Related Parties and Policies for Prevention of Corrupt Acts;
- Saneago's Management informs that although they remain providing all the necessary assistance to the investigation, the Company is protected against the actions taken seeing it is not a party to the action. Saneago is entirely at disposal of authorities to render any explanations that may be necessary and will keep the market timely informed.

It is also important to point out that there is mention in "Operação Decantação" 3 that some companies mentioned in the 1st Phase of the Operation still have contracts in effect with Saneago. However, the Company trusts in the governance measures adopted after 2016, among which we highlight the following:

1. The Committees of Compliance and Risks Management are working in the preparation of risk matrixes in all operations contracted with the companies mentioned in "Operação Decantação" 1, 2 and 3, with the purpose of determining the risks to the which Saneago would be exposed in those contracts, as well as to establish mitigation actions against those risks;
2. According to a decision of the Executive Board, the Compliance Management is restructuring the appointment of people to managerial positions with the Company;

3. A study was prepared to adjust the management of contracts and suppliers to the Company's Code of Conduct, to the Policies of Prevention of Corruption Acts, Prevention of Conflict of interest and Recruiting Regulations at Saneago, what resulted in the creation of two statements that have to signed by suppliers.

The areas of compliance and risk management executed the work of preparation of risk matrixes for the companies mentioned in "Operação Decantação" 1,2 and 3 in order to diagnose the intrinsic risk, as well as to make Management aware of risk to Saneago from the performance of those contracts and mitigation measures have been established for the risk.

It is also important to report that the Judge conducting the criminal proceedings associated with the so-called "Operação Decantação" investigation - Phase 1" (Proceeding 0020618-15.2016.4.01.3500), being processed at the 11th Federal Court of Goiás rendered a ruling rejecting the accusation presented by the Federal Public Prosecution Office, as he understood that the initial complaint did not meet the requirements established in the Criminal Code. It is also important to highlight that, considering the reason for the rejection, he did not judge the merit of the complaint. An appellate court will still judge such decision.

In January 2020, the Federal Prosecution Office filed an appeal questioning that decision and requesting that the case be resumed. The judge agreed to hear the appeal, but has not rendered a ruling yet. If the first decision is kept, the proceedings will go to a higher court, the Regional Federal Court for judgment.

At last, we need to highlight that Saneago was one of the first Brazilian companies to get adapted to the provisions of Law 13.303 of June 29, 2016, including the adjustment of contracting rules. All companies had a period of two (2) years to get adjusted to that law and since the end of 2016 various internal measures had been adopted to adjust the Company to the mentioned provisions. At the beginning 2018, certain measures established in the Regulations for State-Owned companies were already complete and implanted at Saneago, or in other words, almost 6 months before the time limit.

Ricardo José Soavinski
Chairman

Hugo Cunha Goldfeld
Sales Officer

Silvana Canuto Medeiros
Corporate Management Officer

Paulo Rogério Bragatto Battiston
Financial and Investor Relation Officer

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