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Company Data / Capital Composition

Number of Shares (Units)	Last Financial Year 12/31/2020.
Paid-in Capital	
Ordinary Shares	2,037,905,094
Preferred Shares	477,641,274
Total	2,515,546,368
In Treasury	
Ordinary Shares	0
Preferred Shares	0
Total	0

Individual DFs / Balance Sheet - Assets (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
1	Total Assets	5,779,038	5,431,664	4,823,562
1.01	Current Assets	768,818	654,061	470,597
1.01.01	Cash and cash equivalents	168,144	169,607	43,997
1.01.01.01	Cash and Cash Equivalents	168,144	169,607	43,997
1.01.03	Accounts Receivable	490,869	401,009	325,139
1.01.03.01	Customers	490,455	392,400	317,222
1.01.03.01.01	Credits Receivable from Users	490,455	392,400	317,222
1.01.03.02	Other Accounts Receivable	414	8,609	7,917
1.01.03.02.01	Other Accounts Receivable	414	391	153
1.01.03.02.02	Securities	0	8,218	7,764
1.01.04	Stocks	50,496	45,722	66,777
1.01.04.01	Stocks in Warehouse	50,496	45,722	66,777
1.01.06	Taxes Recoverable	18,550	6,490	7,739
1.01.06.01	Current Taxes to be Recovered	18,550	6,490	7,739
1.01.06.01.01	IRPJ Recoverable	9,813	1,112	2,436
1.01.06.01.02	IRRF to be offset	2,148	1,379	1,058
1.01.06.01.03	CSLL to be recovered	2,574	0	517
1.01.06.01.04	Others - Internal Revenue Service	4,015	3,999	3,728
1.01.07	Advanced expenses	30,309	21,919	18,015
1.01.07.01	Advances to Employees	30,309	21,919	18,015
1.01.08	Other Current Assets	10,450	9,314	8,930
1.01.08.03	Others	10,450	9,314	8,930
1.01.08.03.01	Sub-delegation	10,450	9,314	8,930
1.02	Non-current assets	5,010,220	4,777,603	4,352,965
1.02.01	Long-term realizable assets	1,925,745	1,707,578	1,356,936
1.02.01.04	Accounts Receivable	887,389	719,282	531,334
1.02.01.04.01	Customers	18,674	17,794	9,850
1.02.01.04.02	Other Accounts Receivable	16,069	9,384	10,135
1.02.01.04.03	Sub-delegation	839,500	677,280	497,158

Individual DFs / Balance Sheet - Assets (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
1.02.01.04.04	Securities	13,146	14,824	14,191
1.02.01.07	Deferred Taxes	115,401	215,540	237,658
1.02.01.07.01	Deferred Income Tax and Social Contribution	115,401	215,540	237,658
1.02.01.08	Advanced expenses	192,803	142,214	19,616
1.02.01.10	Other Non-Current Assets	730,152	630,542	568,328
1.02.01.10.03	Contract's Asset - CPC 47	730,152	630,542	568,328
1.02.02	Investments	9	9	9
1.02.02.01	Equity participation	9	9	9
1.02.02.01.04	Other Investments	9	9	9
1.02.03	Fixed asset	360,583	372,614	307,047
1.02.03.01	Operating Fixed Asset	360,583	372,614	307,047
1.02.03.01.01	Technical Fixed Assets	360,583	372,614	307,047
1.02.04	Intangible Asset	2,723,883	2,697,402	2,688,973
1.02.04.01	Intangible Assets	2,723,883	2,697,402	2,688,973
1.02.04.01.01	Concession Contract	2,723,883	2,697,402	2,688,973

Individual DFs / Balance Sheet - Liabilities (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
2	Total Liabilities	5,779,038	5,431,664	4,823,562
2.01	Current Liabilities	698,249	731,251	526,873
2.01.01	Social and Labor Obligations	56,588	77,249	37,872
2.01.01.02	Labor obligations	56,588	77,249	37,872
2.01.02	Suppliers	118,057	129,678	139,419
2.01.02.01	National Suppliers	118,057	129,678	139,419
2.01.03	Tax Obligations	33,813	19,648	27,172
2.01.03.01	Federal Tax Obligations	33,813	19,648	27,172
2.01.03.01.02	Taxes and Contributions Payable	33,813	19,648	27,172
2.01.04	Loans and Financing	282,883	239,555	166,038
2.01.04.01	Loans and Financing	134,637	130,881	136,366
2.01.04.01.01	In National Currency	40,189	120,723	125,705
2.01.04.01.02	In Foreign Currency	94,448	10,158	10,661
2.01.04.02	Debentures	133,409	95,524	28,979
2.01.04.03	Leasing Financing	14,837	13,150	693
2.01.05	Other obligations	119,695	193,084	93,348
2.01.05.02	Others	119,695	193,084	93,348
2.01.05.02.02	Minimum Mandatory Dividend Payable	79,884	74,992	28,831
2.01.05.02.05	Consortia	0	0	1,704
2.01.05.02.06	Installments	5,252	2,672	7,822
2.01.05.02.07	Contractual Obligations	15,220	100,236	20,293
2.01.05.02.08	Contractual Advance	1,994	1,994	1,994
2.01.05.02.09	Sub-delegation	1,616	1,026	608
2.01.05.02.10	Other Accounts Payable	15,729	12,164	32,096
2.01.06	Provisions	87,213	72,037	63,024
2.01.06.01	Labor and Civil Social Security Tax Provisions	87,213	72,037	63,024
2.01.06.01.02	Social Security and Labor Provisions	27,672	19,374	16,951
2.01.06.01.06	Vacation Provisions	59,541	52,663	46,073
2.02	Non-Current Liabilities	2,003,157	1,939,753	1,651,047

Individual DFs / Balance Sheet - Liabilities (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
2/2/2001.	Loans and Financing	714,701	752,069	799,670
2.02.01.01	Loans and Financing	221,249	330,121	452,241
2.02.01.01.01	In National Currency	137,512	256,542	372,338
2.02.01.01.02	In Foreign Currency	83,737	73,579	79,903
2.02.01.02	Debentures	476,198	389,327	346,359
2.02.01.03	Leasing Financing	17,254	32,621	1,070
2.02.02	Other obligations	911,056	763,606	613,448
2.02.02.02	Others	911,056	763,606	613,448
2.02.02.02.03	Installments	14,931	17,304	19,756
2.02.02.02.04	Contractual Advance	831	2,825	4,819
2.02.02.02.05	Sub-delegation	839,500	677,280	497,158
2.02.02.02.06	Labor and Tax Obligations	7,314	10,003	8,270
2.02.02.02.07	Consortia	48,480	56,194	83,445
2.02.04	Provisions	182,798	271,090	101,481
2.02.04.01	Labor and Civil Social Security Tax Provisions	145,596	142,209	101,481
2.02.04.01.02	Social Security and Labor Provisions	81,984	80,825	73,294
2.02.04.01.04	Civil Provisions	63,612	61,384	28,187
2.02.04.02	Other Provisions	37,202	128,881	0
2.02.04.02.04	Actuarial Liabilities	37,202	128,881	0
2.02.06	Profits and Revenues to be Appropriated	194,602	152,988	136,448
2.02.06.03	Investment grants to be appropriated	194,602	152,988	136,448
2.02.06.03.01	Grants / PAC	194,602	152,988	136,448
2.03	Net Equity	3,077,632	2,760,660	2,645,642
2.03.01	Share Capital Realized	2,515,546	2,515,546	2,515,546
2.03.04	Profit Reserves	553,324	296,856	96,761
2.03.04.01	Legal Reserve	40,837	24,020	10,266
2.03.04.10	Investment Plan Reserve	512,487	272,836	86,495
2.03.06	Equity Valuation Adjustments	33,315	33,319	33,335
2.03.08	Other Comprehensive Income	-24,553	-85,061	0

Individual DFs / Balance Sheet - Liabilities (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
2.03.08.01	Other Comprehensive Income - Actuarial	-37,202	-128,881	0
2.03.08.02	Deferred IRPJ - ORA	9,301	32,221	0
2.03.08.03	Deferred CSLL - ORA	3,348	11,599	0

Individual DFs / Income Statement (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
3.01	Revenue from the Sale of Goods and / or Services	2,541,759	2,390,889	2,225,696
3.01.01	Revenues from Water and Sewerage Services	2,360,900	2,235,315	2,069,054
3.01.02	Construction Revenue	169,996	144,307	144,979
3.01.03	Revenues from Technical Services	1,763	2,167	2,563
3.01.04	Sub-delegation Grant	9,100	9,100	9,100
3.02	Cost of Goods and / or Services Sold	-1,228,638	-1,196,069	-1,229,312
3.02.01	Cost of Goods and / or Services Sold	-1,058,642	-1,051,762	-1,084,333
3.02.02	Construction Cost	-169,996	-144,307	-144,979
3.03	Gross Financial Result	1,313,121	1,194,820	996,384
3.04	Operating Expenses / Revenue	-780,712	-732,153	-732,691
3.04.01	Selling Expenses	-269,063	-256,971	-282,520
3.04.02	General and Administrative Expenses	-473,460	-449,902	-442,210
3.04.02.01	Administrative Expenses	-395,102	-381,471	-322,002
3.04.02.02	Tax Expenses	-15,695	-14,950	-11,525
3.04.02.03	Provisions / Reversals - Credit Losses / Recovery	-62,663	-53,481	-108,683
3.04.04	Other Operating Revenues	2,619	2,765	5,278
3.04.04.07	Other Revenues	2,619	2,765	5,278
3.04.05	Other Operating Expenses	-40,808	-28,045	-13,239
3.04.05.07	Other Expenses	-40,808	-28,045	-13,239
3.05	Income Before Financial Result and Taxes	532,409	462,667	263,693
3.06	Financial Result	-63,980	-52,525	-95,637
3.06.01	Financial Revenues	70,368	72,412	70,931
3.06.02	Financial Expenses	-134,348	-124,937	-166,568
3.07	Income Before Taxes on Profit	468,429	410,142	168,056
3.08	Income Tax and Social Contribution on Profit	-132,083	-135,080	-58,014
3.08.01	Current	-63,114	-69,133	-55,370
3.08.02	Deferred	-68,969	-65,947	-2,644
3.09	Net Income from Continuing Operations	336,346	275,062	110,042
3.11	Profit / Loss for the Period	336,346	275,062	110,042

Individual DFs / Income Statement (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
3.99	Profit per Share - (Reais / Share)			
3.99.01	Basic Profit per Share			
3.99.01.01	ON	0.1337	0.10934	0.04374
3.99.01.02	PN	0.1337	0.10934	0.04374

Individual DFs / Statement of Comprehensive Income (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
4.01	Net Profit for the Period	336,346	275,062	110,042
4.02	Other Comprehensive Income	60,514	-85,036	614
4.02.02	Realization of Assigned Cost	6	25	614
4.02.03	Actuarial Gain / (Loss)	60,508	-85,061	0
4.03	Comprehensive Income for the Period	396,860	190,026	110,656

Cash Flow Statement (Indirect Method) (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
6.01	Net Cash from Operating Activities	386,159	466,247	274,469
6.01.01	Cash Generated from Operations	761,845	663,392	603,555
6.01.01.01	Net Income from the financial year	336,346	275,062	110,042
6.01.01.02	Depreciations and Amortizations	131,982	124,647	226,320
6.01.01.03	Write off of Fixed / Intangible Asset	5,915	4,391	-8,258
6.01.01.05	AVP-Credits Receivable	-484	-2,100	987
6.01.01.06	Charges, Monetary and Exchange Variations, Net	110,685	97,825	117,378
6.01.01.07	Capitalized Interests	1,311	9,529	5,788
6.01.01.08	Losses and provisions / reversals of net allowance for doubtful accounts	113,937	57,493	74,337
6.01.01.09	Provision / reversal of net contingencies	-6,816	30,598	71,136
6.01.01.10	Deferred Taxes	68,969	65,947	5,825
6.01.02	Variations in Assets and Liabilities	-379,228	-176,976	-361,010
6.01.02.01	Credits Receivable from Users	-212,388	-138,515	-148,489
6.01.02.02	Taxes Recoverable	-12,060	1,248	-2,626
6.01.02.03	Stocks	7,650	11,798	-22,312
6.01.02.04	Advanced Expenses and Advanced Payment to the Employees	-58,979	-126,502	-11,854
6.01.02.05	Judicial Deposit	-6,685	711	-6,114
6.01.02.07	Suppliers	-11,621	-9,741	-82,271
6.01.02.08	Consortia	-3,787	-28,955	-9,938
6.01.02.09	Labor obligations	-7,417	50,322	-41,982
6.01.02.10	Tax Obligations	13,408	-7,723	-39,547
6.01.02.11	Installments	207	-7,602	7,183
6.01.02.12	Contractual Obligations	-85,016	79,943	0
6.01.02.13	Sub-delegations	-546	34	-1,459
6.01.02.14	Contractual Advance	-1,994	-1,994	-1,994
6.01.02.15	Equity Valuation Adjustment	0	0	393
6.01.03	Others	3,542	-20,169	31,924
6.01.03.01	Other Accounts Receivable	-23	-237	3,705
6.01.03.02	Other Accounts Payable	3,565	-19,932	28,219

Cash Flow Statement (Indirect Method) (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
6.02	Net Cash Investing Activities	-249,154	-188,098	-268,309
6.02.01	Acquisition in fixed assets	-16,645	-44,389	-61,388
6.02.02	Contract's Asset	-123,342	-81,870	0
6.02.03	Acquisitions in Intangible Assets	-119,226	-61,839	-209,460
6.02.04	Securities	10,059	0	2,539
6.03	Net Cash Financing Activities	-138,468	-152,539	-40,751
6.03.02	Financing / Loans Raised	370,168	243,920	365,314
6.03.03	Amortization of Loans and Financing	-382,501	-272,594	-354,293
6.03.04	Financial Charge Payments on Fundraising	-77,212	-99,517	-98,118
6.03.06	Grants	42,100	16,654	46,723
6.03.07	Return of Funds to the Federal Government	0	-114	-377
6.03.08	Leasing	-16,031	-12,096	0
6.03.09	Dividends	-74,992	-28,792	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-1,463	125,610	-34,591
6.05.01	Initial Balance of Cash and Cash Equivalents	169,607	43,997	78,588
6.05.02	Final Balance of Cash and Cash Equivalents	168,144	169,607	43,997

Individual DFs / Statement of Changes in Shareholders' Equity / DMPL - 1/1/2020 to 12/31/2020 (Thousand Reais)

Account Code	Account Description	Paid in Share Capital	Capital Options Granted and Treasury Shares	Reserves, and	Profit Reserves	Profits or Losses Accumulated	Other Comprehensive Income	Net Equity
5.01	Initial Balances	2,515,546		0	296,856	0	-51,742	2,760,660
5.03	Initial Adjusted Balances	2,515,546		0	296,856	0	-51,742	2,760,660
5.04	Capital Transactions with Partners	0		0	0	-79,884	0	-79,884
5.04.07	Interest on Equity	0		0	0	-79,884	0	-79,884
5.05	Total Comprehensive Income	0		0	0	336,352	60,504	396,856
5.05.01	Net Profit for the Period	0		0	0	336,346	0	336,346
5.05.02	Other Comprehensive Income	0		0	0	6	60,504	60,510
5.05.02.06	Realization of Assigned Cost	0		0	0	6	-5	1
5.05.02.07	Realization of Deferred Taxes on Assigned Cost	0		0	0	0	1	1
5.05.02.08	Actuarial Gain / Loss	0		0	0	0	91,679	91,679
5.05.02.09	Deferred Taxes on Actuarial Result	0		0	0	0	-31,171	-31,171
5.06	Internal Changes in Equity	0		0	256,468	-256,468	0	0
5.06.04	Constitution of Legal Reserve	0		0	239,651	-239,651	0	0
5.06.05	Constitution of Investment Reserves	0		0	16,817	-16,817	0	0
5.07	Final Balances	2,515,546		0	553,324	0	8,762	3,077,632

Individual DFs / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2019 to 12/31/2019 (Thousand Reais)

Account Code	Account Description	Paid in Share Capital	Capital Options Granted and Treasury Shares	Reserves, and	Profit Reserves	Profits or Losses Accumulated	Other Comprehensive Income	Net Equity
5.01	Initial Balances	2,515,546		0	96,761	0	33,335	2,645,642
5.03	Initial Adjusted Balances	2,515,546		0	96,761	0	33,335	2,645,642
5.05	Total Comprehensive Income	0		0	0	275,087	-85,077	190,010
5.05.01	Net Profit for the Period	0		0	0	275,062	0	275,062
5.05.02	Other Comprehensive Income	0		0	0	25	-85,077	-85,052
5.05.02.06	Actuarial Gain / (Loss)	0		0	0	0	-128,881	-128,881
5.05.02.07	Deferred Taxes on Actuarial Result	0		0	0	0	43,820	43,820
5.05.02.08	Realization of Assigned Cost	0		0	0	25	-25	0
5.05.02.09	Realization of Deferred Taxes - Assigned Cost	0		0	0	0	9	9
5.06	Internal Changes in Equity	0		0	200,095	-275,087	0	-74,992
5.06.04	Constitution of Legal Reserve	0		0	13,754	-13,754	0	0
5.06.05	Constitution of Investment Reserves	0		0	186,341	-186,341	0	0
5.06.06	Dividends payable	0		0	0	-74,992	0	-74,992
5.07	Final Balances	2,515,546		0	296,856	0	-51,742	2,760,660

Individual DFs / Statement of Changes in Shareholders' Equity / DMPL - 1/1/2018 to 12/31/2018 (Thousand Reais)

Account Code	Account Description	Paid in Share Capital	Capital Options Granted and Treasury Shares	Reserves, and	Profit Reserves	Profits or Losses Accumulated	Other Comprehensive Income	Net Equity
5.01	Initial Balances	2,515,546		0	12,385	0	33,794	2,561,725
5.03	Initial Adjusted Balances	2,515,546		0	12,385	0	33,794	2,561,725
5.05	Total Comprehensive Income	0		0	0	110,656	-459	110,197
5.05.01	Net Profit for the Period	0		0	0	110,042	0	110,042
5.05.02	Other Comprehensive Income	0		0	0	614	-459	155
5.05.02.06	Realization of Assigned Cost	0		0	0	614	-695	-81
5.05.02.07	Realization of Deferred IRPJ and CSLL - Assigned Cost	0		0	0	0	236	236
5.06	Internal Changes in Equity	0		0	84,376	-110,656	0	-26,280
5.06.04	Constitution of Legal Reserve	0		0	5,533	-5,533	0	0
5.06.05	Constitution of Investment Reserves	0		0	78,843	-78,843	0	0
5.06.06	Dividends payable	0		0	0	-26,280	0	-26,280
5.07	Final Balances	2,515,546		0	96,761	0	33,335	2,645,642

Added Value Statement (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
7.01	Revenues	2,713,161	2,599,796	2,365,667
7.01.01	Sales of Goods, Products and Services	2,602,912	2,464,340	2,243,008
7.01.02	Other Revenues	-81,538	-41,508	-30,298
7.01.02.01	Credit Prescription / Recovery	-95,020	-55,540	-47,238
7.01.02.02	Other Revenues	2,619	2,765	5,277
7.01.02.03	Sub-delegation Grant	9,100	9,100	9,100
7.01.02.04	Revenue from Technical Services	1,763	2,167	2,563
7.01.03	refs. Revenues to Construction of Proprietary Assets	169,996	144,307	144,979
7.01.04	Provision / Reversal for Allowance for Doubtful Accounts	21,791	32,657	7,978
7.02	Inputs Purchased from Third Parties	-772,420	-746,497	-724,555
7.02.01	Costs of Products, Goods and Services Sold	-370,146	-366,120	-366,746
7.02.02	Materials, Energy, Services of Third Parties and Others	-196,980	-190,802	-179,645
7.02.03	Loss / Recovery of Assets Amounts	10,203	-9,257	-12,077
7.02.04	Others	-215,497	-180,318	-166,087
7.02.04.01	Raw Material Consumed	-4,693	-7,966	-7,869
7.02.04.02	Construction Cost	-169,996	-144,307	-144,979
7.02.04.03	Other Expenses	-40,808	-28,045	-13,239
7.03	Gross Added Value	1,940,741	1,853,299	1,641,112
7.04	Retentions	-117,799	-132,494	-283,665
7.04.01	Depreciation, Amortization and Exhaustion	-118,162	-111,152	-226,320
7.04.02	Others	363	-21,342	-57,345
7.04.02.01	Provisions / Reversals	363	-21,342	-57,345
7.05	Net Added Value Produced	1,822,942	1,720,805	1,357,447
7.06	Added Value Received in Transfer	70,368	72,412	69,943
7.06.02	Financial Revenues	70,368	72,412	69,943
7.07	Total Added Value to be Distributed	1,893,310	1,793,217	1,427,390
7.08	Added Value Distribution	1,893,310	1,793,217	1,427,390
7.08.01	Personnel	848,590	841,643	730,935
7.08.01.01	Direct Compensation	635,641	636,358	545,633

Added Value Statement (Thousand Reais)

Code of Account	Account Description	Last Financial Year 1/1/2020 to 12/31/2020	Penultimate Financial Year 1/1/2019 to 12/31/2019	Pre-penultimate Financial Year 1/1/2018 to 12/31/2018
7.08.01.02	Benefits	163,238	158,493	143,364
7.08.01.03	F.G.T.S.	49,711	46,792	41,938
7.08.02	Taxes, Fees and Contributions	566,244	540,267	393,730
7.08.02.01	Federal	550,889	525,861	378,421
7.08.02.02	State	11,160	10,758	7,293
7.08.02.03	Municipal	4,195	3,648	8,016
7.08.03	Third Party Capital Compensation	142,130	136,245	192,683
7.08.03.01	Interests	134,348	124,937	165,580
7.08.03.02	Rents	7,782	11,308	27,103
7.08.04	Equity Compensation	336,346	275,062	110,042
7.08.04.03	Retained Earnings / Loss for the Period	336,346	275,062	110,042



SANEAGO

MANAGEMENT REPORT – 4Q/2020

Management comments for the periods ended December 31, 2020 compared to the same period in 2019.
Amounts expressed in thousands of reais (unless otherwise stated)

General Customer Service Data

1. General Customer Service Data

The Company operates in Water Supply and Sewage Treatment Systems in the vast majority of the State of Goiás, operating in 226 of the 246 municipalities in the state in which 62 have Program Contract and 164 have Concession Contracts. It is noteworthy that between December 2019 and December 2020, four contracts were renewed, including Anapolis, Goiânia and Inhumas, which represent approximately 45.55% of the company's revenue

Program and Concession Contracts	12M2020	12M2019	Revenue sharing %
Municipalities served	226	226	100%
Municipalities with program contract	62	60	71.68%
Municipalities with concession contract	164	166	28.32%

Water - Operational Indicators	Unit	12M2020	12M2019	Variation (%)
Population served	Thousand	5,829	5,738	1.59%
Customer Service Index	%	97.40%	97.10%	0.31%
Connections	Thousand	2,269	2,209	2.72%
Sewage - Operational Indicators	Unit	12M2020	12M2019	Variation (%)
Population served	Thousand	3,871	3,701	4.59%
Customer Service Index	%	64.70%	62.60%	3.35%
Sewage Treatment Index	%	60.30%	58.20%	3.61%
Connections	Thousand	1,261	1,201	5.00%

Water - Operational Indicators	Unit	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Billed Volume	thousand of m ³	75,004	69,900	7.30%	281,551	270,224	4.2%
Sewage - Operational Indicators	thousand of m ³	45,846	41,966	9.25%	172,183	161,783	6.4%
Billed Volume	thousand of m ³	45,846	41,966	9.25%	172,183	161,783	6.4%
Produced Volume	thousand of m ³	42,551	38,652	10.09%	159,757	149,690	6.7%

Table 01- General Customer Service Data for the Services Provided.

General Customer Service Data

2.1 Water Supply System

In 12M2020, the company expanded its performance in the provision of water supply services in the state of Goiás in relation to the population served by 1.59%, with service index reaching 97.4% of the population. There was an increase in the number of billed water connections by the Company by 2.72% while the extension of the water distribution networks was increased by 8.05%.

2.2. Sewerage System

Regarding sewerage systems, there was also expansion, the population served increased, the population served went to 3,871 people, representing a growth of 4.59%. This number represents a Sewage Service Index of 64.70% of the total population served in the State (municipalities in which the Company holds a concession) in 12M2020. The number of billed sewage connections represented a growth of 5.00%. In relation to the billed volume of sewage, there was an increase of around 4.2%. The volume of treated sewage grew 6.7% also for 12M2020. These increases reflect the company's prioritization of works that aim at the universalization of the sewerage system.

3. Performance Indicators

In relation to the number of employees, there was a reduction in the total number, from 5,822 in 12M2019 to 5,791 in 12M2020, which represents a reduction of 0.10%. The staff productivity index, measured by the ratio of connections (water + sewage) by number of employees, exceeded 586 connections / employee for 607 connections / employee showing an improvement in efficiency of 3.58%, motivated by the reduction of the staff and the increase in the number of connections.

Indicators	12M2020	12M2019	Variation %
Number of employees	5,816	5,822	-0.10%
Connections / Employee	607	586	3.58%
Measurements /Employee	670	648	3.40%
Water Metering Index (%)	99.73%	99.73%	0.00%
Macro Measurement Index (%)	98.30%	98.05%	0.25%
Loss Index	26.90%	28.49%	-5.58%

Table 02 - Performance Indicators

Also noteworthy is the 5.58% reduction in the Loss of Treated Water index, reaching a percentage of 26.90% in 12M2020 compared to 28.49% in the same period of 2019, due to the reinforcement of the company's performance in combating losses across the state.

Investments

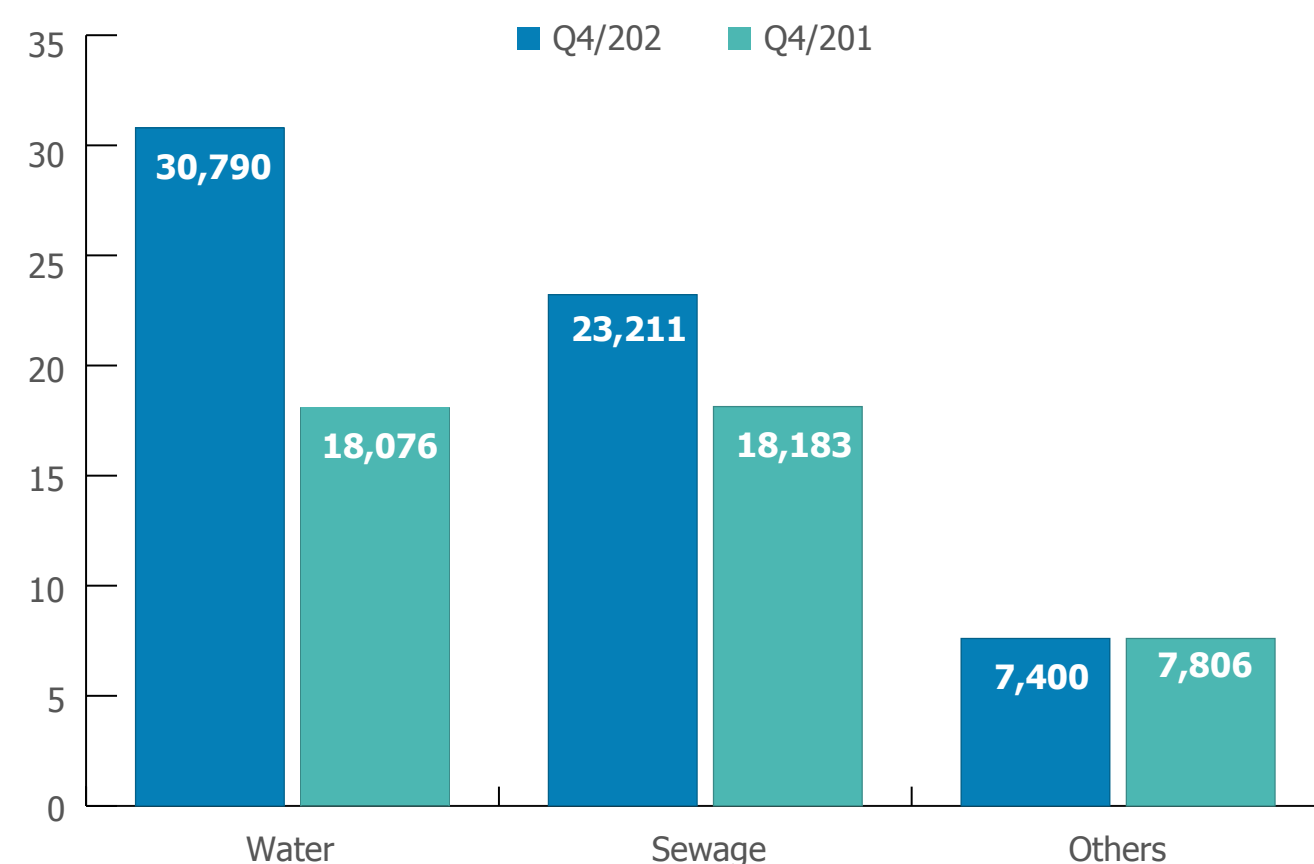


Chart 1 - Volume of Investments by System in Q4/2020

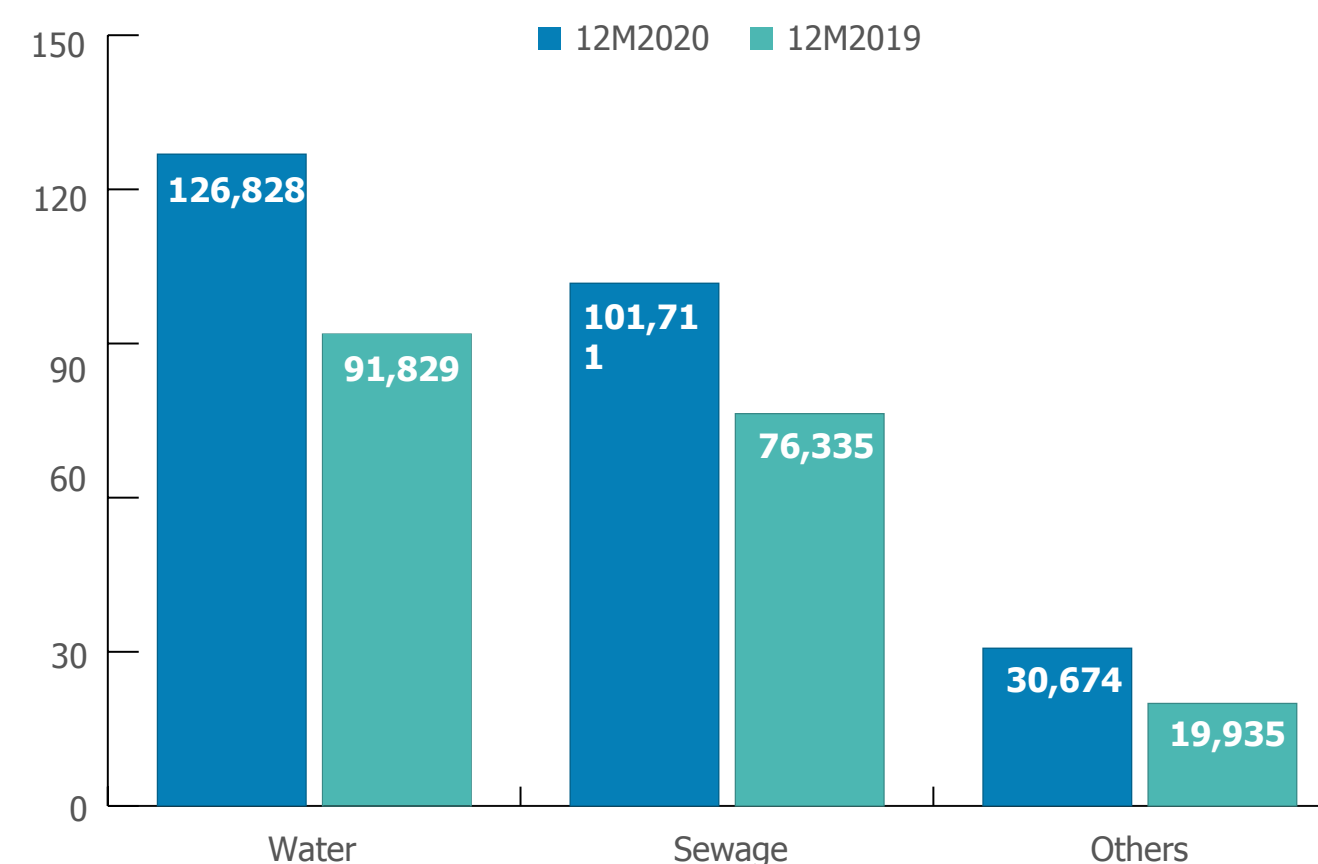


Chart 2 - Volume of Investments by System in 12M2020

4. Investments - Investments made in the fourth quarter of 2020 (12M2020) totaled R\$ 259,213, as shown in Chart 2, an increase of 37.8% compared to R\$ 188,099 in the same period of the previous year. From this amount, 48.93% was invested in water supply systems, while 39.24% was invested in sanitary sewage collection and treatment systems, the remaining 11.83% was invested in operational improvement programs, business development, general purpose goods and others. Within the 'Others' Group is the acquisition of goods not intended for Water and Sewerage Systems such as the acquisition of vehicles, computers, constructions of administrative areas, software, civil work stocks.

Financial Result Performance

Financial Indicators	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Net Profit	616,178	569,031	8.29%	2,360,900	2,235,315	5.62%
Revenue from Technical Services	410	444	-7.66%	1,763	2,167	-18.64%
Sub-delegation Grant	2,274	2,274	0.00%	9,100	9,100	0.00%
Services Cost	(283,648)	(163,669)	73.31%	(1,058,642)	(1,051,762)	0.65%
Gross Financial Result	335,214	408,080	-17.86%	1,313,121	1,194,820	9.90%
Commercial Expenses	(72,642)	(89,362)	-18.71%	(269,063)	(256,971)	4.71%
Administrative Expenses	(103,669)	(76,595)	35.35%	(395,102)	(381,471)	3.57%
Other Revenues and Other Operating Expenses	(31,137)	(26,839)	16.01%	(38,189)	(25,280)	51.06%
Depreciation / Amortization	29,671	71,172	-58.31%	118,162	111,152	6.31%
Provisions / Reversals / Losses and Receivables Credits	4,571	83,818	-94.55%	(62,663)	(53,481)	17.17%
Tax Expenses	(1,744)	(1,714)	1.75%	(15,695)	(14,950)	4.98%
EBITDA	160,265	368,560	-56.52%	650,571	573,819	13.38%
EBITDA Margin	25.90%	64.46%	-59.83%	27.43%	25.54%	7.39%
Adjusted EBTIDA	189,328	284,742	-33.51%	746,869	627,300	19.06%
Adjusted EBTIDA Margin	30.59%	49.80%	-38.57%	31.49%	27.92%	12.78%
Depreciation / Amortization	(29,671)	(71,172)	-58.31%	(118,162)	(111,152)	6.31%
Financial Expenses	(2,606)	(6,726)	-61.25%	(63,980)	(52,525)	21.81%
Deferred IRPJ / CSLL	(44,723)	(36,492)	22.56%	(63,114)	(65,947)	-4.30%
RPJ/CSLL	(8,075)	(15,674)	-48.48%	(68,969)	(69,133)	-0.24%
Net Profit	75,190	238,496	-68.47%	336,346	275,062	22.28%

Table 3- Financial Result Performance

Financial Result Performance

5.1 Net Sales

In relation to Net Revenue, the Company recorded an increase of 8.29% in Q4/2020. However, the gross income decreased by 17.86% due to the fact that in 2019 there was a change in the methodology for depreciation of the useful life of the assets, no longer using a tax rate for share participation, based on the opinion of a specialized company, which resulted in a reversal of approximately 120 million depreciation in December / 2019, impacting a lower Service Cost in that period. In the accumulated period (12M2020), net revenue increased by 5.62% and gross income increased by 9.90%.

The evolution of the aforementioned results in the accrual period has as main premises the expansion of the customer base and increase in the billed volume of sewage.

5.2 Costs and Expenses

Regarding costs and expenses, we can subdivide them into 3 structures: Commercial, administrative and service expenses. Commercial expenses decreased by 18.71% in Q4/2020 compared to Q4/2019 while administrative expenses increased by 35.35% in Q4/2020 compared to Q4/2019. In the accrual period (12M2020) these variations were 4.71% for Commercial and 3.57% for Administrative, as detailed in items 5.6 and 5.7. The increases in Q4/2020 reflect in Commercial expenses, reclassification of accounting accounts transferred from Costs.

Service costs were increased by 73.31% in Q4/2020 and 0.65% in 12M2020 in relation to the same period of the previous year, as detailed in the item 5.5.4 as well as by the change in the methodology of calculation of depreciation for useful life.

5.3 EBITDA

The company's EBITDA reached R\$ 160,265 in Q4/2020 compared to the R\$ 368,560 recorded in the same period of the previous year, making a decrease of 56.52% in relation to Q4/2019, this decrease reflects again the reversal of depreciation that in 2019 reduced the Service costs for the three months period. In 12M2020, EBITDA reached a total of R\$ 746,869, increasing by 19.06% compared to the previous year. This growth mainly refers to the 5.62% increase in net sales and the provision for the payment of Employee Profit Sharing, which was accounted for as a Provision in the "Other Receivables And Other Expenses" group. Operac. "in the amount of R\$ 29,512. In 2019, the PPR was not calculated as a provision and therefore was not deducted for the calculation of the Adjusted EBITDA.

5.3.1 EBITDA margin

The ratio between EBITDA on net sales in Q4/2020 was 25.9% compared to 64.46% recorded in the same period of the previous year, among the factors that originated the percentage of 64.46%,

Financial Result Performance

the credit balance of Provisions in that period is calculated due to the allowance policy adopted by the Company in which there was a change in the terms for provisioning and a change in the base used in the Provision in 2019. In the accrual analysis, the margin was 27.43% in 12M2020 compared to 25.54% in the previous year.

5.4 Adjusted EBITDA

Adjusted EBITDA is calculated without considering Provisions / Reversals / Losses and Receivables. Accounting credits that are not proven to have a cash effect as described in table 3, in 2020 also considered the provision for the payment of the Employee's profit sharing, which was recorded as a provision in the "Other Operational Receivables and Expenses" group in the amount of R\$ 29,512. In Q4/2020, adjusted EBITDA was R\$ 189,328, representing a reduction of 33.51% compared to the same period of the previous year. In the accrual period (12M2020), the value was R\$ 746,869, an increase of 19.06% compared to 2019.

5.4.1 Adjusted EBITDA Margin

The ratio between Adjusted EBITDA to net revenue (adjusted EBITDA margin) in Q4/2020 was 30.59% compared to 49.80% in the same period last year, which represents a reduction of 38.57 % when compared to the same period of the previous year. In the accrued analysis (12M2020), the percentage was 31.49%, showing a growth of 12.78%.

5.4.2 Gross Sales Revenue

Currently, about 67% of Saneago's Revenue comes from the exploitation of Water Systems and 33% from Sewerage Systems, as shown in the chart on the side:

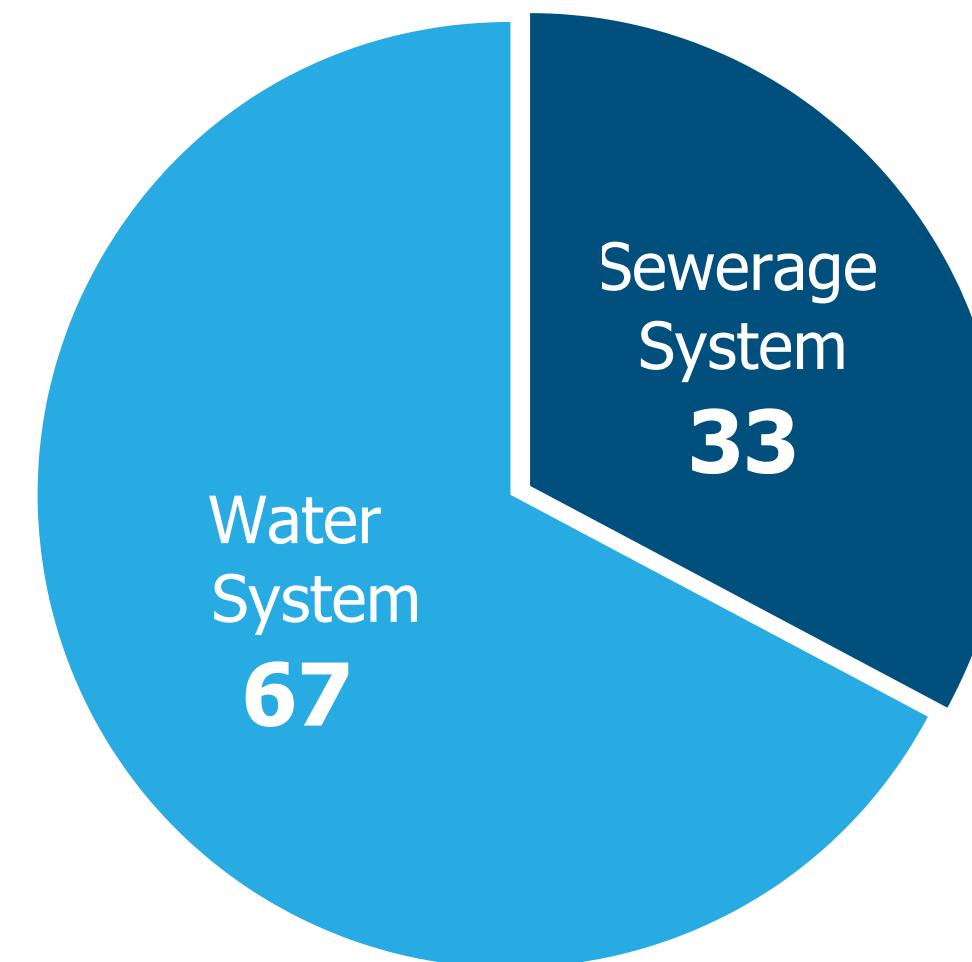


Chart 3 - Segmentation by Type of System

The increase in gross sales revenue in Q1/2020 was R\$ 62,345, which represents an increase of 11.05% in relation to the same period of the previous year, making a total gross revenue of R\$ 626,744 in the period, against R\$ 564,399 earned in the same period of the previous year as can be seen in table 4 below.

Financial Result Performance

Revenue by Type of Service	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Residential Water	318,224	291,844	9.04%	1,203,447	1,098,239	9.58%
Social Rate	1,084	1,094	-0.91%	4,331	4,561	-5.04%
Commercial	40,168	40,703	-1.31%	142,113	152,111	-6.57%
Industrial	10,596	9,716	9.06%	37,718	36,014	4.73%
Public	19,865	19,085	4.09%	78,723	84,410	-6.74%
Indirect Revenues of Services	2,992	4,713	-36.52%	11,214	13,118	-14.51%
Minimum Fixed Tariff	67,571	65,626	2.96%	269,490	256,557	5.04%
Total Water	460,500	432,781	6.40%	1,747,036	1,645,010	6.20%
Residential Sanitary Sewage	152,332	138,254	10.18%	567,889	517,019	9.84%
Social Housing	493	489	0.82%	1,935	2,011	-3.78%
Commercial	30,452	31,157	-2.26%	111,328	119,118	-6.54%
Industrial	4,543	4,402	3.20%	17,326	17,230	0.56%
Public	12,397	10,058	23.26%	49,638	47,784	3.88%
Indirect Revenues of Services	924	6,747	-86.31%	12,780	33,982	-62.39%
Minimum Fixed Tariff	22,878	21,933	4.31%	90,199	84,666	6.54%
Total Sewage	224,019	213,040	5.15%	851,095	821,810	3.56%
Revenue to be billed for water / sanitary sewage	(4,734)	-9,143	-48.22%	7,143	(719)	-1093.46%
Gross Revenue	679,785	636,678	6.77%	2,605,274	2,466,101	5.64%
Deductions	(63,607)	-67,647	-5.97%	(244,374)	(230,786)	5.89%
Net Revenue	616,178	569,031	8.29%	2,360,900	2,235,315	5.62%

Table 04 - Sales Gross Revenue

Financial Result Performance

As already mentioned in the text of Table 3 - Financial Result Performance, the increase in Revenues reflects the 2.57% increase in water measurements and 4.69% in sewage measurements.

Regarding customer segmentation, we highlight that the residential category concentrates the largest share of the company's customers with a 79.73% share of total operating revenue from services provided. The commercial and public categories represent 11.97% and 5.47% respectively.

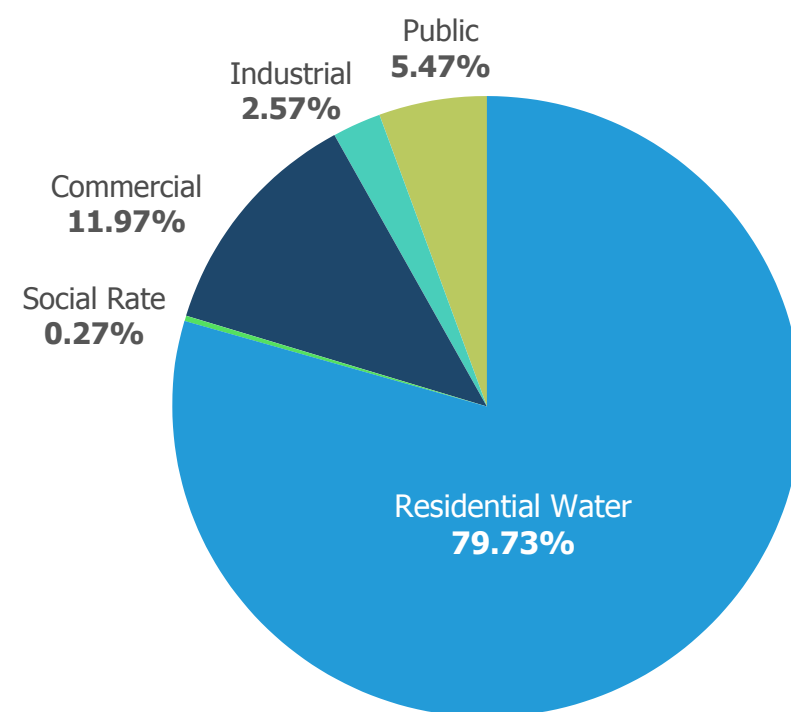


Chart 4 - Segmentation by Customer Category

Main variations and causes of the observations pointed out in Table 4 for Q4/2020 / 12M2020

5.4.3 Water supply revenue

Total water supply revenue increased by 6.40% in Q4/2020. As shown in Table 4, there was an increase of 9.04% in Residential consumption in the Q4/2020 Period and 9.58% in the accumulated 12M2020. However, Commercial and Public consumption decreased by 1.31% and increased by 4.09%, respectively in Q4/2020 and reduction of 6.57% and 6.74% in the accrual period 12M2020. These variations partially reflect the transfer of commercial and public to residential consumption due to the social isolation adopted in the State of Goiás since the month of March and which directly affected commercial activities, public and private schools in the state.

5.4.4 Sewage Revenue

The revenue from sanitary sewage one an increase of 5.15% for Q4/2020 and an increase of 3.56% in 12M2020. As mentioned in item 5.4.3, in the Sewage Revenue there is a reflection of the Social Isolation adopted, with an increase in residential tariffs in the face of a reduction in public and

commercial tariffs.

5.4.5 Deductions from Gross Operating Revenue

Deductions from gross operating revenue refer to As for PIS taxes, COFINS increased by 5.97% in Q4/2020 and increased by 5.89% in the accumulated analysis (12M2020). This increase reflects the proportional increase in taxes levied on revenue.

5.4.6 Net Operating Revenue

Net operating revenue reached R\$ 616,178 in Q4/2020, against R\$ 569,031 in the same period of the previous year, an increase of 8.29%. In the accrual period, Net Revenue reached R\$ 2,360,900 in the accrual period of 2020.

5.5 Costs of Services Provided

The costs of services provided disregarding construction costs, formed by expenses with operation, conservation and maintenance of water and sewerage systems totaling in Q4/2020, R\$ 283,648 and R\$ 1,058,642 in the 12M2020

Financial Result Performance

showing an increase of 73.31% and 0.65%, respectively, due to the change in the useful life policy to determine the depreciation that led to a reversal of R\$ 58 million, as shown in the table of cost composition of the services provided below:

Services Costs	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Personnel	161,849	147,246	9.92%	591,611	574,942	2.90%
Material	19,254	17,025	13.09%	81,903	72,383	13.15%
Electricity	57,556	56,640	1.62%	212,816	221,339	-3.85%
Third Party Services	20,899	1,382	1412.23%	73,670	72,566	1.52%
General	1,060	98	981.63%	6,044	5,533	9.24%
Subtotal	260,618	222,391	17.19%	966,044	946,763	2.04%
Amortization	36,284	(58,722)	-161.79%	105,851	104,999	0.81%
PIS / COFINS Credit without Deprec./Amort.	(13,254)	-	-	(13,254)	-	-
Total General	283,648	163,669	73.31%	1,058,642	1,051,762	0.65%

Table 05 - Breakdown of Costs for Services Provided

Financial Result Performance

Main variations and causes of Service Costs in Q4/2020 / 12M2020:

5.5.1 Personnel

Personnel expenses totaled R\$ 161,849 in Q4/2020 and R\$ 591,611 in 12M2020, an increase of 9.92% and 2.90% respectively. These variations reflect the wage adjustment of the category at 2.05% in September, a vegetative growth related to the Positions and Salaries Plan and changes in employee staffing that result in transfers of expenses between Commercial and Administrative Costs.

5.5.2 Material

Spending on materials increased by 13.09% in Q4/2020 and increased by 13.15% in 12M2020. The main factor of this increase in Q4/2020 / 12M2020 was the 13.24% increase in treatment materials, mainly caused by the increase in demand in the period from August to October and in the accumulated period of the year in which

there was an increase of 4.2% in the volume of water billed and 6.2% in the volume of sewage. In addition, due to the New Coronavirus Pandemic, PPE expenses were R\$ 2.4 million compared to R\$ 600 thousand in 2019.

5.5.3 Electricity - Electricity costs totaled R\$ 57,556 in Q4/2020 and a total of R\$ 213 million in 12M2020, showing a reduction of 1.62% and 3.85%, respectively, in relation to the previous period. This reduction is a reflection of the electricity tariff readjustment in 2019, with a negative average percentage of 5.08%, causing a lower average tariff price.

5.5.4 Third Party Services

Spending on third-party services increased by 1.52% in 12M2020 and 1412% in Q4/2020, this variation reflects the reclassification of the nature of the expense with the Collection Fee that was included in the Service Cost and was reclassified as Commercial Expense. This reclassification was in the order of R\$ 25 million for 12M2020.

5.5.5 General

General expenses costs increased 9.24% in 12M2020. This variation reflects the increase in Legal and Judicial Expenses, from R\$ 33 thousand in 2019 to R\$ 1.1 million in 2020.

5.6 Administrative Expenses

Expenses with the Company's management structure increased by 35.35% in Q4/2020 when compared to the same period in the previous year. In the accrued analysis (12M2020), this variation reached 3.57%, as shown in table 6.

Financial Result Performance

Administrative Expenses	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Personnel	83,461	75,597	10.40%	315,558	315,546	0.00%
Material	713	1,829	-61.02%	4,149	5,583	-25.69%
Electricity	734	760	-3.42%	2,427	3,039	-20.14%
Third Party Services	7,974	7,434	7.26%	36,505	40,464	-9.78%
General	4,196	3,503	19.78%	11,129	10,979	1.37%
Subtotal	97,078	89,123	8.93%	369,768	375,611	-1.56%
Depreciations	7,151	(12,528)	-157.08%	25,895	5,860	341.89%
PIS / COFINS Credit without Deprec./Amort.	(561)	-	0.00%	(561)	-	0.00%
Total General	103,668	76,595	35.35%	395,102	381,471	3.57%

Table 6 - Breakdown of Administrative Expenses

Financial Result Performance

5.6.1 - Personnel

Personnel expenses totaled R\$ 83,461 in Q4/2020 and R\$ 315,558 in 12M2020, an increase of 10.4% in Q4. These variations reflect the wage adjustment of the category by 2.05% in September, vegetative growth and transfers of employees between areas that result in the change in the rating of administrative and commercial in 2020

5.6.2 - Materials

Spending on materials decreased by 61% in Q4/2020 and decreased by 25.69% in 12M2020. This reduction is mainly due to the low use of administrative vehicles in the period, resulting in a reduction of R\$ 2.1 million in fuels.

5.6.3 - Third Party Services

Spending on third-party services increased by 7.26% in Q4/2020 and decreased by 9.78% in 12M2020. The accrued reduction mainly refers to the decrease of R\$ 370 thousand in costs maintenance costs with administrative vehicles,

also referring to the reduction in the use of these vehicles during the pandemic. It was also identified a reduction in costs with Copies and Reproductions, reflecting in addition to the pandemic that caused teleworking for most of the employees, but also due to the digitalization process of all the company's processes in January 2020.

5.7 Commercial Expenses

Expenses with the Company's commercial system decreased by 18.71% in Q4/2020 and an increase of 4.71% in 12M2020.

Commercial Expenses	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Personnel	33,057	30,462	8.52%	117,876	112,368	4.90%
Material	104	1,883	-94.48%	544	2,383	-77.17%
Electricity	-	133	-100.00%	9	197	-95.43%
Third Party Services	17,290	40,772	-57.59%	71,788	79,185	-9.34%
Concession / Contractual Compensation	19,567	14,316	36.68%	73,757	55,022	34.05%
General	2,574	1,718	49.83%	4,860	7,523	-35.40%
Subtotal	72,592	89,284	-18.70%	268,834	256,678	4.74%
Amortization / Depreciation	56	78	-28.21%	235	293	-19.80%
PIS / COFINS Credit without Deprec./Amort.	(5)	-	0.00%	(5)	-	0.00%
Total General	72,643	89,362	-18.71%	269,063	256,971	4.71%

Table 7- Breakdown of Commercial Expenses

Financial Result Performance

Main variations are:

5.7.1 – Personnel

Personnel expenses totaled R\$ 33,057 in Q4/2020 and R\$ 117,876 in 12M2020, an increase of 6.73% and 4.41% respectively. These variations reflect the wage adjustment of the category at 2.05% in September, vegetative growth and transfers of employees between areas that result in the alteration of the administrative and commercial classification in 2020.

5.7.2 - Third Party Services

Third-party services decreased by 57.59% in Q4/2020 and decreased by 9.34% in 12M2020. The reduction identified in Q4/2020 occurred as mentioned in item 5.5.4 due to the allocation of expenses with Cost Collection Tariff to Commercial Expenses that occurred in Q4/2019. In 2020, this expense was recorded with the Commercial Area throughout the year, not causing this peak in Q4/2020. Regarding the cost reduction in the accrued analysis (12M2020) refers to the period of

March to November 2020 when no delinquent customer cuts were made. This period resulted in a reduction of R\$ 7 million with this service.

5.7.3 - General

Spending on general expenses increased by 49.83% in Q4/2020 and decreased by 35.4% in 12M2020. This change occurred mainly due to the reduction in Indemnities paid to Third Parties, from R\$ 5.2 million in 12M2019 to R\$ 2.1 in 12M2020.

5.7.4 – Concession / Contractual Rem.

The amounts paid to city halls due to concession and program contracts were increased due to the new calculation methodology provided for in the Goiania and Anapolis contracts signed in December / 2019 and February / 2020, respectively. In addition to the proportional increase due to the link between the calculation methodology and the Company's collection.

5.8 – Provision / Reversal / Losses / Recovery of Prescribed Credits:

Reversals (-) Net provisions	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Prescribed Credits Losses	(25,874)	(12,251)	94.85%	(95,020)	(55,540)	71.08%
Provision for Contingencies	(3,962)	2,921	-1191.46%	(3,387)	(40,728)	-91.68%
Allowance for Doubtful Accounts	35,149	93,147	-40.33%	21,791	32,657	-33.27%
Provision for Loss / Stock	(743)	-	-111.43%	10,203	(9,257)	-210.22%
Provision for Voluntary Termination Program (PDV)	-	-	0.00%	-	-	-
Estimated losses on works	-	-	-100.00%	3,750	19,377	-80.65%
Provision for estimated losses from other credits	-	-	-100.00%	-	10	-
Provisions / Reversals / Losses and Receivables Credits	4,570	83,818	-94.55%	(62,663)	(53,481)	17.17%

Table 08 - Provisions / Reversals / Losses and Receivables. Credits

Financial Result Performance

According to the aforementioned Table, a 94.55% decrease in the balance between reversals and provisions in Q4/2020 is identified. In the accrued analysis (12M2020), this variation was 17.17%. Regarding the Losses of Prescribed Credits in 12M2020, there was an increase of 71.08%, while the Estimated Losses on Doubtful Accounts had a reduction in the credit balance in the order of 40.33%, going from R\$ 93,147 in 2019 to R\$ 35,149 in the Q4/2020. The reduction is a reflection of the payment of part of its public category debts. In the accrued analysis, 12M2020, there was an increase of 71.08% in Prescribed Credits and a reduction of 33.27% in Estimated Doubtful Losses.

They reflect the results related to the income from financial investments, income from monetary variations and other amounts receivable, expenses with interest on loans and financing operations, as well as expenses with fines and interest on arrears and discounts granted. The result presented in 12M2020 presented an increase of 21.80%, going from R\$ 52,525 to R\$ 63,980. Despite the reduction in 12.9% in interest and loan charges, there was an increase of 169% in the result of the exchange variation and consequently adjustment in the calculation of the amount of loans quoted in dollars.

Description	Q4/2020	Q4/2019	Variation %	12M2020	12M2019	Variation %
Interests / Fines	12,770	28,624	-55.4%	47,366	45,136	4.9%
Monetary Correction	6,195	5,498	12.7%	22,518	20,174	11.6%
Adjustment to Current Value	(590)	-	-	484	2,100	-
Total financial revenues	18,375	34,122	-46.1%	70,368	67,410	4.4%
Interests / Charges and Other Expenses	(18,488)	(54,194)	-65.9%	(97,324)	(111,733)	-12.9%
Monetary Correction	(7,041)	17,882	-139.4%	(9,009)	(858)	950.0%
Exchange Variation	8,070	2,725	196.1%	(24,743)	(4,208)	488.0%
Adjustment to Current Value	-	213	-	-	(1)	-
PIS/COFINS without Financial Revenue	(855)	-	-	(3,272)	(3,135)	-
Total Financial Expenses	(18,314)	(33,374)	-45.1%	(134,348)	(119,935)	12.0%
Financial Result	61	748	-91.8%	(63,980)	(52,525)	21.8%

Table 09 - Net Revenues and Expenses

Result

6.1 Net Profit / Loss

The Company recorded a profit of R\$ 75,190 in this Q4/2020 and, analyzing the accrual period of 12M2020, this profit reached R\$ 336,346. This positive result mainly refers to the 5.62% increase in Net Revenues, due to the expansion of the systems, as shown in Table 1 of Item 2, with an increase of 2.57% in water measurements and 4.69% in sewage measurements. Compared to the accrual period in 2019, the profit in the 12M2020 was 22.28% higher, in which the profit had been R\$ 275,062.

7. Analysis and Discussion of the Equity Structure

In the following analysis and discussion of the Company's equity structure, we seek to discuss the items that are considered to be materially relevant to adequately justify changes in its equity situation in the period corresponding to the year 2020 compared to the end of the previous year.

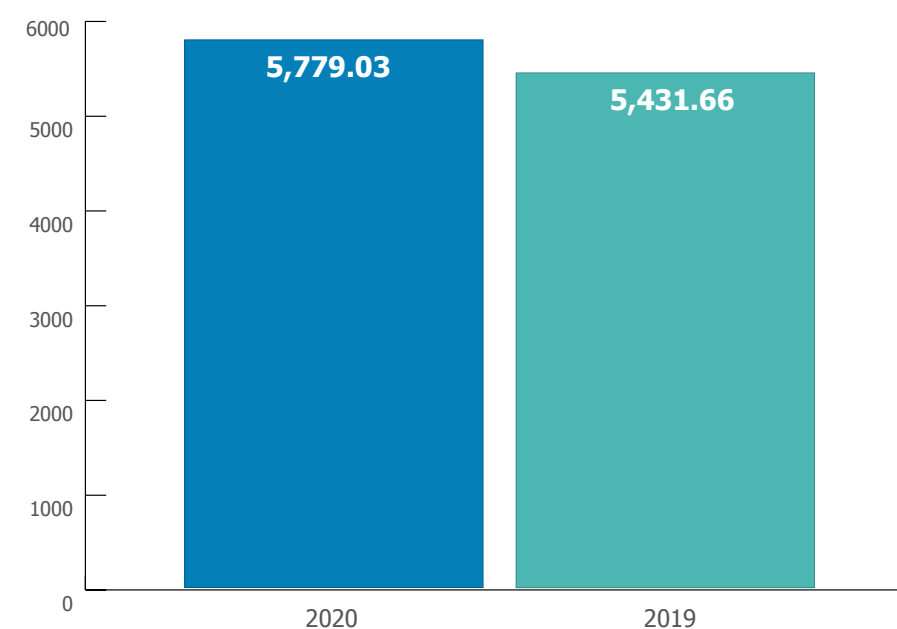


Chart 5 - Evolution of Total Assets

In 2020, the main changes in the equity structure occurred in the items of current assets and current liabilities, which were increased by 17.55% and 4.51%, respectively. Thus, there was an increase in current liquidity, which went from 0.894 at the end of the year for 2019 to 1.101 at the end of the year of 2020. In addition, there was also a reduction in third party capital from 96.75% at the end of the year for 2019 to 87.77% at the end of 2020. This increase occurred mainly due to the increase in shareholders' equity due to the profit recorded in this accrual period.

7.1 Asset

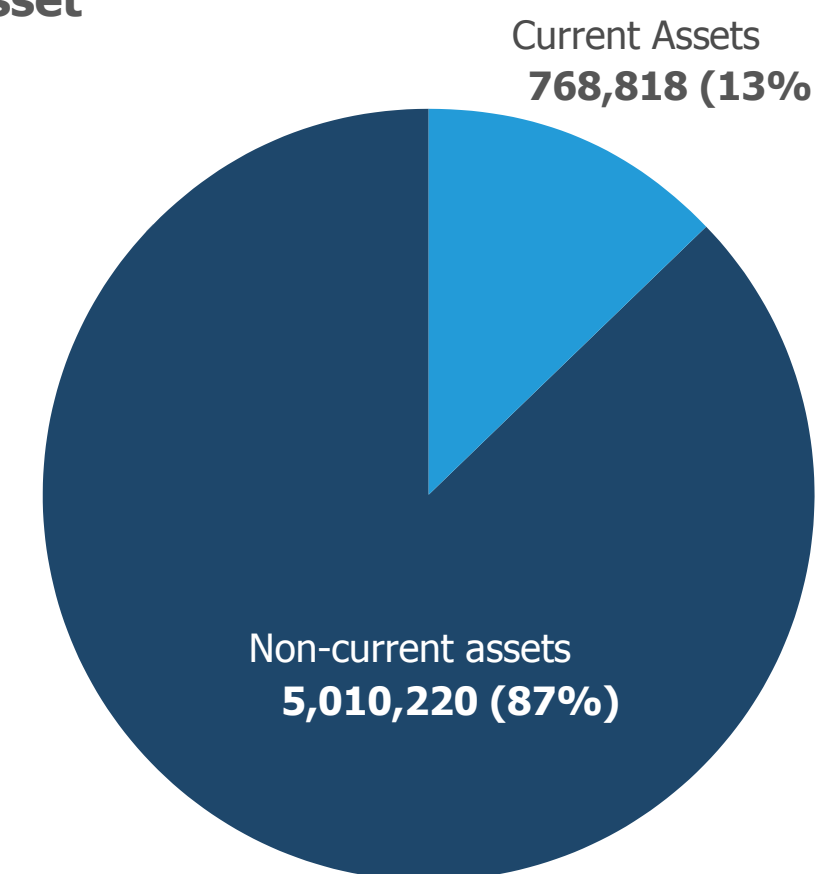


Chart 6 - Asset Structure - 2020

7.1.1 Current Assets

7.1.2 Cash and Cash Equivalents - Cash and cash equivalents showed a constant behavior between 2019 and 2020 with a variation of 0.86%, despite the impacts caused by the Pandemic in 2020. Among the factors that enabled this maintenance of Cash, the Contingency Plan adopted by the company stands out, in addition to the 8th Issue of Debentures.

Analysis and Discussion of the Equity Structure

7.1.3 Credits receivable from Users - The line item credits receivable from Users increased by R\$ 98,055, representing an increase of 24.99%. This increase in the default scenario is a direct reflection of the current pandemic of the Novo Coronavirus, which affected the debt settlement capacity of part of the population, in addition to the Company having suspended the interruption of water supply to defaulters in the period of 03/19/2020 still foreseen until 01/03/2021.

7.1.4 Recoverable taxes - The recoverable taxes account increased 185%, equivalent to R\$ 12,060. This variation is a reflection of the adoption of payment of Interest on Equity, causing an IRPJ balance to be recovered due to an overpayment due to an estimate throughout the year;

7.2 Non-current assets

7.2.1 Advanced expenses - This line item increased by R\$ 50,589 in 2020, from R\$ 142,214 to R\$ 192,803. This variation refers to the anticipation of Concession Compensation of the Municipality of Anapolis 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 - In accordance with ICPC 01 (R1) - Concession Contracts, the line item Intangible assets was divided into: Intangible and Contract Assets. Intangible assets, basically composed of goods used in water and sewerage systems linked to municipal concessions, increased by R\$ 26,481, which represents a variation of 0.98%.

7.2.3 Contract Assets - Contract Assets (works in progress) are the right to consideration in exchange for goods or services transferred to the customer. This line item presented a variation of 15.80% at the close of 2020, reaching a balance of R\$ 730,152.

7.3 Liabilities

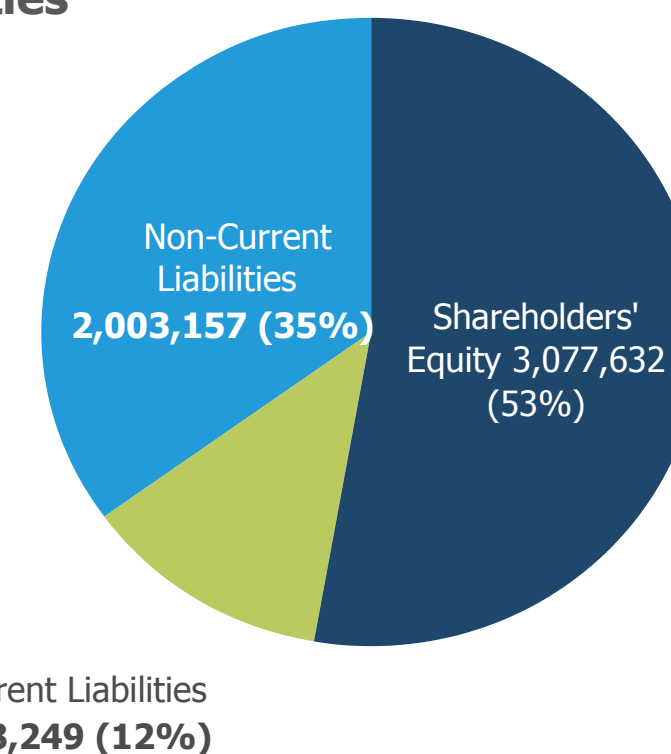


Chart 7 - Breakdown of Liabilities + PL - 2020

7.3.1 Suppliers

The line item presented a balance of R\$ 118,057 at the close of 2020, against R\$ 129,678 at the close of the financial year 2019, a variation of 8.96%.

7.3.2 Debentures

Debentures rated as Current recorded an increase of R\$ 37,885, which reflects the end of the grace period for the 5th issue of debentures and the settlement of the 7th issue.

Analysis and Discussion of the Equity Structure

7.3.3 Dividends and interest on equity (JCP) payable - Dividends increased by 4,892 in 2020, representing a variation of 6.52%, reflecting the increase in profit in the period, in addition to the adoption of payment of interest on equity (JCP).

7.3.4 Tax Obligations

The tax liabilities item presented a variation of 72% in current assets, with an increase of R\$ 14,165 in 2020. The total increase in tax obligations is due to the IRRF on payroll amounts, which in 2019 are reflected in the suppliers account.

7.3.5 Contractual Obligations

This line item was created in 2019 with a balance closing at R\$ 100,236, which represents the counterpart of the prepaid expense recorded in Noncurrent Assets related to the anticipation of the termination of the Concession Contract with the Municipality of Goiania and its conversion into a Program. At the end of 2020, the balance of this line item

was R\$ 15,220 after the payment of all installments of the values of the Municipality of Goiania and Anapolis, the remaining balance refers to the Program Contract of the Municipality of Aguas Lindas de Goias which provides for a consideration from the municipality, in investments, for subsequent payment of the installment.

7.4.1 Long-Term Loans and Financing. This long-term loans and financing account decreased 32.98% in relation to the balance presented at the end of December 31, 2019. The reduction in the account is due to the amortization of debts during 2020.

7.4.2 Debentures - Debentures rated as Non-Current presented a reduction of R\$ 86,871, reflecting the end of the grace period 5th issue of debentures and the 8th issue in December 2020, with one of the objectives being the settlement of the 7th issue.

7.4.3 Leasing - This line item refers to the compatibility of the Company's records with CPC 06, which deals with the recording of Leasing which, in the case of leasing contracts with a term longer than 12 months, must recognize the lease as a Right of Use Asset having a Leasing Liability as a consideration. In 2020, a total of R\$ 17,524 was recorded over the long term.

7.5 Shareholders' Equity.

Shareholders' equity, due to the profit recorded in this period, increased by R\$ 316,972, that is, a positive variation of 11.48%.

Risk Rating

On April 22, 2020, Fitch Rating affirmed the National Long-Term Rating of Saneamento de Goias S.A (“Corporative”) and its debenture issues to ‘A- (bra)’, with a stable outlook.

Regarding the Credit Rights Investment Fund of Saneamento de Goias S.A. Saneago Infraestrutura IV (“FIDC IV”), on July 3, 2020, Fitch affirmed its ‘AA + sf (bra)’ rating, with a stable outlook. The FIDC rating reflects the perspective of the corporate rating and takes into account the performance of the operation.

According to Fitch, the rating statement reflects the view that “Saneago will be able to preserve its credit profile, even in the face of the negative impacts of the coronavirus pandemic on its billed volumes and defaults in 2020”.

The complete list of ratings is described in Table 11 on the side.

Rating	Fitch Rating	Outlook
Corporate	A-(bra)	Stable
Debentures, 4 th Issue		
Debentures, 5 th Issue		
Debentures, 6 th Issue		
Debentures, 8 th Issue		
FIDC IV	AA+sf(bra)	Stable

Table 11 - Ratings Saneago S.A.

Environmental, Social and Governance Initiatives (ESG)

Considering the growing market concern for better corporate practices in relation to environmental, social and governance issues (also known as Environmental, Social and Governance - ESG), an executive committee responsible for the strategy was created on November 27, 2020. , guidelines and other sustainability agendas of the Company.

The adoption of ESG practices is guided by the Sustainable Development Goals - SDGs, defined by the United Nations - UN, and demonstrates the Company's concern to promote the generation of value combined with sustainable development. Thus, the Company has acted in the reduction of environmental impacts generated by its core activity, in the development of socio-environmental and governance projects, in the promotion of public health and social well-being, among other actions aimed at keeping its processes, aspects and impacts under control, characterizing it as a sustainable company.

Seeking to reinforce its commitment to the theme, which is an organizational value, the Company continues to implement and improve several actions in order to strengthen its communication and ensure the evolution of ESG both inside and outside Saneago.

Among the actions and initiatives adopted, the following stand out:

- Creation of the Sustainability Committee;
- Creation of the Committee on Women's Issues and Diversity;
- Inclusion of environmental and social clauses in contracts with suppliers;
- Preparation of the Sustainability Policy;
- Intensification of protection, safety and health measures in the face of the pandemic;
- Review of bottlenecks in the Company that lead to recidivism of lawsuits due to the lack of attention to ESG factors;
- Updating of the Company's normative documents

- in compliance with best ESG practices;
- Hiring a company specialized in consultancy to prepare the Sustainability Report;
- Survey and Identification of ESG Risks in the Company, in line with Strategic Planning;
- Incorporation of indicators for the Company's impact measures and analyze its performance in relation to the SDGs;
- In order to confirm its performance in favor of a sustainable world and the conduct of its daily activities in compliance with the 2030 Agenda (ODS), the Company became a participant in the UN Global Compact

Saneago enters the year 2021 even more prepared to meet the demands of the market, confirming its purpose of contributing to the construction of a sustainable economy, prioritizing the prosperity of the environment and the creation of shared value for investors, employees, business partners and society.

Effects of the pandemic caused by the new Coronavirus

Due to the world pandemic declared by the World Health Organization ("WHO"), related to the new Coronavirus ("COVID-19") that has been affecting Brazil and several countries in the world, bringing risks to public health and impacts on the economy worldwide, the Company informs that it has been taking preventive and risk mitigation measures in line with the guidelines established by national and international health authorities, aiming at minimizing any impacts with regard to the health and safety of employees, family members, partners and communities, in addition to focusing the management of its businesses on the preservation of financial liquidity and the continuity of operations necessary to face the crisis.

In this sense, with the objective of guaranteeing the best provision of the service and minimizing the impacts to the population caused by the coronavirus pandemic (COVID 19), the company suspended the water cuts for defaulting customers during the period from 19/03/2020 to 01/03/2021, which increased the risk of rising default and

liquidity in the short term. The resumption of the cuts was carried out from 04/01/2021.

Therefore, in order to mitigate the liquidity risk caused by the increase in defaults, the company implemented a financial management plan addressing strategic actions aimed at ensuring the company's financial and economic balance in the short and medium term. Among the main actions, we highlight the following:

i) Installment payment for the 2019 Dividends, as approved at the Extraordinary General Meeting No. 160/2020 of June 16, 2020 and Notice to Shareholders of June 29, 2020, to be carried out in 04 (four) equal monthly installments, being the first on July 1, 2020 and the last in October 2020; Postponement of Taxes and Contributions (Pis, Cofins and Employer's Contribution to Social Security), as permitted by Ordinance No. 139 of April 3, 2020;

ii) FGTS suspension and installment referring to the competences of March, April and May 2020, according to

Provisional Measure no. 927/2020;

iii) Containment of costs and expenses;
iv) Renegotiation with extension of the installment payments related to early renewal of the contracts with the municipalities of Goiânia and Anápolis;
v) Differentiated policy for the discharge or negotiation of users' tariff debts with Saneago - Sanear Credit Recovery Program, except for customers in the public category with a grouping agency. The program was valid from 09/2020 to 11/2020.

With the implementation of contingency measures, on September 30, 2020, the Company reached a total liquidity position in cash and cash equivalent of R\$ 194,480 million, lower than the amount indicated on June 30, 2020 due to payments of taxes and other postponed amounts.

Effects of the pandemic caused by the new Coronavirus

Finally, until now, the Company understands that the implemented coping measures have shown themselves to be adherent to mitigating the increase in defaults as well as to the short-term liquidity risk, thus guaranteeing the liquidity required to cover contractual obligations, in addition to protecting the company's cash flow and economic and financial balance.

Management



Saneamento de Goiás S. A
March / 2021

Explanatory Notes



Explanatory notes from management to the financial statements of December 31, 2020 and 2019
(Amounts expressed in thousands of reais, unless otherwise stated)

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Explanatory Notes



1. General information

Saneamento de Goiás S.A. - Saneago ("Company or Saneago") is a mixed share company registered as publicly-held company with the Securities Commission ("CVM"), constituted under the State Law 6.680, of Sep 13, 1967, as amended ("Law 6.680"), with main office at Av. Fued José Sebba nº 1.245, Sector Jardim Goiás, Goiania-GO, CNPJ 01.616.929/0001-02.

Saneago acts as a provider of basic sanitation services in the State of Goiás, through concession and associated management in the constitutional form provided for, performing studies, designing projects, performing works, operating and practicing the exploitation of basic sanitation services, considered as the set of services, infrastructure and operational facilities for drinking water supply, sanitary sewer, urban cleaning and solid waste management, as well as drainage and urban stormwater management.

According to the Company's Bylaws, urban cleaning and solid waste management services, as well as urban drainage services, will depend on the technical implementation in the Company, and will only be provided through specific service contracts for this purpose. Currently, the Company has no urban cleaning and solid waste management contract.

In order to comply with Law 13.303 dated June 30, 2016, which provides for the legal status of the public company, mixed capital company and its subsidiaries, within the scope of the Federal Government, States, Federal District and Municipalities, the Company has already implemented the following actions: (i) adequacy of the Bylaws to comply with the law; (ii) implementation of a process to indicate the governance structure; (iii) creation of the Statutory Audit Committee; (iv) creation of the Statutory Eligibility Committee; (v) creation and publication of the Code of Conduct and Integrity; (vi) creation of a training program for officers, managers and tax advisors and the management; (vii) preparation of policies of spokespersons, communication and information dissemination, (viii) creation of a corruption, dividend distribution and conflict of interest prevention program. All of these activities have been implemented since 2016 and have been subject to improvement since then.

State Decree No. 9.406/2019 was recently published, which institutes the public compliance program, defined as a set of procedures and structures aimed at ensuring the compliance of management acts with moral and legal standards, as well as ensuring the achievement of the results of public policies and citizen satisfaction, fostering the axes of ethics, transparency, accountability and risk management. The aforementioned decree revoked State Decree No. 7.905 of June 11, 2013. Saneago has been making efforts, in line with the recommendations of the State's Comptroller General - GCE-GO in the implementation of said Decree. The Management Board established the Sectorial Compliance Committee, which has a consultative and permanent nature for issues related to the Public Compliance Program, with the objective of ensuring the implementation of the axes.

On Sept 30, 2020, Saneago had 226 contracts in operation that are distributed as follows: 146 contracts are in force, of which 84 are concession contracts and 62 in the form of program contract, representing an average percentage of 85.89% of net sales. There are 80 expired contracts that represent 14.11% of sales. The average term of the concession and program contracts in force is 23 and 30 years, respectively, counted from the date of signature. The contracts have the following maturity schedule: 80 overdue, 83 contracts over the next 15 years, 5 contracts from 15 to 20 years and 58 contracts over 20 years. Below are the main contracts and their respective maturities:

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Municipalities	Status	Expiration Minutes of Meeting	% of Net Sales	Type of Contract	Term (years)
Goiânia	In Force	12/17/2049.	36.00%	Program	30
Anápolis	In Force	2/27/2050.	7.09%	Program	30
Aparecida de Goiânia	In Force	11/1/2041.	5.37%	Program	30
Valparaíso de Goiás	In Force	11/16/2048.	2.46%	Program	30
Rio Verde	In Force	11/1/2041.	2.44%	Program	30
Luziânia	In Force	12/1/2045.	2.02%	Program	30
Formosa	In Force	3/14/2025.	1.95%	Concession	25
Itumbiara	In Force	2/23/2025.	1.67%	Concession	20
Planaltina	In Force	4/1/2030.	1.37%	Concession	25
Jataí	In Force	11/1/2041.	1.35%	Program	30
Trindade	In Force	11/1/2041.	1.32%	Program	30
Águas Lindas de Goiás	In Force	12/28/2048.	1.17%	Program	30
Novo Gama	In Force	11/16/2048.	1.16%	Program	30
Goianésia	Matured	6/15/2020.	1.10%	Concession	25
Cidade Ocidental	In Force	11/1/2041.	1.07%	Program	30
Inhumas	In Force	6/17/2050.	0.99%	Program	30
Quirinópolis	Matured	6/24/2016.	0.92%	Concession	20
To mature in 01 - 15 years			9.67%		
To mature in 16 - 30 years			8.79%		
Matured			12.09%		
			100.00%		

The Company's operations are concentrated in the Municipality of Goiânia, which represents 36% of gross revenue on December 2020 and 31.91% of intangible assets (36.21% of gross revenue and 31.50% of intangible assets on December 31, 2019).

On July 15, 2020, Law No. 14.026/2020 was published, changing the basic sanitation framework in Brazil (Law 11.445/2007). The main points changed were: I) attribution to the National Water Agency (ANA) in the capacity of service regulatory body nationwide; II) the requirement for universal basic sanitation in 99% of water services and 90% of sanitation services by 2033; III) the service provision will have new conditions, such as loss reduction target, mandatory prior indemnity for unamortized investments during replacement of sanitation service provider, obligation to tender service in case new contracts cannot perform the program contracts, and facilitating conditions for the private capital interest. However, the National Congress will discuss some vetoes of the executive on devices of the Bill approved there, among them, the most controversial is Art. 16 that allowed Companies and municipalities to renew the program contracts until March 2022, this called transition period.

In light of this, the Company is structuring its internal processes in order to participate in bidding procedures. Management believes it will maintain its market share in the scope of the state of Goiás for the next few years, in view of the uncertainty arising from the change in the regulatory Framework According to the Normative Resolution No. 0152/19 of the Regulatory Board of the Goiás Agency of Regulation, Control and Inspection of Public Services (AGR), a linear adjustment of 5.79% was granted for water/sewage tariffs as of Jul 1, 2019. The readjustment was analyzed by the Goiânia Regulation Agency - ARG and approved by Municipal Decree No. 1555/2019. In 2020, there was no tariff adjustment since the Company is in the process of tariff review.

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In the 2020 tariff review process, the request for the 2nd Saneago Review Cycle was filed with AGR and, through Technical Note 03/2020, the methodology to be used in the process was defined. Due to the Covid-19 pandemic, however, in June 2020, work was suspended by AGR, and work was resumed in September, according to AGR Normative Resolutions 167 and 170/2020. However, due to the fact that the works of Regulatory Assets Base Survey (BAR) is being completed, the Company intends to request the readjustment of the methodology of the 2nd Tariff Review Cycle so that it considers this new asset base as a reference for the definition tariffs to be practiced, bringing greater adherence to best market practices.

The authorization for issuing these financial statements was made by the Management Board on March 11, 2021.

1.1 Effects of the pandemic caused by the new Coronavirus (COVID-19)

Due to the world pandemic declared by the World Health Organization (“WHO”), related to the new Coronavirus (“COVID-19”) that has affected Brazil and several countries worldwide, bringing risks to public health and impacts on the world economy, the Company informs that it has taken preventive and risk mitigation measures in line with the guidelines established by national and international health authorities, in order to minimize any impacts on the health and safety of employees, families, partners and communities, and to carry on with operations and business. As of December 14, 2020, in line with State Decree 9.751/2020, the Company promoted the return to the working environment of employees placed on teleworking, maintaining only specific groups. At the end of the financial year 2020, the total number of employees totaled 5,879 employees under CLT, 1,526 of them are employed in administrative functions, 223 of whom were teleworking, representing 14.61% of administrative employees.

In the fight against COVID-19, the basic sanitation industry is considered as an “essential service” for maintaining people’s quality of life and especially for personal hygiene, since the act of washing the face and hands is often one of the main measures of prevention of this disease. Accordingly, the Company suspended water cuts for defaulting customers during the period from March 19, 2020 to January 3, 2021.

Since the cutting activity is an important collection tool, a default of 7.43% was observed in the year 2020, which represents an increase of 25% in relation to the year 2019. The liquidity risk caused by the increase in defaults has been mitigated by strategic actions intended to ensure the Company’s financial and economic balance in the short and medium term.

In this context, the Company implemented a contingency plan for financial management addressing the strategies and measures necessary to maintain its financial Balance in a scenario of high defaults. Among the main actions, the following measures stand out:

Explanatory Notes



- Installment payment for the 2019 Dividends, as approved at the Extraordinary General Meeting No. 160/2020 of June 16, 2020 and Notice to Shareholders of June 29, 2020, made in 04 (four) equal monthly installments, the first in 01 July 2020 and the last in October 2020;
- Postponement of Taxes and Contributions (Pis, Cofins and Employer's Contribution to Social Security), as permitted by Ordinance No. 139 of April 3, 2020;
- FGTS suspension and division in installments referring to the March, April and May 2020, according to the Provisional Measure No. 927/2020;
- Containment of costs and expenses;
- Renegotiation with extension of the installment payments related to early renewal of the contracts with the municipalities of Goiania and Anapolis;
- Differentiated policy for the discharge or negotiation of users' tariff debts through the Sanear Credit Recovery Program, except for public category customers with a grouping agency. The program was in force from 09/2020 to 11/2020.

In this scenario, the Company evaluated the following estimates in the financial statements:

Expected credit losses due to the impacts of COVID-19

A potentially relevant risk to the Company in the emergence of Covid-19 is related to customer default. The Company's accounts receivable position as of December 31, 2020, as well as the provisions for credits that are difficult to recover or doubtful account, reflect in a timely manner the best analysis by Management at this moment on the quality and solvency of the rights in question.

Impairment of tangible and intangible assets

The Company evaluated the indications of devaluation of assets resulting from the pandemic and concludes that there is no indication of change in the recoverable amount of its fixed and intangible assets.

Compliance with obligations assumed with customers and suppliers

The Company evaluated its main supply contracts for customers and suppliers, respectively, and concluded that, despite the impacts caused by the Pandemic, the contractual obligations are still being fulfilled and there is no evidence or formalization of insolvency or any discontinuity.

Finally, 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, they are 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 impact on operations or that the result in the future will not be affected by impacts that the pandemic may cause.

Explanatory Notes



2. Basis for preparing the financial statements and summary of the main accounting practices

2.1 Compliance Statement

The financial statements were prepared in accordance with the Accounting Practices Adopted in Brazil, in accordance with Laws 6.404/76, 11.638/07, covering the Brazilian corporate law, the pronouncements, guidelines and interpretations issued by the Committee of Accounting Pronouncements and approved by the Brazilian Securities and Exchange Commission - CVM through its resolutions and standards issued by the Federal Accounting Council, in line with the International Accounting Standards, IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board).

The Financial Statements were prepared considering the historical cost as a basis of value and adjusted to reflect the assigned cost of Land, Buildings, Furniture and Utensils, Machinery and Equipment, Vehicles and Computer Equipment on the date of transition to IFRS, and these assets are not reversible to the granting power.

The Company's management declares and confirms that all material information of its own and contained in the financial statements are being disclosed and that they correspond to the information used by its management.

2.2 Functional Currency

The functional currency practiced by Saneago is the Real (R\$). All presentation amounts of the financial statements are expressed in thousands of reais.

2.3 Main accounting judgments and estimates

For the preparation of the financial statements, certain estimates and assumptions are used, which require judgment in the process of applying the Company's accounting policies, which are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of this, by definition, such estimates may differ from actual results.

The estimates and assumptions that have might significantly cause an important adjustment to the book values of assets and liabilities in the next accounting year are disclosed below:

a) Estimated losses on credits of allowance for doubtful accounts

The Estimated Losses for Doubtful Accounts is constituted by an amount considered sufficient to cover eventual losses in the realization of credits receivable from users.

The estimate includes all invoices overdue for more than 180 days by private customers and federal and municipal public customers and invoices overdue by more than 90 days by state public customers, as well as other overdue and to be due credits from the same customers. The estimate does not take into account credits from customers that are in the process of judicial collection or those that have sued the Company in court. In the case of the estimate to be billed, the estimated loss is calculated based on the percentage of default determined in relation to the previous year.

The methodology for determining such losses requires significant estimates, considering a variety of factors including the assessment of the receipt history, current economic trends, estimated write-offs and the maturity of the accounts receivable portfolio.

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Although the Company believes that the assumptions used are reasonable, the actual results may differ.

b) Losses in stock

The provision for losses in inventories is set up based on the Company's internal policy, being provisioned due to the lack of movement of outgoing items in the last 12 months.

c) Deferred income tax and social contribution

The Company recognizes and settles deferred income taxes based on the results of its operations determined in accordance with Brazilian corporate law, considering the precepts of tax legislation. In accordance with CPC 32 (IAS 12), recognition is made based on the differences between the accounting balances and the tax bases of assets and liabilities.

Deferred tax assets are regularly reviewed for impairment, recognizing the provision for impairment if it is probable that these assets will not be realized based on: (i) historical taxable income; (ii) projections of future taxable profits; and (iii) the estimated time for reversing existing temporary differences. These calculations require the use of estimates and assumptions, which may result in a provision for impairment of all or a significant part of the deferred tax asset.

For more information on deferred taxes, see note 14.

d) Provisions for judicial claims

The Company is a party to several legal proceedings, which include, among others, claims related to labor, civil, tax, environmental lawsuits, including disputes from customers and suppliers, at administrative and judicial levels. The Company sets up a provision for legal proceedings when it has a present obligation (legal or not formalized) as a result of a past event, which is likely to require the withdrawal of funds in order to settle the obligation and the respective amount can be reasonably estimated. Judgments regarding future events may differ significantly from current estimates and exceed the amounts provisioned. Provisions are reviewed and adjusted to take into account changes in the circumstances surrounding them.

For more information on the provisions for judicial claims, see note 26.

2.4 Financial assets and liabilities

a) Financial assets

The Company rates its financial assets measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on: (a) the entity's business model for the management of financial assets; and (b) the contractual cash flow characteristics of the financial asset.

b) Financial liabilities

The Company should rate its financial liabilities under the following categories: measured at fair value through profit or loss and other liabilities, and their rating depends on the purpose for which the financial liabilities were assumed.

On December 31, 2020 and December 31, 2019 the Company had no financial liabilities rated in the fair value category through income statement.

Financial liabilities in the "other liabilities" category are subsequently measured using the effective interest method to calculate the amortized cost and allocate its interest expense for the respective period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including fees, transaction costs and other issue costs) over the estimated life of the financial liability or, where appropriate, for a shorter period, for the initial recognition of its net book value.

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Financial liabilities rated 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 provision of water supply and sewage collection services is recognized as the services are provided and measured. Revenue is recognized at the fair value of the consideration received or receivable for the provision of the service and is shown net of taxes and fees levied on it, including rebates and discounts. The revenue incurred, whose service was provided, but not yet billed until the end of each period, is estimated and recognized in accounts receivable from customers and the corresponding consideration in the income statement.

Accordingly, the Company recognizes its revenue when: (i) the services are provided; (ii) the amount can be measured reliably; (iii) upon compliance of the performance obligations; and (iv) it is likely that the amounts will be received.

b) Construction revenue

The Company recognizes the construction revenue in accordance with ICPC 01 (R1)/IFRIC 12 Concession Contracts and CPC 17 (R1)/IAS 11 Construction Contracts, using the percentage of completion method, provided that all applicable conditions are completed.

The Company records revenues and costs related to construction services or improvement of the infrastructure used to provide water supply and sewage collection services. The profit margin on the adopted construction is established to be equal to zero, considering that: (i) the Company's core activity is water supply and sewage collection and treatment; (ii) all construction revenue is related to the construction of infrastructure to achieve its core activity; and (iii) the Company outsources the construction of the infrastructure to unrelated parties. Monthly, the totality of additions made to the intangible asset in progress is recognized to the profit and loss statement, as construction cost revenue.

In addition, under the provisions of CPC 47/IFRS 15, the infrastructure under construction is a right to receive future consideration, which is recorded during construction as contract assets. Upon entry into operation, these assets are transferred to intangible assets.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash, bank accounts, collection, deposits linked to works and immediate liquidity investments with original maturities less than 3 months from the investment date and which present an insignificant risk of change in fair value. These balances are retained for the purpose of meeting short-term commitments and not for investment or other purposes.

2.7 Credits Receivable from Users

They are recognized at their nominal value as the services are provided and measured.

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The measurements that exceed the monthly limit are estimated and recorded in estimate to be billed, at present value, without any kind of additions. In cash generation due to overdue payments, interest and corrections are rated as financial revenues. It is estimated that the balances of accounts receivable from customers are close to their fair market values, given the short term of the operations carried out.

Unpaid credits that are paid in installments as well as financed services are adjusted at the time of negotiation considering the entire period for receiving the installments. The applied rate is 1% a month according to Regulatory Resolution No. 0080/2016-CR, of the Agency for Regulation, Control and Inspection of Public Services of Goiás - AGR and Resolution of the Board of Directors of Saneago No. 162/2016. These amounts are segregated into current and non-current according to the installments' maturity and are discounted at present value against financial expenses - AVP using the same correction rate of 1% a month.

2.8 Stocks

The material stocks are aimed at consumption, maintenance of water supply systems, sanitary sewage are valued at the average acquisition cost, they do not exceed the realizable value and are rated in current assets, deducted from provisions for losses. The provision for losses in inventories is set up based on the Company's internal policy, being provisioned due to the lack of movement. Items that have not been used in the past 12 months are classified as obsolete.

2.9 Other Current Assets

They are recorded at the cost of acquisition or realization, including, when applicable, the earned income.

2.10 Fixed asset

Fixed assets are stated at acquisition and/or construction cost, and their values were revised in 2009 to reflect the assigned cost of land, buildings, furniture and utensils, machinery and equipment, vehicles and computer equipment in the net amount of R\$ 47,810. The surplus value recorded in fixed assets was R\$ 72,440, with a corresponding consideration in the shareholders' equity account called Equity Valuation Adjustments. Deferred taxes on the total amount of R\$ 24,630 were recognized in non-current liabilities. These assets are not reversible to the granting authority and as they are depreciated or written off, the respective amounts of the assigned cost are transferred from the Equity Valuation Adjustments account to the Accumulated Profits or Losses account.

Depreciation is initiated when fixed asset is available for use, in its location and necessary conditions, being calculated using the straight-line method and realized over the economic useful life, determined by a specialized company report. Straight-line depreciation results in a constant debt over the asset's useful life if its residual value does not change.

2.11 Intangible Asset

Intangible assets are stated at acquisition and / or construction cost, and the historical cost includes expenses directly attributable to the acquisition of the items, as well as interest on financing incurred in the acquisition until the date of entry into operation. Amortization starts when the intangible asset is available for use, in its location and necessary conditions, being calculated using the straight-line method and realized over the economic useful life, determined by a specialized company report. Straight-line amortization results in a constant debt over the asset's useful life if its residual value does not change. This account group it consists of the goods used in the water and sewerage systems linked to the concessions in line with the interpretation of ICPC 01 - Concession Contracts.

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The control of the works in progress with the respective transfer to assets in operation (Completed Assets) takes place through documentation issued by the unit responsible for the execution of works, informing that the object in question is concluded.

The Company tests the impairment of the assets of the fixed and intangible groups annually in accordance with CPC 01 - Impairment of Assets (note 2.12).

The economic useful life of fixed and intangible assets is represented as follows:

Nature of Goods	VUE Average / year*	Nature of Goods	VUE Average / year*
Civil Constructions	50	Machines, Tractors	10
Dams	50	Assigned Cost (General)	9
Reserv. Tank. Storage	44	General Equipment	9
Electrical Installations	40	Protection and Environmental Preservation	8
Pipes	39	Computer Equipment	7
Wells	25	Leasing Equip. Computer Science	7
Macro-meters	15	Right of use Vehicles	3
Furniture and Utensils	13	Artworks	-
Softwares	13	Land	-
Hydrometers	11	Easements	-
Vehicles	11		

*Weighted Average Economic Life (VUE).

Based on a study carried out in 2019 by a qualified company hired by the Company, the economic useful life of the assets was revised in order to comply with the provisions of Law No. 11.638/2007 and CPC 27 and also to carry out the appropriate asset management property, plant and equipment and intangible assets. In the year 2020 there was no change in the useful lives.

a) Concession Contracts

The infrastructure used by the Company related to the concession contracts is within the scope of ICPC 01 - Concessions - when: (I) the municipality (grantor) controls or regulates which services the operator must provide, who should provide them and at what price; (II) the municipality (grantor) controls the infrastructure, that is, it holds any residual equity participation in the infrastructure at the end of the concession or the infrastructure is used in the agreement throughout its useful life; (III) Saneago's rights over infrastructure operated in accordance with contracts, built or acquired for the purpose of providing the service; (IV) the Company is entitled to receive cash or another financial asset in case of termination, resumption and/or non-renewal of the contract; (V) the Company has the contractual right to charge users of public services.

The assets are recorded as intangible - goods related to the concession, since it has the right to charge for the use of these assets and the users (consumers) have the primary responsibility to pay for their services.

The fair value (initial recognition) of construction and other works in the infrastructure represents the cost of the intangible asset, provided that these works are expected to generate future economic benefits.

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On July 15, 2020, Law No. 14.026/2020 was amended, changing the basic sanitation framework (Law 11.445/2007). As with the previous law, the new framework indicates in its art. 29, item 3, that public basic sanitation services will have their economic and financial sustainability ensured by means of compensation for the collection of services, preferably in the form of tariffs. Accordingly, investments made and not recovered via service provision, in the original contractual term, are maintained as intangible assets and amortized over the useful life of the asset.

b) Government Grant

The government grant related to assets, when received and whose obligations have not yet been fulfilled, is recognized in the balance sheet in a liability account. When all the established conditions are fulfilled, the recognition is made in the asset, deducting the book value of the related item.

According to CPC 07 - Government Grant and Assistance, government grants are recognized as revenue over the period and compared with the expenses related to the grants that are subject to compensation, on a systematic basis, provided that the recognition conditions are met: (I) the conditions established by the grant have been met;

(II) the grant has been received. Thus, the grant related to depreciating assets is recognized as revenue over the useful life of the asset and in the same proportion as the depreciation of the asset.

c) Software Use Licenses

Licenses for the use of software and business management systems acquired are capitalized and amortized over their useful lives and the expenses associated with their maintenance are recognized as expenses when incurred. There is no indication that the book values will not be recovered through future operations.

2.12 Evaluation of the recoverable amount of non-financial assets ("Impairment")

Fixed assets, intangible assets and other non-current assets with definite useful lives are reviewed annually in order to identify evidence of estimated ("impairment"), or whenever events or changes in circumstances indicate that the book value of an asset or group of assets may not be recoverable. These assets include, among others, intangible assets resulting from concession / program contracts related to water and sewerage systems.

When applying the impairment test of assets, the book value of an asset or cash-generating unit is compared with its recoverable value. The recoverable amount is the higher of an asset's net sale value and its value in use. Considering the particularities of the Company's assets, and the expectation of using the assets until the end of their useful lives, the recoverable amount used to evaluate the test is the value in use.

Assumptions that require the use of significant estimates were used, including projections of operating income and future cash flows, future growth rates and duration of the current concession / program contracts, among other factors. In addition, projections are calculated over a long period of time, which subjects these assumptions and estimates to an even greater degree of uncertainty. Although the Company believes that the estimates used are reasonable, the use of different assumptions may materially affect the recoverable amount. The discount rate used was 8.89% (WACC rate). As demonstrated, the assets will be able to produce sufficient results for their recovery since the insufficiency of one Municipality is supplied by the sufficiency of another (called cross-subsidy).

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In addition, the Company adopts impairment for works that have been paralyzed for more than one year and with no expectation of cash generation, with direct and indirect costs being fully accrued. If the works are resumed, the losses incurred are recorded and are recognized in the income for the year. The amount of the provision for impairment related to paralyzed works is R\$ 128,347 as of December 31, 2020 (R\$ 132,097 on December 31, 2019).

2.13 Suppliers

They are obligations to pay for goods or services that were acquired in the ordinary course of business, being rated as current liabilities, except when the maturity is more than 12 months after the balance sheet date, when they are presented as non-current liabilities. They are recognized at the corresponding invoice amount.

It is estimated that the balances of accounts payable to suppliers are close to their fair market values, given the short term of the operations carried out.

2.14 Salaries and social charges

The Salaries, including vacations, 13th salary payable and complementary payments negotiated in collective bargaining agreements, plus corresponding social charges, are appropriated on an accrual basis.

2.15 Profit Sharing

Saneago employees have a share in the profit for the fiscal year, according to art. 75, §3 of the bylaws. The amount referred to in this article will be defined in internal policy and recorded in the income statement for the period, after observing the provisions of articles 189 and 190 of the Brazilian Stock Corporate Law.

2.16 Legal Entities Income Tax and Social Contribution on Net Profit

a) Current taxes

Current income and social contribution taxes, when due, are recorded in the income statement on an accrual basis. Taxes are calculated based on the Income Before Taxes presented in the Income Statement and adjusted according to the tax legislation in force in relation to non-deductible expenses, exclusions from the calculation basis permitted by law and possible tax benefits. The applicable rates for the Income Tax are 15% plus an additional 10% on the portion of the profit exceeding the established limit, and the Social Contribution with a rate of 9%.

b) Deferred Taxes

Deferred taxes are calculated on temporary differences (allowances for doubtful accounts, contingencies, stock obsolescence, tax losses and other provisioned losses) using the same rates as current taxes. They are recognized only in proportion to the probability that future taxable profit will be available and against which temporary differences can be used. However, they are not recognized if they are generated in the initial registration of assets and liabilities in transactions that do not affect tax bases, except in business combination transactions.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to income taxes levied by the same tax authority. They are presented in the Balance Sheet at net value.

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2.17 Taxes on revenue

Revenues from sanitation services are subject to PIS - Social Integration Program and Cofins - Contribution for Social Security Financing, under the accrual basis, calculated at the rates of 1.65% and 7.60%, respectively.

2.18 Loans and Financing

The initial amount of funds raised from third parties rated as current and non-current liabilities. Financial charges incurred in raising funds from third parties are allocated to a reduction account in liabilities due to the fluency of the term, by the amortized cost, using the effective interest method, thus demonstrating net funding, CPC 08 (R) item 12.

For qualifying assets (assets that require a substantial period of time to be ready for use or for sale) the costs are capitalized in accordance with the provisions of item 8 CPC 20(R1) - Loan Costs. The other loan costs are recognized as an expense in the period in which they are incurred, considering the internal rate of return (IRR) of the operation for the appropriation of financial charges during the term of the operation.

The use of the amortized cost makes the financial charges reflect the effective cost of the financial instrument and not only the contractual interest rate of the instrument, that is, it includes interests and the transaction costs of the funding, as well as premiums received, goodwill, non-goodwill, discounts, monetary restatement and others. Thus, the internal rate of return considers all cash flows, from the net amount received for the completion of the transaction to all payments made or to be made until the settlement of the transaction. Therefore, the balances payable on the balance sheet dates are substantially close to market values, even those rated as non-current.

Exchange variations related to long-term financing, payable in foreign currency, are calculated between the book balance of the loan at the previous exchange rate and the balance of the same loan converted at the exchange rate in effect on the balance sheet date, and are recognized as financial revenues or expenses.

2.19 Leasing

CPC 06 (R2)/IFRS 16 - Leasing Operations, replaced CPC 06 (R1)/IAS

17 - Leasing Operations. The standard established the principles for the recognition, measurement, presentation and disclosure of leasing operations, requiring the lessee to account leases in accordance with a single model, similar to the accounting of financial leasing in accordance with CPC 06 (R1), that is, recognizing a Right-of-Use Asset ("Lease Asset") equal to a Lease Liability, unless the leases are short-term (lease term of 12 months or less) and of low amount (amounts below US\$ 5).

2.20 Provisions, legal obligations, judicial deposits and contingent assets

Provisions related to judicial claims are recognized when: (i) there is a present obligation (legal or not formalized) as a result of a past event; (ii) it is probable that an outflow of funds that incorporate economic benefits will be necessary to settle the obligation; and (iii) the value can be estimated reliably. If there are similar obligations, the probability that an outflow of funds will be required for settlement is determined by considering the nature of the obligations as a whole.

The Company does not have contingent assets recognized in the financial statements.

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2.21 Other Current and Non-Current Liabilities

Recorded at known or estimated amounts, plus, when applicable, the corresponding financial charges.

2.22 Defined Benefits and Contribution Granted to Employees

In accordance with the defined benefit plans we have: (a) the sponsoring entity's obligation is to provide the agreed benefits to current and former employees; and (b) actuarial risk (that the benefits will cost more than expected) and investment risk fall, substantially, on the entity. If the actuarial or investment experience is worse than expected, the entity's obligation may be increased. Item 30, CPC 33(R1).

In defined contribution plans, the entity's legal or constructive obligation is limited to its interest. Thus, the amount of post-employment benefit received by the employee must be determined by the amount of contributions paid by the sponsoring entity (and, in some cases, also by the employee) to a post-employment benefit plan or to a separate entity, along with the return on investment from contributions. As a result, the actuarial risk (risk that the benefits are less than expected) and the investment risk (risk that the invested assets will be insufficient to cover the expected benefits) fall on the employee.

Actuarial commitments to the defined benefit plan and pension, retirement and health care plan contributions are provisioned according to the procedures established by technical pronouncement CPC 33(R1), based on an actuarial calculation prepared by a specialized company. The projected unit credit method, net of the fair value of the plan's assets, is used, and the costs related to the increase in the present value of the obligation, resulting from the service provided by the employee, are recognized over the employees' service period.

2.23 Presentation of Information by Segment

Given the peculiarity of the Company, which operates in a sector considered by law as an essential public service (sanitation services), investment decisions made by management are mainly guided by social and environmental responsibility. Thus, public water and sewage services are considered as single segment. The main factor that makes management control the set of water and sewage activities is the existence of cross-subsidy in the provision of water supply, sewage collection, removal and treatment services. The measurement of performance and verification of information by a single segment are consistent with the policies adopted in the preparation of the financial statements, since Management uses these pieces of information to analyze the Company's performance.

2.24 Statement of Added Value - DVA

This statement is intended to show the wealth generated by the Company and its distribution during a certain period, being required by the accounting practices adopted in Brazil and presented as supplementary information to the financial statements for IFRS purposes. The DVA was prepared based on information obtained from the accounting records that serve as the basis for preparing the annual information and following the provisions contained in CPC 09 - Statement of Added Value. In its first part, it presents the wealth generated through gross sales revenue (including taxes, other revenues and the effects of the allowance for doubtful accounts), by inputs acquired from third parties (cost of sales and purchases of materials, energy and services from third parties, as well as taxes included at the time of acquisition, the effects of losses and the recovery of assets, and the depreciation and amortization) and the added value received from third parties (equity income, financial revenues and other revenues). The second part of the DVA presents the distribution of wealth among personnel, taxes, fees and contributions, compensation of capital from third parties and Compensation of equity.

Explanatory Notes



2.25 Restatement of comparative balances on December 31, 2019

In accordance with the technical guidelines of CPC 23 on Accounting Policies, changes in estimates and correction of errors, the Company restated the financial statements for the year 2019 including the effects of deferred taxes on temporary differences between the tax base and the accounting base of depreciation / amortization of fixed assets and intangible assets. The adjustments made are shown as follows:

Balance Sheet (Restated) on December 31, 2019

	12/31/2019.	Adjustment	Restated 12/31/2019.		12/31/2019.	Adjustment	Restated 12/31/2019.
Current Assets	<u>654,061</u>	-	<u>654,061</u>	Current Liabilities	<u>731,251</u>	-	<u>731,251</u>
Non-current				Non-current liabilities	<u>1,939,753</u>	-	<u>1,939,753</u>
Securities .	14,824	-	14,824				
Credits receivable	17,794	-	17,794				
Advanced expenses	142,214	-	142,214	Net Equity			
Sub-delegation	677,280	-	677,280	Share Capital	2,515,546	-	2,515,546
Judicial Deposits	9,384	-	9,384	Legal Reserve	26,053	(2,032)	24,021
Deferred Taxes	<u>256,209</u>	(40,669)	<u>215,540</u>	Investment Reserves	311,472	(38,637)	272,835
	1,117,705		1,077,036	Adjustment of Equity Evaluation	33,319	-	33,319
				Other Comprehensive Income	<u>(85,061)</u>	-	<u>(85,061)</u>
Investments, Fixed assets and intangible assets	<u>3,700,567</u>	-	<u>3,700,567</u>		2,801,329	-	2,760,660
Total Asset	<u>5,472,333</u>	(40,669)	<u>5,431,664</u>	Total Liability	<u>5,472,333</u>	(40,669)	<u>5,431,664</u>

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Income Statement on December 31, 2019 (Restated)

	12/31/2019	Adjustment	Restated 12/31/2019.
Net Revenue	2,390,889	-	2,390,889
Operating Costs	(1,196,069)	-	(1,196,069)
Gross Profit	1,194,820	-	1,194,820
Operating Expenses	(732,153)	-	(732,153)
Income before Financial Result	462,667	-	462,667
Net Financial Result	(52,525)	-	(52,525)
Income Before Taxes on Profit	410,142	-	410,142
Current Income Tax and Social Contribution	(69,133)	-	(69,133)
Deferred Income Tax and Social Contribution	(25,278)	(40,669)	(65,947)
Net Income from the financial year	315,731	(40,669)	275,062
Profit per Share	0.12551		0.10934

3. Financial risk management and financial instruments

3.1 Financial risk factors

The Company's business, its financial position and results of operations can be affected by fluctuations and seasonality of the economic situation, exposing it to the risks of:

- Market risk (interest rate risk and exchange rate fluctuation risk)
- Credit risk
- Liquidity risk
- Risk of Concession/Program contracts

(a) Market risk Interest rate risk

Saneago is subject to fluctuations in each of the interest rate indexes resulting from loans, financing and debenture transactions, and financial applications, which impact its payments and receipts and, consequently, its cash flows, such as TJLP/TLP (Long Term Interest Rate), CDI (Interbank Deposit Certificates Interest Rate) or inflation indexes such as IPCA (National Consumer Price Index).

According to the Financial Risk Management Policy, in order to mitigate the interest rate risks, the Company can use the following financial instruments and strategies: Swap contracts, contracts renegotiation or early settlement.

Debt Sensitivity

In the sensitivity analysis for interest rate risk, the debt balance of the debt was used, which has one of the following indexed economic indicators: IPCA, CDI, Dollar Quotation, TJLP and TR. Thus, based on market expectations for the closure of these indexes in 2020, a simulation of three scenarios was carried out. The probable Scenario considers the expected evolution of the indicators, whereas Scenarios II and III were made with an appreciation of 25% and 50%, respectively.

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Indicators	Sensibility of the Debt - 12/31/2020						
	Exposure	Scenario I Fees	Probable Amount	Scenario II Fees	Scenario II Amount	Scenario III Fees	Scenario III Amount
IPCA (FIDC IV)	216,177	4.37%	225,624	5.46%	227,985	6.56%	230,347
CDI (Banks + Debentures)	632,563	1.90%	644,583	2.38%	647,588	2.85%	650,592
Dollar (IDB)	94,448	5.20	93,829	6.50	117,286	7.80	140,743
TJLP (BNDES)	540	4.39%	564	5.49%	570	6.59%	576
TR ^a (Caixa Econômica Federal)	123,879	0.00%	123,879	0.00%	123,879	0.00%	123,879
Subtotal	1,067,607		1,088,479		1,117,308		1,146,137
Subordinated Shares	(86,711)						
Transaction Cost	(20,714)						
	960,182						
Not subject to risks							
FCO - Cezarina e Silvânia (b)	5,311						
	965,493						

- a) Reference rate in Brazil on the base date of the financial statements is 0%, so the scenarios have not been changed.
- b) Pre-fixed contract.

Currency fluctuation risk

Saneago is subject to fluctuations of each currency that makes up its financial relations, which consequently impact its cash flow. This risk arises from the possibility that the Company may incur losses due to fluctuations in exchange rates that impact the balances of foreign currency financing liabilities raised in the market, and, consequently, impacting financial expenses.

According to the Financial Risk Management Policy, in order to reduce the currency variation unpredictability and optimize cash management by increasing its degree of predictability, the Company can contract a hedge instrument. The eligible hedge instruments are: Swap or Non-Deliverable Forward Contracts (NDF). The contracting of such instruments must observe the calculation of cost versus expected benefit in relation to the instrument used.

External debt sensitivity - IDB

As regards the 1414/OC contract executed between Saneago and the Inter-American Development Bank (IDB), there is no adoption of protection lock mechanisms against the exchange variation fluctuations "Hedge contract", however, the Company evaluated the feasibility of making Hedge due to the present and probable changes in the global economic scenario and until December 31, 2020 the conclusion is that this adoption is not feasible.

The Sensitivity Analysis projected on December 31, 2020 for the following periods showed a slight increase in the expected value of the debt, due to the expectation of the appreciation of the foreign currency caused mainly by the crisis in the world system due to the Covid-19 pandemic that has affected substantially the national and international financial conditions. Externally, the risks associated with a slowdown in the global economy remain, as well as uncertainties about economic policies, a slowdown in the economy and of a geopolitical nature - notably trade disputes - that may contribute to even lower global growth. The internal factors are related to the capacity of the Brazilian economy to absorb setbacks in the international scenario and to the prospect of structural reforms, especially those of a fiscal nature and that propitiate the resumption of the economic recovery process. The dollar rate in the payment of the installment that matured in April 2020 was R\$ 5.42 to US\$ 1.00. The payment of the installment due in October 2020, the exchange rate was R\$ 5.59 to US\$ 1.00. The exchange rate projection for 2021 is R\$ 5.20 to US\$ 1.00.

The dollar values for these scenarios were based on the publications made by the Bank Central Bank of Brazil, Market Report - FOCUS (Market Expectations) on January 8, 2021.

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(b) Credit Risk

Virtually the entire population of the state is a customer of Saneago. Considering the kind of business of the Company, for the private clients in default, they adopted the supply disconnection practice, and no credit analysis was carried out. However, due to the Covid-19 pandemic, the cuts were suspended from March 19, 2020 to January 03, 2021. Supply disconnection is not applied for public clients, however, the Administration has made efforts to reduce the default level by negotiating with the city administrations in default and with public management bodies of the State of Goiás.

(c) Liquidity Risk

Liquidity risk can be defined as the possibility of the Company not having sufficient funds to honor its financial commitments or even having to bear additional costs to do so due to the scarcity of financial funds on the date established for each debt and, consequently, the mismatches between payment and receipt flows.

The Company's liquidity risk arises mainly from the cash generation capacity generated by its operating activities, loans from financial institutions of the federal, state and private institutions and is influenced by the water scarcity that has a significant impact on the Company's revenue, by the reduction of billing in compliance with judicial decision, by the reduction in demand that has a significant impact on the Company's revenue, by the increase in defaults and non-managerial costs and expenses above the projected limits and by the recognition and realization of non-recurring and non-contingent expenses.

The Company's liquidity risk exposure is managed through monitoring and managerial control of cash flow inflows and outflows, with schedules planned so that the Company can meet its obligations.

(d) Risk of Concession/Program contracts

Saneago's results rely on the maintenance of contracts in the municipalities where it operates. Concession Contracts and Program Contracts usually have a term of 30 years. In some situations, the municipality has the right to terminate the contract before their expiration or not to authorize their renewal for non-compliance of legal or contractual obligations by means of indemnification of the investment balances not yet amortized.

3.2 Capital Management

The Company's goals when managing its capital are to safeguard its ability to continue, in order to offer return to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost. The Company monitors capital based on financial leverage ratios. This index corresponds to the net debt divided by the total capital. The net debt, in turn, corresponds to the total loans and financing minus the amount of cash and cash equivalents. Total capital is calculated by adding the shareholders' equity, as shown in the balance sheet, with the net debt.

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	12/31/2020.	12/31/2019.
Net Financial Position		
Total Loans	965,493	945,852
(-) Cash and cash equivalents	(168,144)	(169,607)
(=) Net Debt	797,349	776,245
(+) Total Shareholders' Equity	3,077,632	2,760,660
(=) Total Capital	<u>3,874,981</u>	<u>3,536,905</u>
Financial Leverage Ratio	20.58%	21.95%

4. New accounting standards, changes and interpretations

New accounting standards, changes and interpretations that came into effect for periods beginning on/or after Jan 1, 2020.

a) Definition of a business (changes to IFRS 3):

Changes to IFRS 3 are mandatory for periods beginning on or after January 1, 2020. The Company must apply the revised definition of a business for acquisitions that took place on or after January 1, 2020 to determine whether they should be accounted for in accordance with IFRS 3. It is not allowed to reassess acquisitions that took place before the effective date of said review.

New standards, reviews and interpretations issued that were not yet in force on December 31, 2020

a) Onerous contracts - Cost of contract compliance (Amendments to IAS 37);

They apply to annual periods beginning on or after January 1, 2022 for existing contracts on the date the changes are first applied. The change specifically determines which costs should be considered when calculating the cost of executing a contract. The Company does not expect significant impacts when adopting this standard.

b) Other standards

For the following standards or changes, Management has not yet determined whether there will be significant impacts on the Company's financial statements, namely:

- Change in IAS 16 Standard Property - Rating of the income generated before the property is in projected conditions of use. Clarifies aspects to be considered for the rating of items produced before the fixed asset is in the projected conditions of use. This amendment to the standard is effective for fiscal years beginning on or after 01/01/2022;
- Amendment to IFRS 3 - includes conceptual alignments of this standard with the conceptual structure of IFRS. The amendments to IFRS 3 are effective for periods beginning on or after 01/01/2022;
- Amendment to IAS 1 - Rating of liabilities as Current or Non-current. This amendment clarifies aspects to be considered for the classification of liabilities as current and non-current. Amendment to IAS 1 effective for periods beginning on or after 01/01/2023;
- Amendment in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Reform of Reference - IBOR "phase 2") - The amendments are mandatory for periods beginning on or after January 1, 2021, and clarify aspects regarding the definition of the reference interest rate for application in these standards.

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5. Cash and cash equivalents

	12/31/2020.	12/31/2019.
Fixed Fund	12	12
Banks - Current Account / Collection	21,907	13,856
Banks - Construction-linked accounts	3,089	3,549
Banks - Collection to be released (a)	14,225	18,865
Financial Investments (b)	128,911	133,325
	168,144	169,607

Consist of cash held by banks and investments in the financial market, financial investments with immediate liquidity and which present an insignificant risk of change in value.

(a) It refers to the bank float with release between 1 to 3 business days after entering the bank account;

(b) Financial investments are composed as follows:

Bank	Account	12/31/2020 Amount	Effective Compensation	Bank	Account	12/31/2019. Amount	Actual Compensation
Itaú	14095-6	259	5.38% CDI	Itaú	140956	431	40.23% CDI
Itaú	2989-4	6,646	5.38% CDI	Itaú	2989-4	6,429	40.23% CDI
Itaú	2989-4	-	145.16% CDI	Itaú	2989-4	22,185	101.14% CDI
Itaú	14.094-9	153	5.38% CDI	Itaú	14.094-9	162	40.23% CDI
Santander	63-000013-7	111,324	103% CDI	Santander	63-000013-7	-	-
B. Brasil	6013-5	563	92% CDI	B. Brasil	6013-5	674	92% CDI
B. Brasil	6.544-7	546	92% CDI	B. Brasil	6.544-7	532	92% CDI
BBM	701742	4,396	100% CDI	BBM	701742	3,763	100% CDI
BBM	701.866-0	4,655	100% CDI	BBM	701.866-0	1,350	100% CDI
Safra	23190-0	10	346.1% CDI	Safra	23190-0	9	96.62% CDI
Bradesco	1368	359	6.32% CDI	Bradesco	1368	643	9.81% CDI
B. Brasil	6.640-0	-	-	B. Brasil	6.640-0	15,845	90.45% CDI
B. Brasil	105.334-5	-	99.25% CDI	B. Brasil	105.334-5	81,302	96% CDI
		128,911				133,325	

The market values of financial investments are close to the values recorded in the financial statements because they are linked to the variation of the CDI, or because they are investments in specific income funds with post-fixed profitability verified monthly through the income statements presented by the financial institutions. The Company does not have financial instruments valued at fair values.

Financial investments in BBM and Bradesco refer to a contractual requirement, in the 4th, 5th and 6th issues of debentures, as guarantees for payments of interest incurred in the year. Therefore, they are available for use in 12 months.

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6. Securities

Financial institution	Accou	Investment Type	Profitability	12/31/2020	12/31/2019
Current					
Caixa Economica Federal	several	CDB/Fundo FIC	98% of CDI	-	8,218
				-	8,218
Non-Current					
Caixa Economica Federal	several	CDB/Fundo FIC	98% of CDI	13,146	14,824
				<u>13,146</u>	<u>14,824</u>
Total				<u>13,146</u>	<u>23,042</u>

The application in CEF refers to a contractual requirement of the National Bank for Economic and Social Development (BNDES), as financing guarantee, therefore, it is not available for use within the next 12 months. The reserves related to contracts with BNDES, whose maturity occurs within the next 12 months, are rated in the current assets.

7. Credits Receivable from Users

	12/31/2020			12/31/2019		
	Private	Public	Total	Private	Public	Total
Billed to be due	108,915	10,664	119,579	94,714	9,730	104,444
Maturing for more than 30 days	29,106	6,040	35,146	20,347	6,577	26,924
Overdue up to 30 days	91,509	3,873	95,382	86,952	8,641	95,593
Overdue from 31 to 60 days	45,241	2,770	48,011	30,030	4,744	34,774
Overdue from 61 to 90 days	29,739	2,475	32,214	10,942	4,228	15,170
Overdue from 91 to 120 days	21,514	1,546	23,060	9,067	3,981	13,048
Overdue from 121 to 180 days	32,940	2,808	35,748	14,867	6,755	21,622
Overdue from 181 to 360 days	5,274	5,382	10,656	5,515	16,306	21,821
Overdue from 361 days to 5 years	18,636	85,252	103,888	21,098	84,073	105,171
Overdue over 5 years	762	8,331	9,093	820	2,448	3,268
Collection to be noted	(704)	-	(704)	(45)	-	(45)
Estimate to be billed	89,410	5,521	94,931	81,371	6,418	87,788
(-) AVP Accounts Receivable	(1,011)	(296)	(1,307)	(852)	(318)	(1,170)
(-) PCLD	(10,480)	(104,761)	(115,242)	(4,976)	(131,033)	(136,009)
Subtotal	460,851	29,605	490,455	369,850	22,550	392,400
Credits receivable (Non-current)	16,916	17,915	34,831	16,016	19,579	35,595
(-) AVP Accounts Receivable	(3,127)	(4,288)	(7,415)	(3,363)	(4,672)	(8,035)
(-) PCLD	(1,379)	(7,363)	(8,742)	(602)	(9,164)	(9,766)
Subtotal	12,410	6,264	18,674	12,051	5,743	17,794
Total	473,261	35,869	509,139	381,901	28,293	410,194

The amounts above, in their recognition, are equivalent to their respective fair amounts and do not consider fines, interests or any form of monetary adjustment due to late payments. The non-recoverable credits written off to the income statement on December 31, 2020 were R\$ 141,826 (R\$ 90,150 in 2019)

For tax purposes, credits with the Government of Goiás are added when written off as a loss and excluded when recovered, according to article 9 of Law 9.430/96. The addition, net of exclusion, recorded up to December 31, 2020 was R\$ 4,529 (R\$ 5,089 in the financial year 2019).

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The movement in the estimated loss for doubtful accounts was as follows:

Balance on 12/31/2019	<u>(145,775)</u>
Constitution/Reversal of net allowance for doubtful accounts (note 31)	<u>21,791</u>
Balance on 12/31/2020	<u><u>(123,984)</u></u>

For private customers, the collection policy initially consists of a debit notice that comprises a message issued on the invoice for the next reference. After the second notice is sent, a 30-day payment term is granted and if the invoice is not paid, the water supply will be disconnected (cut), which is on average 48 days after the original invoice matures, for regular times.

8. Stocks

	<u>12/31/2020.</u>	<u>12/31/2019.</u>
Treatment plants materials	6,984	8,048
Materials for gaskets and pipe protection	24	57
Electrical materials and equipment	4,003	1,967
Pipes, connections for networks and pipelines	34,381	37,037
Materials for building connections	1,634	1,505
Water meters	11,872	11,532
Water Valves	7,297	9,740
Pump motor set	2,009	2,412
Miscellaneous materials	3,970	5,305
(-) Provision for Stock Loss (a)	(21,678)	(31,881)
	<u>50,496</u>	<u>45,722</u>

a) The provision for losses in stocks is set up based on the Company's policy, with provision for items that have not been moved in the last 12 months.

Changes in stock losses were as follows:

Balance on 12/31/2019	<u>(31,881)</u>
Constitution / reversal of provision for losses in Stock (note 31)	<u>10,203</u>
Balance on 12/31/2020	<u>(21,678)</u>

9. Taxes Recoverable

	<u>12/31/2020.</u>	<u>12/31/2019.</u>
IRPJ (a)	9,813	1,112
CSLL (a)	2,574	-
IRRF	2,148	1,379
Federal Revenue (b)	4,015	3,999
	<u>18,550</u>	<u>6,490</u>

(a) It refers to the negative balance of IRPJ and CSLL (overpayments by monthly estimate).

(b) It refers to the reimbursement request of PAES and undue payment of social security installments.

Explanatory Notes



10. Advanced Expenses and Advanced Payments

	12/31/2020.	12/31/2019.
Current		
Insurance Premiums	154	-
Investment Fund Credit Rights - FIDC IV (a)	11,478	12,396
Postgraduation advances	29	43
Advances for trips	536	1,206
Vacation advances	8,521	2,244
13 th salary advance payment	4	1
Contractual Compensation	6,898	4,928
Shares issuance costs	2,689	1,101
	30,309	21,919
Non-Current		
Contractual Compensation (b)	192,803	142,214
	192,803	142,214

(a) Refers to the amortization amounts and charges paid in advance by Saneago in accordance with FIDC IV Regulation.

(b) They refer to the payment of indemnification for the early renewal with the municipalities of Goiania, Anapolis and Aguas Lindas, and the amounts will be amortized within 30 years (contractual term).

11. Sub-delegation

In order to comply with the Program Contracts entered into between Saneago and the municipalities of Aparecida de Goiania, Jatai, Rio Verde and Trindade, the Company chose to sub-delegate the provision of sanitary sewage services through a bidding procedure, with the company named Foz Goias Saneamento S.A, (later called Odebrecht Ambiental) whose contract No. 1327/2013 was signed on July 19, 2013.

The definitive operation of the services began in November 2013 and is expected to remain in effect until November 1, 2041.

On April 25, 2017, the disposal of all of Odebrecht Ambiental's shares to Brookfield Partners LP was completed, constituting the new holding company called BRK Ambiental Participações S.A, with the contract 1327/2013 operated by BRK Ambiental Goiás S.A. This operation was carried out with the prior consent of Saneago, and the documentation regarding legal regularity is currently under analysis by the Company.

The contract integrates the local provision performed by Saneago and has the following characteristics:

- Regulatory entity, the Agency for Regulation, Control and Inspection of Public Services of Goias - AGR and consenting stakeholders in the municipalities of Aparecida de Goiania, Jatai, Rio Verde and Trindade;
- Payment of a grant to Saneago of R\$ 273,000 in 30 (thirty) annual installments, duly updated by the IPCA (Price Index to the Final Consumer);
- Service and expansion of the collection, removal and treatment of sanitary sewage systems in 6 (six) years, and the universalization must reach at least 90% (ninety percent) of the population served with public water supply;

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- Integrated Commercial Action, under the management of Saneago, of public water and sanitary sewage services, in the sub-delegation area, with the sub-delegate being responsible for registering users, performing water meter reading, issuing and simultaneously delivering single bills / invoices for collection, water cut and reconnection, micro metering among other ancillary activities related to the provision of water supply and sanitary sewage services.

The amounts referring to the grant are recorded in Current Assets in proportion to the contract term and duly adjusted by the IPCA, in consideration to the Income Statement for the Year. Investments made by the sub-delegate and not amortized are recorded in Non-Current Assets, representing a right of receipt by Saneago, and in consideration for Non-Current Liabilities, which represents an obligation of Saneago before the sub-delegate entity.

Sub-delegation	Current Asset		Current Liabilities	
	12/31/2020.	12/31/2019.	12/31/2020.	12/31/2019.
Grant	10,450	9,314	1,616	1,026
	Asset Non Current		Liabilit No Current	
	12/31/2020	12/31/2019.	y 12/31/2020	12/31/2019.
Sewerage system investments	839,500	677,280	839,500	677,280
Total	849,950	686,594	841,116	678,306

12. Other Accounts Receivable

	12/31/2020.	12/31/2019.
Current		
Security deposits	18	18
Consortium	375	375
Miscellaneous advances	396	373
(-) Provision for Losses	(375)	(375)
	414	391
Non-Current		
Contracts without Concession (a)	32,765	32,765
(-) Estimated losses for credits	(32,765)	(32,765)
	-	-

a) Contracts without Concession

The Company is legally discussing the water and sanitary sewage service concession contracts for the municipalities below:

Caldas Novas

In view of the resumption of systems by the municipality on June 27, 1995, Saneago filed an indemnification action, Lawsuit No. 0033803.68.1995.8.09.0051. In April/2020, the records were remitted to the Superior Court of Justice to judge the grievance on special appeal lodged by Saneago. On May 6, 2020, the case was completed for decision of the President of the STJ. On 10/02/2020, the STJ [Superior Tribunal of Justice in Brazil] was awarded of the Appeal through Special Appeal, but overruled it, thus maintaining the judgment of the TJGO [Goias State Court of Justice].

Catalao

The municipality was able to resume the system by judicial measure, and Saneago obtained unfavorable results, so there is no possibility of resuming the system. Action was proposed through Lawsuit No. 37532.36.2016.8.09.0029. In September 2019, the general attorney of the Municipal Superintendence of

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Water and Sewage (SAE) of Catalao requested authorization to access the electronic case. On June 2, 2020, the records were completed for dispatch by the Judge, who may appoint a new expert for the case.

13. Judicial Deposits

	12/31/2020	12/31/2019
Judicial Deposits	16,069	9,384
	<u>16,069</u>	<u>9,384</u>

The variation in the balance of judicial deposits refers to the judicial tax enforcement action filed by the municipality of Minaçu to collect an environmental fine. The Company made a payment through a judicial deposit in the amount of R\$ 6,532 and the lawsuit is in progress.

14. Deferred Taxes

	12/31/2020				12/31/2019			
	Base of Calculation	IRPJ (25%)	CSLL (9%)	Total	IRPJ (9%)	(25%) Total Calculation	CSLL	
Deferred Taxes - Assets								
PCLD - Credits Receivable	123,983	30,995	11,158	42,153	151,420	36,444	13,120	49,564
Provision for Stock Loss	21,679	5,420	1,951	7,371	31,882	7,970	2,869	10,839
Provision for Investment Loss	564	141	51	192	564	141	51	192
Provision for Contingencies	145,596	36,399	13,104	49,503	142,209	35,552	12,799	48,351
Provision for Losses on other credits	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 Works Losses	128,347	32,087	11,550	43,637	132,097	33,024	11,889	44,913
Actuarial Liabilities	37,202	9,300	3,348	12,648	128,881	32,220	11,599	43,819
Tax Loss IRPJ(a)	41,823	10,432	0	10,432	124,957	31,239	-	31,239
Tax Loss CSLL(a)	286,131	0	25,752	25,752	368,750	-	33,188	33,188
Provision for PLR	33,635	8,409	3,027	11,436				
Total	852,100	141,468	72,924	214,392	1,113,900	184,875	88,498	273,373
Deferred Tax Liabilities								
Accounting vs. tax depreciation - year 2019	119,616	29,904	10,765	40,669	119,616	29,904	10,765	40,669
Accounting vs. tax depreciation - year 2020	121,059	30,265	10,895	41,160	-	-	-	-
Equity Valuation Adjustment	50,477	12,619	4,543	17,162	50,483	12,621	4,543	17,164
	291,152	72,788	26,203	98,991	170,099	42,525	15,308	57,833
Total Net Deferred Tax				115,401				215,540

Based on studies and future growth prospects, the Company keeps its tax assets limited to the lowest amount between the amount of future profits and the amount of taxes to be offset by the realization of temporary differences and tax losses.

Below, the projection for realization of the deferred tax asset related to the tax loss:

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Yea	Realization Expectation		Sum
	IRPJ	CSLL	
2021	10,432	25,572	36,184

Deferred Tax Movement

Balance held in deferred tax assets on 12/31/2019	215,540
(+) Realization of deferred tax assets - Income	(68,969)
(+) Realization of deferred tax assets - Equity	(31,172)
(+) Realization of deferred tax liabilities - Equity	2
Balance held in deferred tax assets on 12/31/2020	115,401
Reversal in income statement for the year 12/31/2020	
Profit before tax	468,429
Combined rate 34%	159,266
(+/-) IRPJ/CSLL on permanent / temporary additions and exclusions and tax loss	(228,235)
Reversal in income statement for the year	(68,969)

15. Investments

The Company has investment quotas in some companies, in which it has no significant influence in the amount of R\$ 573, which are recorded by using the cost method. However, the Company recognizes a provision for impairment as it does not expect the realization of the investments.

Description	12/31/2020.	12/31/2019.
Comurg	515	515
Metrobus	46	46
Others	12	12
	573	573
Provision for Losses	(564)	(564)
	9	9

16. Fixed asset

	12/31/2020.	12/31/2019.
General Use Goods	171,898	169,997
General Use Goods in Progress (a)	160,765	147,232
Assets - Assigned Cost	64,839	65,089
General Use Goods - Leasing	7,241	7,243
Funds to be realized - Corumba Consortium	47,303	51,138
Land regularization	222	-
Right of Use - Vehicles (note 16.2)	57,142	57,764
Accrued Depreciation - Right-of-Use (note 16.2)	(26,238)	(11,403)
Accrued General Depreciation	(103,199)	(95,533)
Accrued Depreciation - Assigned Cost	(14,379)	(14,623)
Accrued Depreciation - Leasing	(5,011)	(4,290)
	360,583	372,614

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(a) Composition of general use goods in progress:

	12/31/2020.	12/31/2019.
General Use Goods (In Progress)	100,948	88,993
General Use Assets, PAC (In Progress)	59,817	58,239
	<u>160,765</u>	<u>147,232</u>

16.1 Technical Fixed Assets

The movement of fixed assets can be demonstrated as follows:

Technical Fixed Assets	31 Balance 12/31/2019	Addition	Write-off	Deprec.	Movement Period	Balance 12/31/2020
General Use Goods	169,997	2,888	(987)	-	-	171,898
General Use Goods in Progress	147,231	13,534	-	-	-	160,765
Assets - Assigned Cost	65,089	-	(250)	-	-	64,839
General Use Goods - Leasing	7,242	-	(1)	-	-	7,241
Funds to be realized - Construction Corumbá	51,139	-	-	-	(3,837)	47,302
Land regularization	-	223	-	-	-	223
Accrued General Depreciation	(95,532)	-	907	(8,574)	-	(103,199)
Accrued Depreciation - Assigned Cost	(14,623)	-	250	(6)	-	(14,379)
Accrued Depreciation - Leasing	(4,290)	-	-	(721)	-	(5,011)
	<u>326,253</u>	<u>16,645</u>	<u>(81)</u>	<u>(9,301)</u>	<u>(3,837)</u>	<u>329,679</u>

16.2 Right of Use - Leasing

Saneago applied the requirements of CPC 06 (R2)/IFRS 16 as of the financial year started on January 1, 2019 according to explanatory note 19 d.

	12/31/2020.	12/31/2019.
Right of Use Assets - Vehicles	57,142	57,764
Accrued Depreciation - Right-of-Use	(26,238)	(11,403)
	<u>30,904</u>	<u>46,361</u>

The movement of right of use fixed assets can be demonstrated as follows:

Fixed Asset - Right-of-Use	Balance on 12/31/2019	Accumulated / Amortization	Movement Period	Balance on 12/31/2020
Right of Use Assets - Vehicles	57,764	-	(622)	57,142
Accrued Depreciation - Right-of-Use	(11,403)	(14,835)	-	(26,238)
Total	<u>46,361</u>	<u>(14,835)</u>	<u>(622)</u>	<u>30,904</u>

According to CVM resolution No. 859, of June 7, 2020 the Company reviewed its leases signed in accordance with CPC 06 (R2) and identified that there were no changes in the contract or payment of the Rights of Use and that these assets remained in normal operation even in the midst of the Pandemic scenario (COVID-19).

Explanatory Notes



17. Contract's Asset

The Contractual Asset (works in progress) is the right to a consideration in exchange for goods or services transferred to the customer. As determined by CPC 47 - Revenue from contract with customer, assets linked to the concession under construction, registered under the scope of ICPC 01 (R1) - Concession Contracts, must be rated as Contract Assets during the construction period and transferred to Intangible Assets, only after the completion of the works.

The Contract Asset is initially recognized at fair value and includes loan costs capitalized during the period in which the asset is under construction, considering the effective rate of loans in force on the capitalization date.

Contract Assets	Balance on 31/12/2019	Addition	Write-off	Movement Period	Transf. to Fixed/Intang. Asset	Balance on 12/31/2020
Water System	219,854	55,290	(6,931)	-	(14,579)	253,634
Sewerage System	374,638	52,962	-	-	-	427,600
Works Stock	36,050	15,090	-	2,444	(4,666)	48,918
	630,542	123,342	(6,931)	2,444	(19,245)	730,152

18. Intangible Asset

	12/31/2020.	12/31/2019.
Water System	2,572,495	2,528,466
Sewerage System	2,801,866	2,798,037
General Use Goods	7,834	4,036
Software (Licenses)	34,189	31,243
Accumulated Amortization	(2,675,421)	(2,588,932)
Funds to be Realized - Águas Lindas	55,544	55,633
Provision for Losses (Impairment)	(128,347)	(132,097)
Operação Decantação (Note 39)	(118,494)	(118,494)
Land regularization	38,427	32,400
Inexpensive - Water	46,611	42,231
Inexpensive - Sewage	89,179	44,879
	2,723,883	2,697,402

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The movement of intangible assets can be demonstrated as follows:

Intangible Asset in Use	Balance on 12/31/2019		Write-off	Depreciation Amortization	Movement Period	Balance 12/31/2020
		Addition				
Water System	2,528,466	45,918	(18,047)	-	16,158	2,572,495
Sewerage System	2,798,037	3,118	(104)	-	815	2,801,866
General Use Goods	4,035	3,885	(86)	-	-	7,834
Accumulated Amortization	(2,588,932)	-	15,505	(101,994)	-	(2,675,421)
Software (Licenses)	33,947	8,799	-	-	-	42,746
Amortization Software (Licenses)	(2,704)	-	-	(5,853)	-	(8,557)
Software (In Progress)	-	-	-	-	-	-
Funds to be Realized - Águas Lindas	55,633	-	-	-	(89)	55,544
Provision for Losses (Impairment)	(250,591)	-	3,750	-	-	(246,841)
Operação Decantação (Note 39)	-	-	-	-	-	-
Land regularization	32,400	8,420	-	-	(2,393)	38,427
Non-Onerous Intangible Fixed - Water	-	28	-	-	85	113
Non-Onerous Intangible Asset - Sewage	-	-	-	-	-	-
(-) Government Grants / Assistance	-	-	-	-	(113)	(113)
Amortization of Non-onerous assets	-	-	-	-	-	-
Total	2,610,291	70,168	1,018	(107,847)	14,463	2,588,093
Intangible in progress - Non-onerous	-	-	-	-	-	-
Non-Onerous - Water	42,232	4,698	-	-	(319)	46,611
Non-Onerous - Sewage	44,879	44,360	-	-	(60)	89,179
Total	87,111	49,058	-	-	(379)	135,790
Total Intangible	2,697,402	119,226	1,018	(107,847)	14,084	2,723,883

18.1) Government Grants

The balances of fixed assets and intangible assets include goods constituted with own funds and /or acquired with transfers of funds from the OGU - General Budget of the Federal Government and PAC - Growth Acceleration Program.

On December 19, 2007, transfer contracts were signed between the Federal Government, through the Ministry of Cities, represented by Caixa Econômica Federal and the Government of the State of Goiás, aiming at the execution of actions related to the urban water and sewage services program in several municipalities, with Saneago as Executing Intervening Party, which signed a covenant with several municipalities. The object of each covenant is to establish a joint action between Saneago and the Municipality, aiming at the execution of works to complement the sanitary sewage system and / or water supply system, as well as transfer the amount of the consideration, which is the responsibility of the State of Goiás to the Company.

Returns are dealt with in the transfer contracts in item 8.5.1, in Clause eight - Financial execution, according to the PAC Instructions Manual, in the following cases:

- When the purpose agreed in the contract is not executed;
- When the respective partial or final accounting is not presented within the regulatory period;
- When the funds are used for a purpose other than that established in the contract;
- When the amounts resulting from financial investments are used in disagreement with the contractual term, the execution / expansion of the object and as a consideration.

In the above cases, the realization of the return of the funds will obey the contractual rules of non-execution, partial execution of the object or non-compliance.

Explanatory Notes



The transfers by municipalities are detailed below:

City	Contract	12/31/2019.	Entry - PAC	Completed Works / Others	12/31/2020.
Formosa	0218016-87	7,689	-	-	7,689
St. Antônio do Descoberto	0218331-07	388	-	-	388
Cristalina	0226017-65	308	-	-	308
Goiânia - Meia Ponte	0226025-62	2,769	1,104	-	3,873
Valparaíso	0218021-51	114	-	(114)	-
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	50,936	17,888	-	68,824
Luziânia	0231460-45	57	-	-	57
Trindade	0237772-43	1,189	-	-	1,189
Goiânia	0350788-10	39,757	558	-	40,315
St. Antônio do Descoberto	0350796-17	2,652	-	35	2,687
Pirenópolis	0350884-88	1,422	-	-	1,422
Aparecida de Goiânia	0351738-28	3,094	-	-	3,094
Goiânia Jd Petrópolis SES	0408678-27	2,632	20830	-	23,462
Anápolis SES	0408691-99	19,595	1,538	-	21,133
Total PAC		142,568	41,918	(79)	184,407
Other Programs					
Pipeline João Leite	1524/01	729	-	-	729
Pipeline 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- Forest Recovery	0153005/16	1,011	-	(407)	604
Vianópolis	1288/14	-	131	-	131
Itapirapuã	1283/2014	-	51	-	51
Total - Other Programs		10,420	182	(407)	10,195
Total General		152,988	42,100	(486)	194,602

19. Loans and Financing - Inter-

American Development Bank (IDB)

Interest is paid semi-annually, in April and October of each year, at a rate determined by the IDB itself each semester. The interest rate on the payment made on Apr 11, 2020 was 1.23% per semester (2.48% per year). Amortizations are in semiannual installments, beginning on October 11, 2008 and ending on October 11, 2027.

Debentures, 4th Issuance

In December 2017, a private instrument was created for the deed of the 4th (fourth) issue of simple debentures, not convertible into shares, in a single series, of unsecured type with additional real guarantee, for public distribution with restricted distribution efforts, pursuant to CVM Instruction 476 dated January 16, 2009.

This Deed of Issue and the Fiduciary Assignment Contract were entered into in accordance with the 351st Meeting of the Management Board of Saneago, held on November 24, 2017, and 352nd meeting of the same board of December 15, 2017.

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Number of debentures issued	Unit value	Amount Collected (R\$)
130,000	1,000	130,000,000

According to the Private Instrument of Deed, clause 4.1.4, this operation contains restrictions where the Fiduciary Agent may declare overdue all the obligations set out in the deed and demand immediate payment, if they are not fulfilled (covenants). Such financial indexes related to debt coverage have their annual enforceability.

The financial index established for the 4th Issuance of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0, and for the closing on Sept 30, 2020, the Company has not breached the financial indexes related to debt coverage.

Debentures, 5th Issuance

In December 2018, a private instrument of deed for the 5th (fifth) issuance of simple debentures, not convertible into shares, in a single series, of unsecured type, with additional real guarantee, was made for public distribution with restricted distribution efforts, pursuant to of Article 59 of Law 6.404, of December 15, 1976 and CVM Instruction 476 of January 16, 2009.

This Deed of Issue and the Fiduciary Assignment Contract were entered into in accordance with the 370th Meeting of the Management Board of Saneago, held on November 08, 2018.

Number of debentures issued	Unit value	Amount Collected (R\$)
250,000	1,000	250,000,000

According to the Private Instrument of Deed, clause 4.15.1, this operation contains restrictions where the Fiduciary Agent may declare overdue all the obligations set out in the deed and demand immediate payment, if they are not fulfilled (covenants). Such financial indexes related to debt coverage have their annual enforceability.

The financial index, to be verified annually, established for the 5th Issue of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0 and at the end on December 30, 2020, the Company has not breached the financial indexes related to debt coverage.

Debentures, 6th Issuance

In September 2019, a private instrument was created for the deed of the 6th (sixth) issue of simple debentures, not convertible into shares, in a single series, of unsecured type with additional real guarantee, for public distribution with restricted distribution efforts, pursuant to article 59 of Law 6.404, of December 15, 1976 and CVM Instruction 476 of January 16, 2009.

This Deed of Issue and the Fiduciary Assignment Contract were entered into in accordance with the 387th Meeting of the SANEAGO Management Board, held on July 24, 2019.

Number of debentures issued	Unit value	Amount Collected (R\$)
140,000	1,000	140,000,000

According to the Private Deed Instrument, clause 4.15.1, this transaction contains restrictions where the Fiduciary Agent may declare all the obligations set out in the deed overdue and demand immediate payment, if the contractual conditions are not met.

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The financial index established for the 6th Issue of debentures is Adjusted EBTIDA less than or equal to 3.0 and must be verified annually by the Issuer and accompanied by the Fiduciary Agent. There was no breach of the financial ratios related to debt coverage until December 31, 2020.

Debentures, 8th Issue

In November 2020, a private instrument was created for the deed of the 8th (eighth) issue of simple debentures, not convertible into shares, in a single series, of unsecured type with additional real guarantee, for public distribution with restricted distribution efforts, under the terms of the Article 59 of Law 6.404, of December 15, 1976 and CVM Instruction 476 of January 16, 2009.

This Deed of Issue and the Fiduciary Assignment Contracts were entered into in accordance with the 429th Meeting of the Management Board of Saneago held on November 26, 2020.

Number of debentures issued	Unit value	Amount Collected (R\$)
220,000	1,000	220,000,000

According to the Private Deed Instrument, clause 4.15.1, this transaction contains restrictions where the Fiduciary Agent may declare all the obligations set out in the deed overdue and demand immediate payment, if the contractual conditions are not met.

The financial index established for the 7th Issuance of debentures is the adjusted EBTIDA less than or equal to 3.0, as required by the private deed of the 7th issuance of debentures, to be verified annually by the Issuer and accompanied by the Fiduciary Agent as of December 2020.

According to the Notice to the Market published on Apr 22, 2020 in compliance with the provisions of article 157, paragraph 4, of Act no. 6.404 of 1976 and of the Securities and Exchange Commission (CVM) Instruction no. 358/2002, Fitch Rating Brasil Ltda reviewed the Company's rating and affirmed the National Long-Term Rating of Saneago and its debenture issuances to 'A- (bra)', with the prospect of corporate rating to Steady.

BNDES

The respective loan and financing contracts with the BNDES contain restrictive clauses, with annual monitoring, which protect the creditor's interest by establishing conditions that must not be breached (covenants) that have not been fully met, related to debt coverage and ability to pay short-term obligations. On Dec 20,2019, the administration obtained from the Financial Institution the extinction of the enforceability of compliance with economic-financial indexes as of Dec 31,2019.

FIDC IV

At the general meeting held on June 5, 2017, as provided for in Article 50, paragraph (e) of the Fund's Regulation, a Saneago monitoring index evaluation event was created, establishing conditions that should not be breached and that may imply in early maturity of the debt if they are not fully met, related to the debt coverage, effective as of the end of the 2nd half of 2017.

There was no breach of the financial indexes, to be verified every six months, related to the debt coverage until December 31, 2020.

Explanatory Notes



Bank of Brazil

On December 20, 2017, a Bank Credit Note - CCB No. 330.701.235 was signed between Saneago and Bank of Brazil. According to the Bank Credit Note, Clause Ten contains restrictions where the Bank may declare all obligations in the deed overdue and demand immediate payment if they are not met.

It is worth mentioning that the financial indicators are monitored annually. In the position of December 31, 2020, the Company did not breach the financial indexes related to debt coverage.

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19.b Debenture Statement

Debentures	Home	Expiration	annual contractual fee	Costs of Transaction to Amount Raised			Guarantees	12/31/2020	
				Transaction	12/31/2019 appropriate				
Debentures, 4 th Issue	12/28/2017 - 12/15/2021		2.95% per year + CDI	1,448	146	130,000	b)	50,438	100,963
Debentures, 5 th Issue	11/15/2018 - 11/16/2023		2.5% per year + CDI	4,296	1,832	250,000	h)	203,910	250,741
Debentures, 6 th Issue	9/23/2019 - 9/23/2024		1.2% per year + CDI	3,226	2,046	140,000	i)	140,103	140,184
Debentures, 8 th Issue	11/27/2020 - 11/27/2025		2.45% per year + CDI	1,254	970	220,000	i)	220,150	-
Debentures Transaction Costs								(4,994)	(7,037)
				13,403	4,994	890,000		609,607	484,851

Current 133,409 95,524
 Non-Current 476,198 389,327

Description	Balance
Loans and Financing	355,886
Debentures	609,607
	965,493

- a) Earmarking revenue of 20% of the outstanding balance at the end of each month;
- b) Earmarking revenue of 150% of the value of each maturing installment;
- c) Disposal of the good to the Financial Agent
- d) Earmarking revenues of 2.2%;
- e) Earmarking Reserve account equivalent to 3 times the Service Monthly debt of CT.
- f) Earmarking revenue of R\$ 2 million, adjusted;
- g) Earmarking revenue of 10% of the outstanding balance at the end of each month;
- h) Earmarking revenue of 120% of the value of each maturing installment;
- i) Earmarking revenue of 110% of the value of each maturing installment;
- j) Earmarking revenues of 45%;
- k) Guarantee of the State of Goiás.

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Explanatory Notes



Non-current statement by maturity range	12/31/2020.
2022	258,350
2023	205,891
2024	129,300
2025 onwards	211,332
Subordinated Quotas FIDC IV	(86,711)
Transaction Costs	(20,714)
	697,448

19.c Transactions made in Loans and Financing

	01/01/20 to 12/31/20			01/01/19 to 12/31/19		
	Fundings	Amortizations and charges	Period Charges	Fundings	Amortizations and charges	Period Charges
Internal Financing	-	(19,788)	8,191	100,000	114,918	3,389
Inter-American Development Bank (IDB)	-	(16,978)	27,688	-	14,225	6,294
Banco IBM -Leasing	-	(945)	279	-	981	289
Investment Fund Cred. Rights Saneago INFR. IV	-	(139,132)	31,255	-	154,024	46,050
Subordinated Quotas FIDC IV	-	-	(2,350)	-	-	(5,325)
Covenants	-	(5,427)	4,117	3,920	20,901	12,965
Debentures	370,168	(273,010)	25,556	140,000	63,214	33,768
Transaction Cost	-	(4,433)	14,449	-	3,848	10,907
Subtotal	370,168	(459,713)	109,185	243,920	372,111	108,337
Leasing - Vehicles	-	(16,031)	2,973	-	12,096	104
Income from Financial Investments	-	-	(162)	-	-	(1,087)
Total	370,168	(475,744)	111,996	243,920	384,207	107,354
Capitalized Interests			(1,311)			(9,529)

19.d Leasing - Vehicles

The standard (CPC 06 (R2) / IFRS 16), established the principles for the recognition, measurement, presentation and disclosure of leasing operations, requiring the lessee to account for the leases according to a single model, that is, recognizing an Asset of Right of Use ("Lease Asset") equal to a Lease Liability, unless the leases are short-term (lease term of 12 months or less) and of low value.

The accounting policy adopted by the Company for the adoption of CPC 06 (R2) was that indicated by the Official Notice CVM SNC\SEP 02/19 and Official Notice OFÍCIO- Current/CVM/SNC/SEP/no. 01/2020, that is, inclusion of inflation in the future projection of contractual cash flows.

As of the financial year started on January 1, 2019, Saneago recognized the following leases:

Contracts - Vehicles	Future Payments	Impact of Rate of discount	Right of Use Leasing assets	Liabilities
1557/2017	6,256	(629)	5,627	5,627
97/2018	11,822	(1,346)	10,476	10,476
104/2018	1,081	(123)	958	958
119/2018	10,560	(1,245)	9,315	9,315
273/2018	12,802	(1,536)	11,266	11,266
309/2018	21,349	(2,499)	18,850	18,850
Total	63,870	(7,378)	56,492	56,492

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The total lease liability recognized in the balance sheet on December 31, 2020 and the Company's operating lease commitment on December 31, 2019 can be reconciled as follows:

Description	Balance in Future Value	Appropriation of Update of Amortization Rates	12/31/2020	12/31/2019	12/31/2019	Interest	
Vehicles	45,771	2,973	(622)	(16,031)	32,091	45,771	
					Current	14,837	13,150
					Non-Current	17,254	32,621
						32,091	45,771

20. Labor obligations

	12/31/2020.	12/31/2019.
Current		
Salaries Payable (a)	-	28,656
Alimony and Terminations	169	206
PREVSAN	24	-
CAESAN	6	-
Payday Loans	9	-
SESI, SENAI	2,472	1,922
Vacations Payable	59,541	52,663
13th Salary Payable	617	508
FGTS on vacation and 13 th salary	10,525	4,207
INSS payable from wages	17,164	15,701
Provision for INSS from Vacations and 13 th salary	17,147	15,167
Voluntary Job Termination Program (b)	1,967	2,625
Profit Sharing	34,160	27,631
	143,801	149,286
Non-Current		
Voluntary Job Termination Program (b)	-	1,932

- a) The wages for September 2020 were paid in full within the month.
 b) Refers to the amounts of food vouchers and medical assistance guaranteed by the Voluntary Job Termination Program.

21. Tax Obligations

	12/31/2020.	12/31/2019.
Current		
COFINS	13,119	12,452
Social Contribution	-	48
INSS Provision of Services	2,414	2,022
IRRF Payroll and Services	13,037	140
ISS	1,036	836
Installment payment with the Federal Revenue Service (a)	870	889
PIS Collectable	2,833	2,695
Withholding of Federal Contributions	504	567
	33,813	19,648
Non-Current		
Installment payment with the Federal Revenue Service (a)	7,314	8,071

Explanatory Notes



(a) Federal Revenue of Brazil

INSS - Social Security Debts

The Company adhered to the program specified in Law 13.496/2017, which regulated the Special Tax Recovery Program (PERT) with the Federal Revenue of Brazil and the Attorney General of the National Treasury. As a result, after the withdrawal in the judicial lawsuit no. 200935000107769, which levied social security contribution on the amounts paid as food vouchers in the year from 01/2004 to 12/2005, due to the non-registration in the Worker Food Program - PAT, carried out installment payments beginning on 09/2017 and ending on 01/2030:

	Principal	Fine	Inter	Charges / Compensat	Total
Installments 6,928	3,769	3,589	3,591	17,877	

22. Installments

Description	Start	Final	Quantity A	Update	12/31/2020	31/01/2019
I AGR - Goiás Regulation Agency T.A.0255/15	12/10/2015	12/10/2030	180	a)	11,432	11,999
II AGR - Goiás Regulation Agency T.A 054/18	5/10/2018.	4/10/2033.	180	a)	4,301	4,445
III Goiânia Municipality	6/23/2018.	9/21/2021.	20	-	1,574	3,473
IV STIUEG - Union of Workers in Urban Industries of the State of Goiás	8/6/2020.	3/8/2021.	8	-	1,594	-
V Prosl Projetos Supervisão e Planejamento	1/3/2021.	5/3/2021.	5	-	1,127	-
Others					155	59
					20,183	19,976
Current					5,252	2,672
Non-Current					14,931	17,304

a) Adjustment and monthly interests of 1.0% monthly.

I) AGR - Goiás Agency for Regulation, Control and Inspection of Public Services

On December 10, 2015, the Company signed an Instrument of Adhesion and Credit Installment No. 255/15, based on Law No. 18.109 dated July 25, 2013, amended by Law 18.957 dated July 16, 2015.

The amount includes remaining balances of the Instruments of Adhesion 024/2011 and 0102/2013 referring to the Regulation, Control and Inspection Fee - TRCF from previous years and Notices of Infraction related to non-compliance with regulatory requirements.

Explanatory Notes



Total Consolidated	
Principal	10,808
Formal Fine	2,797
Fine	42
Interests	133
	<u>13,780</u>

II) AGR - Goiás Agency for Regulation, Control and Inspection of Public Services

On May 10, 2018, the Company signed a Term of Adhesion and Credit Installment No. 054/2018, based on Law No. 18,109 of July 25, 2013, amended by Law 19.906 of July 14, 2017, which provides for a reduction interest and late payment fine, as well as monetary correction. The installment debt was R\$ 4,667 and refers to the Regulation, Control and Inspection Fee - TRCF in periods between 2016 and 2017.

III) Goiânia City Hall

On April 24, 2017, an Instrument of Agreement was signed between Saneago and the Municipality of Goiânia, in the amount of R\$ 16,089, of which R\$ 12,484 related to the consideration for the concession of services and R\$ 3,605 related to the cut measurements of asphalt from the period 2011 to 2016.

IV) STIUEG - Union of Workers in Urban Industries of the State of Goiás

On August 6, 2020, the Company signed a legal contract with Stiuieg arising from a labor action filed by the Union claiming the integration of the daily rates received above the percentage of 50% of the base salary of the replaced workers with due reflexes in overtime, 13th salary, vacation and FGTS.

V) PROSUL - Projetos, Supervisão e Planejamento Ltda

On December 20, 2020, a judicial agreement was made with Prosul - Projetos, Supervisão e Planejamento Ltda regarding the process 0020716-83.2011.8.09.0051. The agreement refers to the payment of late payment charges for the measurements of contracts 64/2006 and 1242/2008.

22.1 Contractual Obligations

	Description	Start	Final	Qty in Installment	12/31/2020.	12/31/2019.
I	Águas Lindas Municipality	12/28/2018	10/11/2019	4	15,220	15,220
II	Goiânia Municipality	12/17/2019	9/25/2020.	5	-	85,016
					<u>15,220</u>	<u>100,236</u>

I) Águas Lindas Municipality

On December 28, 2018, Saneago signed an Instrument of Agreement with the municipality of Águas Lindas in which it undertakes to transfer the amount of R\$ 20,293 to the Municipal Infrastructure Environmental Sanitation Fund - FMSAI of Águas Lindas, as a compensation for the advanced maturity of Concession Contract 170/2000 and upon execution of the Program Contract. The funds should be used for sewage works in the municipality and are conditioned to the effective fulfillment of the works schedule, and, according to the execution of the works, until the end of 2020, only the first installment was paid.

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II) Municipality of Goiânia

On December 17, 2019, Saneago signed a cancellation with the municipality of Goiânia, for which it paid the amount of R\$ 127,524 related to the grants and the cost of concession contract 393/1991. Considering the effects of the Covid-19 pandemic on its cash flow, on April 13, 2020, Saneago requested rescheduling and extension of the deadline for payment of the outstanding balance, this request being accepted by the municipality of Goiânia and the installment paid in September 2020.

23. Jointly Controlled Businesses - Consortia

Non-Current Liabilities	12/31/2020.	12/31/2019.
Águas Lindas Consortium (a)	619	5,055
Corumbá Consortium (b)	47,861	51,139
	48,480	56,194

a) Águas Lindas Consortium

The companies Saneago and CAESB formed the Águas Lindas Consortium on April 7, 2003, registered with CNPJ [Corporate Taxpayer's Registry]: 05.966.179/0001-50, headquartered at Quadra 45, Conjunto B, Lot 36 to 38, Rooms 01 to 04, Sector 01, municipality of Águas Lindas de Goiás, Zip Code 72.910-000. The duration of the Consortium is 31 (thirty-one) years, renewable for the same period and is linked to the concession contract between the municipality and the consortium companies.

The consortium's specific goal is to outline guidelines for carrying out studies, analyses and measures for economic exploitation and implementation of sanitation infrastructure, in all its phases and processes, including the implementation of water supply and sewerage systems in the municipality of Águas Lindas de Goiás - GO.

The Consortium's financial control (bank accounts and accounts receivable) is carried out by the consortium member Saneago, and the Consortium Management is shared by the consortium members through a joint resolution council. Expenses and investments are made by the consortium members and presented in monthly accounts, where one consortium approves the accounts presented by the other.

This consortium is rated as a joint operation. According to CPC 19 items 14 and 15, the integral parts that have joint control of the business have rights over the assets and obligations for the liabilities. According to the statute, the equity participation of the consortium members is equal in 50%, however it is disproportionate. On November 30, 2020, the consortium member CAESB holds 50.05% and Saneago 49.95% (on December 31, 2019, the consortium member CAESB holds 52.82% and Saneago 47.18%), the difference being recognized in Saneago's non-current liabilities.

Explanatory Notes



Equity - Consortium Aguas Lindas of					
	11/30/2020.	12/31/2019.		11/30/2020.	12/31/2019.
Asset			Liability		
Current			Current		
Cash and cash equivalents	505	2,148	Funds to be realized - Suppliers	2,393	3,675
Credits Receivable from Users	17,227	12,803	Labor obligations	790	376
Advanced expenses and advanced payments	677	677	Installments	16,550	15,220
Warehouse	414	-			
	18,823	15,628		19,733	19,271
Non-Current			Non-Current		
Accounts Receivable from Users	823	935	Provision for judicial claims	648	542
Judicial Deposits	225	225		648	542
Advanced expenses	18,320	18,940			
	19,368	20,100			
Fixed asset	117	143	Net Equity		
Contract's Asset	72,827	72,706	Participation Fund - Saneago	79,539	84,821
Intangible Asset	88,931	91,018	Participation Fund - Caesb	79,696	94,961
	161,875	163,867	Profit Reserves	20,450	-
				179,685	179,782
Total assets	200,066	199,595	Total liabilities	200,066	199,595

b) Corumbá Consortium

The companies Saneago and CAESB formed the Corumbá Consortium on September 17, 2009, registered with CNPJ [Corporate Taxpayer's Registry]: 18.801.675/0001-03, headquartered at Rua Recife, Quadra 184 Lote Área Especial, Parque Marajó, municipality of Valparaíso de Goiás. Its constitution is based on articles 278 and 279 of Law 6.404 dated December 15, 1976.

The consortium has as its exclusive object the implementation, operation and joint maintenance of the enterprise called Sistema Produtor de Água Corumbá and aims at meeting the demands of public water supply services in the municipalities of Luziânia, Valparaíso de Goiás, Novo Gama and Cidade Ocidental in the State of Goiás, and the satellite cities Gama and Santa Maria in the Federal District of Goiás.

Its management is exercised by a steering committee that will have ten members with equal representation and by an Executive Management that will constitute an administrative and operational management unit directed by two managers. The duration is 30 (thirty) years, renewable for equal and successive periods. On November 30, 2020, the consortium member CAESB holds 61.18% and Saneago 38.82% (on December 31, 2019, the consortium member CAESB holds 62.65% and Saneago 37.35%), the difference being recognized in Saneago's non-current liabilities.

Explanatory Notes



Below is the movement of provisions:

	Balance on 12/31/2019	Net provisions / reversals recognized	Balance on 12/31/2020
Civil Claims	39,025	16,360	55,385
Tax Proceedings	21,296	(14,159)	7,137
Labor Claims	80,825	1,159	81,984
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	1,063	27	1,090
Total	142,209	3,387	145,596

Civil, Tax and Labor Lawsuits

The Company is an integral part of several lawsuits with civil, tax and labor claims rated as probable losses by the legal advisors, duly provisioned in accordance with Resolution CVM 594/09 and CPC 25.

(a) Civil, Tax and Labor:

Nature	Lawsuit	Description	Plaintiff	Estimate
Civil	0215530-65.2004.8.09.0011	Execution TAC Aquifero Quartzítico Serra Areas	Public Prosecutor's Office of the State of Goiás	13,139
Civil	0378681-38.2014.8.09.0051	Improper charge of water meter	Public Prosecutor's Office of the State of Goiás	12,200
Civil	5532023-46.2019.8.09.0103	Provisional compliance with the request for reconsideration sentence	Minaçu City Hall	7,970
Tax	0026826-44.2018.4.01.3500	Tax Execution	Regional Chemistry Council	12,705
Labor	0001590-79.2011.5.18.0008	Reintegration into Public Employment	Individual Action	2,307
Labor	0010242-85.2016.5.18.0016	Collective Action claiming the payment of rest between shifts	STIUEG	41,526
Labor	0011614-8.2016.5.18.0004	Claim - Paid Weekly Rest	STIUEG	23,070
Labor	0011237-62.2015.5.18.0007	Moral damages for ETE's employees	STIUEG	4,614
Labor	0011549-64.2017.5.18.0008	Ordinary and extraordinary break between shifts employed	STIUEG	4,434
Labor	0011483-77.2014.5.18.0012	Request for payment of hours, supplementary labor	STIUEG	2,730
				124,696

Possible causes

They are not provisioned but are constantly assessed for the possibility of losses.

	12/31/2020		12/31/2019	
	Estimated Amount	Qty.	Estimated Amount	Qty.
Civil	183,788	1,307	287,346	1,333
Tax	522,226	10	243,934	22
Labor	4,467	11	2,707	19
	710,481	1,328	533,987	1,374

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Lawsuit	Plaintiff	Amount
5248830-79.2019.8.09.0051	Construtora Gilberti Ltda	3,000
0407844-63.2014.8.09.0051	Estal Limpeza E Servicos Gerais	5,000
5182910-61.2019.8.09.0051	M.P. Goiás Attorney General's Office	25,050
0250140-93.2009.8.09.0137	M.P. Goiás Attorney General's Office	4,000
5272466-11.2018.8.09.0051	M.P. Goiás Attorney General's Office	3,000
0390363-53.2015.8.09.0051	M.P. Goiás Attorney General's Office	3,000
0057557-58.2003.8.09.0051	Municipality of Goiânia	367,300
0241645-61.2008.8.09.0051	Municipality of Goiânia	4,164
0279704-45.2015.8.09.0093	Jatai City Hall	3,092
0421373-37.2007.8.09.0103	Minaçu City Hall	68,294
0350138-73.2008.8.09.0103	Minaçu City Hall	65,966
0350155-12.2008.8.09.0103	Minaçu City Hall	22,122
10.120.005.927/2003-84	Federal Revenue Service of Brazil	63,605
10.120.005.929/2003-73	Federal Revenue Service of Brazil	20,663
10120.734564/2018	Federal Revenue Service of Brazil	7,309
10120.734566/2018	Federal Revenue Service of Brazil	5,548
5379008-22.2018.8.09.0126	Sobrado Construcao Ltda	4,000
0010290-17.2020.5.18.0012	Stiueg	3,957
		679,070

27 Employee Benefits

27.a - Social Security Plan - Defined Benefit

According to Technical Pronouncement CPC 33 (R1), the pension supplementation plan for Social Security 001 managed by PREVSAN is a Defined Benefit plan, funded by contributions from active, linked, assisted and Sponsor Saneago participants. According to the plan's regulations, the Sponsor's monthly contribution is equal to the contributions made by active participants, maintaining the parity of one to one.

The benefits offered to employees are as follows: Disability Retirement Supplement, Supplement of Retirement by Length of Service or Contribution, Supplemental Retirement by Age, Supplemental Special Retirement, Supplemental Pension, Supplemental Annual Allowance, Proportional Deferred Benefit.

These benefits take into consideration the Real Benefit Salary, equivalent to the average of the Contribution Salaries to the Plan, and the amount of the benefit paid by the Official Social Security. To prepare the studies, actuarial valuations were carried out on the base date of November 30, 2020.

Calculation of Net Liabilities (Assets)	12/31/2020.	12/31/2019.
1 Deficit/(surplus) assessed		
1 Actuarial obligations determined in the actuarial valuation	1,184,225	1,142,184
2 Fair value of plan assets	(1,147,023)	(1,013,304)
3 Deficit/(surplus) assessed	37,202	128,881
2 Ceiling Effect of the Asset and Additional Liabilities		
1 Effect of the asset ceiling	-	-
2 Additional Liabilities	-	-
3 Ceiling Effect of the Asset and Additional Liabilities	-	-
3 Net liabilities / (assets) resulting from CPC 33 (R1)		
1 Liabilities / (Assets) net calculated (A.1.3 + A.2.3)	37,202	128,881

As can be seen in the table above, there is an appreciation of the assets of the pension plan from 2019 to 2020, however the resources existing in the pension plan on November 30, 2020 are not yet sufficient to guarantee the payment of commitments of the plan, also presenting an actuarial liability in 2020 of R\$ 37,202.

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Assumptions used to calculate liabilities and projections

The actuarial assumptions and methods adopted were those required by the standards of Deliberation of CPC 33 (R1) in order to establish when and how the cost to provide benefits to employees must be recognized by the employing company, as well as the information that must be disclosed in its financial statements. As required by the rules of the standard, the Projected Unit Credit method was adopted to calculate all actuarial obligations. In 2020, the following actuarial assumptions were used to calculate the weighted average of terms of future benefit payment flows of the Liability benefit plan.

Assumptions on	12/31/2020	12/31/2019
Actual actuarial discount rate	3.66%	3.31%
Expected real return on assets	3.66%	3.31%
Real wage growth rate of assets	3.30%	3.30%
Capacity factor on benefits	0.98	98.00%
Capacity factor on wages	0.98	98.00%
Expected inflation	3.32%	3.61%
Nominal discount rate	7.10%	7.03%
Expected nominal return on plan assets	7.10%	7.03%
Nominal rate of wage growth of assets	6.73%	7.03%
General mortality BR-EMSsb-2015, segregated by gender		BR-EMSsb-2015, segregated by gender
Mortality of disabled	MI-85 segregated by gender	MI-85 segregated by gender
Entry into disability	TASA 27	TASA 27
Annual turnover rate	1.00% per annum. Linear	1.00% per annum. Linear
Family Composition	Benefits to be granted: Average Family Benefits granted: Actual Family, according to registration of the assisted ones	Benefits to be granted: Average Family, Benefits Granted: Actual Family, according to registration of the assisted ones

27.b - Social Security Plan - Defined Contribution

Approved on April 16, 2019, according to Ordinance No. 310 of the National Superintendence of Complementary Social Security - Previc, CNPB No. 2019.0009-38, the 002 Social Security Benefit Plan, managed by PREVSA, is of Defined Contribution, that is, the modality whose benefits anticipated have their amounts adjusted to the balance of Quotas maintained in favor of the Participant, including in the benefit perception phase, considering the net result of its application, the amounts contributed and the benefits paid.

Funded by contributions from active, Self-sponsored, assisted participants and from the sponsor Saneago. The monthly contribution of the participants will be at least 3% of the SRC and the maximum at the discretion of the participant. Sponsor's contribution will be a minimum of 3% of the SRC and a maximum of 6.10%

27.c - Health Assistance Plan

The Saneago Employee Assistance Fund (CAESAN) is a private, non-profit association, designed to provide its taxpayer, dependent and aggregate beneficiaries with medical and hospital health assistance, under the unique sponsored Self-Management modality, by offering collective plans under the regime of contracting by adhesion, in the form and conditions provided for in the specific Benefits Regulation.

This way, the Health Assistance Program is maintained by normal and special contributions, based on 40% (forty percent) levied on the amount of expenses of employees during the activity, with regard to Saneago's sponsorship, as set out in Article 68 of the Regulations. For former employees and retirees who choose the program, they bear the cost and that which would be due by the sponsor, as provided in article 69 of the Regulation.

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The CAESAN Health Assistance Program has the characteristics of a Defined Contribution Plan. For purposes of compliance with Resolution CVM 695/12, the accounting of commitments for this type of Plan is assessed through the amount of Saneago's contributions applied to the Plan, which, in the period ended on December 31, 2020, was R\$ 21,964 (R\$ 24,956 on December 31, 2019), and actuarial obligations calculations are not required.

28. Net Equity

a) The share capital may be increased by resolution of the Company's Management Board, and regardless of the amendment to these Bylaws, up to the limit of R\$ 3,125,000,000.00 (three billion, one hundred and twenty-five million reais), pursuant to legislation in force and observing the proportion provided for in §4 below. (Art. 5 §1° of the Bylaw)

The Company's share capital, fully subscribed and paid in, is of 2,515,546,367.76 (two billion, five hundred and fifteen million, five hundred and forty-six thousand, three hundred and sixty-seven reais and seventy-six cents), represented for 2,515,546,367 (two billion, five hundred and fifteen million, five hundred and forty-six thousand, three hundred and sixty-seven) nominative, book-entry shares with no par value.

The shareholder, Companhia de Investimentos e Parcerias do Estado de Goiás - Goiás Parcerias, requested via Official Letter no. 091/2019 - GP, of Oct 18, 2019, and confirmed via Official Letter no. 004/2020 - GP, of Jan 9, 2020, the conversion of Ordinary Shares into Preferred Shares. The conversion in the amount of 170,998,719, (shown in the chart below), was approved in the Meeting of the Management Board no. 404/2020, of January 30, 2020.

Shareholders	12/31/2020.					
	Number of shares Ordinary Shares		Number of shares Preferred Shares		Total number of shares	
	Quantity	%	Quantity	%	Quantity	%
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	100.000000%	648,639,993	100.000000%	2,515,546,367	100.000000%

Shareholders	12/31/2019.					
	Number of ordinary shares		Number of preferred shares		Total number of shares	
	Quantity	%	Quantity	%	Quantity	%
State of Goiás	1,336,135,801	65.5642%	354,992,364	74.3220%	1,691,128,165	67.2271%
State Social Security Fund	488,016,887	23.9470%	122,637,514	25.6757%	610,654,401	24.2752%
Cia de Inv. E Parcerias Goiás	213,748,400	10.4886%	-	0.0000%	213,748,400	8.4971%
Others	4,005	0.0002%	11,396	0.0024%	15,401	0.0006%
Total	2,037,905,093	100.000000%	477,641,274	100.000000%	2,515,546,367	100.000000%

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

b) Capital Integralization

Until December 31, 2019 and December 31, 2020, there were no pay-ups.

c) Legal Reserve

It consists of the allocation of 5% of net income for the year up to the limit of 20% of share capital. The Company may cease to constitute the legal reserve in the year in which the balance of this reserve plus the amount of the capital reserves exceeds 30% of the share capital. The purpose of the legal reserve is to ensure the integrity of the share capital and can only be used to offset losses or increase capital. In addition, such a reserve cannot be used to pay dividends.

d) Equity Valuation Adjustment

This account was created by Law 11.638/07, amended by Law 11.941/09 and aims at recording, while not calculated in the income statement, the considerations of increases or decreases in amounts assigned to assets and liabilities, as a result of their valuation at fair value as well as the realization of the depreciation of these assets.

Equity Valuation Adjustment	12/31/2020.	12/31/2019.
Equity Valuation Adjustment	50,477	50,483
Deferred taxes on assigned cost (Note 14)	(17,162)	(17,164)
	<u>33,315</u>	<u>33,319</u>

e) Investment Reserve

The remaining balance of profit for the year, after deducting any accumulated losses, the legal reserve and the mandatory minimum dividend, is used to constitute an investment reserve, in accordance with Article 73, item II of the Company's Bylaws.

f) Dividends and Interest on Equity

The Company's Bylaws provide for the distribution of mandatory dividends of 25% of the net income for the year in accordance with corporate law, being due firstly to the holders of preferred shares, which will be paid within 60 days from the date on which it is declared in Ordinary General Assembly. By resolution of the Management Board, interest on equity may be attributed, which will be calculated on the Company's shareholders' equity based on the Long-Term Interest Rate (TJLP) as provided for in IN RFB 1.700/2017 and will be obligatorily offset distribution of mandatory dividends.

Explanatory Notes



Calculation of Dividends Payable	
Distributable Profit (2020)	336,352
Constitution of Legal Reserve (5%)	(16,817)
Adjusted Distributable Profit	<u>319,535</u>
Mandatory Dividends Offset (25%)	79,884
Interest on Equity Attributed to Dividends	<u>79,884</u>
Total earnings to shareholders in 2020	<u>79,884</u>

Type of shares	Quantity	Percentage	Total Compensation	Compensation per share
Ordinary Shares	1,866,906,374	74.21%	57,795	0.03096
Preferred Share	648,639,993	25.79%	22,088	0.03405
	<u>2,515,546,367</u>		<u>79,884</u>	

g) Profit per Share

The basic profit per action is calculated via division of net profit attributable to the shareholders of the Company by the weighted average of ordinary and preferred shares in circulation during the period. However, the shareholders of preferred shares are entitled to receive dividend of 10% (ten per cent) higher than that assigned to the ordinary shares, pursuant to section II of §1 of article 17 of the Brazilian Corporation Act;

Type of shares	Quantity	Percentage	Profit in the Period	Profit per Share
Ordinary Shares	1,866,906,374	74.21%	249,618	0.1337
Preferred Share	648,639,993	25.79%	86,728	0.1337
	<u>2,515,546,367</u>		<u>336,346</u>	

29. Net Operating Revenue

Gross Revenues	12/31/2020.	12/31/2019.
Water Supply and Sewerage Service	2,605,274	2,466,101
Technical Services	1,763	2,167
Sub-delegation Grant	9,100	9,100
Construction Revenue	169,996	144,307
Total	<u>2,786,133</u>	<u>2,621,675</u>
Incident Taxes and Returns		
PIS	(43,170)	(40,853)
COFINS	(198,842)	(188,172)
Returns and Rebates	(2,362)	(1,761)
	<u>(244,374)</u>	<u>(230,786)</u>
Net Operating Revenue	<u>2,541,759</u>	<u>2,390,889</u>

Explanatory Notes



30. Costs and Expenses

	12/31/2020.			12/31/2019.		
	Cost	Administrative	Commercial	Cost	Administrative	Commercial
Personnel	(591,611)	(315,558)	(117,877)	(574,942)	(315,546)	(112,368)
Material	(81,903)	(4,149)	(544)	(72,383)	(5,584)	(2,382)
Electricity	(212,816)	(2,427)	(9)	(221,339)	(3,039)	(197)
Third Party Services	(73,670)	(36,505)	(71,788)	(72,565)	(40,464)	(79,185)
Concession Compensation	-	-	(73,757)	-	-	(55,022)
General	(6,044)	(11,129)	(4,859)	(5,534)	(10,979)	(7,523)
Amortization	(101,810)	(6,693)	(35)	(101,208)	(2,356)	(38)
Depreciation	(3,944)	(18,648)	(125)	(3,692)	(16,427)	(179)
Pis / Cofins Credit on Depreciation and Amortization	13,254	561	5	-	13,495	-
Depreciation of Assigned Cost	(2)	(4)	-	(9)	(15)	(1)
Leasing Depreciation	(96)	(550)	(74)	(90)	(556)	(76)
	(1,058,642)	(395,102)	(269,063)	(1,051,762)	(381,471)	(256,971)
Construction Cost	(169,996)			(144,307)		
	(1,228,638)			(1,196,069)		

31. Net provisions / reversals

	12/31/2020.	12/31/2019.
Losses / Recovery of Prescribed Credits	(95,020)	(55,540)
Provision / reversal for contingencies	(3,387)	(40,728)
Net provisions / reversals special for Allowance for Doubtful Accounts	21,791	32,657
Provisions / Reversals of Losses in Civil Works	3,750	19,377
Provisions / Reversals of Losses in Stocks	10,203	(9,257)
Provisions / reversals of Other credits	-	10
	(62,663)	(53,481)

32. Other Operating Revenues / Expenses

	12/31/2020.	12/31/2019.
Employee Share of Profits and Results	-	(27,631)
Provision for Employee Profit Sharing and in Income	(33,635)	-
Other Operating Revenues / Expenses	(4,554)	2,351
	(38,189)	(25,280)

33. Net Financial Result

	12/31/2020.	12/31/2019.
Financial Revenues		
Interest, Fines and Income	47,366	45,136
Monetary Correction	22,518	20,173
Adjustment to Current Value - AVP	484	2,100
	70,368	67,409
Financial Expenses		
Interests / Fines / Charges and Other Expenses	(100,596)	(114,867)
Monetary Correction	(9,009)	(859)
Exchange Variation	(24,743)	(4,208)
	(134,348)	(119,934)
Net Financial Result	(63,980)	(52,525)

Explanatory Notes



34. Commitments assumed

In compliance with Law 11.445/2007, the Company has been changing the Concession Contracts to Program Contracts. Currently 62 contracts were renewed with municipalities in the state of Goiás, in which the investments to be realized within the contractual term are defined. Below is a breakdown of the amount to be invested and the amount realized

Municipalities	Maturity of Program Contract	Amount to be Invested	Amount invested up to 12/31/20 Saneago/12/20 BR	Amount invested up to such in Environment	Total invested
Adelândia	1/16/2048.	525	78	-	78
Águas Lindas de Goiás	12/28/2048	309,022	1,067	-	1,067
Anápolis	2/27/2050.	525,925	15,551	-	15,551
Anicuns	4/10/2048.	42,785	2,470	-	2,470
Aparecida de Goiânia	11/1/2041.	988,848	182,767	514,296	697,063
Aporé	4/6/2048.	7,682	216	-	216
Aragoiânia	12/26/2042	27,926	1,243	-	1,243
Araguapaz	3/16/2048.	5,210	884	-	884
Avelinópolis	1/22/2046.	1,724	241	-	241
Barro Alto	12/26/2042	32,703	1,801	-	1,801
Brazabrantes	2/6/2044.	8,056	1,257	-	1,257
Cachoeira Alta	7/27/2045.	26,167	892	-	892
Caldazinha	8/2/2048.	1,070	144	-	144
Campestre de Goiás	1/6/2046.	645	309	-	309
Campinaçu	8/12/2045.	13,146	9,733	-	9,733
Cavalcante	12/28/2048	1,612	2,033	-	2,033
Cezarina	12/17/2042	23,352	15,035	-	15,035
Cidade Ocidental	11/1/2041.	243,394	17,508	-	17,508
Cristalina	2/7/2044.	58,952	19,854	-	19,854
Davinópolis	5/4/2048.	506	28	-	28
Diorama	7/24/2047.	1,091	27	-	27
Divinópolis	10/5/2047.	675	152	-	152
Flores de Goiás	8/14/2044.	4,221	183	-	183
Goianã	10/3/2048.	1,457	132	-	132
Goianópolis	12/17/2049	3,419,897	103,187	-	103,187
Guarani de Goiás	9/15/2040.	962	589	-	589
Guarinos	2/16/2048.	1,383	143	-	143
Hidrolândia	8/3/2046.	9,737	2,405	-	2,405
Indiara	4/30/2044.	32,180	1,724	-	1,724
Inhumas	6/17/2050.	79,176	107	-	107
Israelândia	11/24/2039	3,300	3,999	-	3,999
Itajá	12/19/2042	2,328	334	-	334
Itapaci	12/28/2048	56,172	680	-	680
Itapuranga	12/28/2048	8,063	6,486	-	6,486
Jataí	11/1/2041.	114,116	32,964	87,019	119,983
Jussara	12/26/2046	5,759	754	-	754
Luziânia	12/1/2045.	366,853	27,256	-	27,256
Mambai	3/7/2046.	1,689	377	-	377
Mináçu	2/6/2044.	57,857	9,711	-	9,711
Morrinhos	11/30/2040	46,917	17,291	-	17,291
Morro Agudo de Goiás	5/2/2046.	1,198	371	-	371
Mozarlândia	12/28/2046	1,894	997	-	997
Nazário	5/4/2048.	2,280	227	-	227
Novo Gama	11/16/2048	253,055	1,830	-	1,830
Palmelo	10/29/2042	1,039	161	-	161
Perolândia	12/21/2048	499	170	-	170

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Explanatory Notes



Petrolina de Goiás	10/20/2041	6,797	6,999	-	6,999
Pires do Rio	11/3/2038.	10,529	23,239	-	23,239
Posse	6/12/2047.	19,945	8,734	-	8,734
Rio Verde	11/1/2041.	249,889	55,608	177,404	233,012
Santa Cruz de Goiás	6/28/2043.	1,497	289	-	289
Santo Antônio da Barra	12/29/2045	3,977	404	-	404
Santo Antônio de Goiás	12/2/2045.	15,868	646	-	646
Santo Antônio do Descoberto	6/10/2046.	55,686	22,133	-	22,133

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Explanatory Notes



São Domingos	12/28/2048.	1,334	269	-	269
São João D'aliança	5/31/2049.	3,033	1,250	-	1,250
São Luís de Montes Belos	12/19/2042.	41,928	4,937	-	4,937
São Miguel do Passa Quatro	12/18/2049.	8,686	271	-	271
Trindade	11/1/2041.	169,222	20,679	60,781	81,460
Uirapuru	12/28/2048.	699	58	-	58
Uruaçu	12/28/2048.	44,341	743	-	743
Valparaíso de Goiás	11/16/2048.	389,652	2,410	-	2,410
		7,816,131	634,037	839,500	1,473,537

35. Insurance (Unaudited)

On Jul 5, 2020, the Civil Liability Insurance for Managers and Advisors (D&O Insurance) was renewed for a period of 12 (twelve) months, whereby the insurer will pay, on behalf of the insured, any and all losses for which they will be legally obliged to pay due to a claim as a result of harmful acts caused by them, practiced or attempted during the retroactivity period or the period of validity of the insurance policy, provided that the referred loss does not exceed the maximum limit of guarantee that is fifty million reais. The total premium paid will be 307 thousand.

The Company does not have insurance that covers all the risks inherent to its business as well as its assets. The occurrence of any damage not covered may adversely affect its financial performance.

36. Operation and negotiation with related parties

Find below the entities that relate to Saneago, according to item 9, CPC 05(R1) and CVM 642 deliberation of Oct 7, 2010.

36.1 Operations with the State of Goiás

a) Dependency Relationship

Saneago maintains its status of non-dependent state company, that is, it does not receive any financial funds from the controlling entity, the Government of the State of Goiás, or financial fund to pay expenses with personnel or general or capital costs. Except those arising from an increase in shareholding.

b) Interest in Financing

The State of Goiás participates as guarantor in a loan contract signed between the Company and the Inter-American Development Bank - IDB, in addition to offering guarantees in financing contracts entered into with Caixa Econômica Federal and BNDES.

c) Service Provision

The Company provides water and sewage services to agencies of the direct and indirect public administration under the responsibility of the State of Goiás, in 2020 the Company's gross revenue with the State of Goiás was R\$ 158,204 thousand (in 2019 it was R\$ 137,172 thousand). The balance of overdue and to be due debts of these agencies is as follows:

Explanatory Notes



	12/31/2020.	12/31/2019.
Billed to be due	4,730	4,940
Maturing for more than 30 days	1,030	1,309
Overdue up to 30 days	1,614	5,677
Overdue from 31 to 60 days	1,135	2,647
Overdue from 61 to 90 days	1,158	2,631
Overdue from 91 to 120 days	364	2,480
Overdue from 121 to 180 days	915	4,670
Overdue from 181 to 360 days	2,566	13,683
Overdue from 361 days to 5 years	85,245	85,064
Overdue over 5 years	8,303	3,082
Estimate to be billed	2,718	3,138
(-) AVP Accounts Receivable	(51)	(69)
(-) PCLD	(106,201)	(125,288)
Subtotal	3,527	3,964
Credits receivable (Non-current)	1,697	2,924
(-) AVP Accounts Receivable	(226)	(475)
(-) PCLD	-	(2,121)
Subtotal	1,472	328
Total	4,999	4,292

Considering the history of receipt of invoices from State Agencies, the Company established a policy for the allowance for estimated doubtful accounts for bills overdue over 90 days.

36.2 Operations with Municipalities

a) The program contract with the municipality of Goiânia was signed on Dec 17, 2019 and expires on Dec 17, 2049. The contract provides for the monthly payment of 5% of gross revenue to the Municipal Basic Sanitation Fund of the municipality. Up to 12/31/2020, the gross revenue in the municipality of Goiânia was R\$ 985,207, and R\$ 49,260 were paid.

b) 23 of the 146 contracts in force, on December 31, 2020, are remunerated with values that vary between 2% and 5% of the municipality's revenue.

c) The Company has carried out reconciliations to settle its debts, by offsetting with the services provided by the City Administrations to the Company. On December 31, 2020, the balance of accounts receivable, overdue and to be due, referring to debts of the municipalities to which the Company provides services is R\$ 72,165, and 25 reconciliations were performed, with settlement of R\$ 609. (December 31, 2019 R\$ 60,993, and 30 account reconciliations were held, with a settlement of R\$ 559).

37. Management Compensation, Supervisory Board and Statutory Committee

The expenses related to the compensation of the members of the Management Board, Collegiate Board, Supervisory Board and Statutory Audit Committee were R\$ 6,162 as of December 31, 2020 (As of December 31, 2019, R\$ 6,080).

a) Management Board

The Management Board is the normative and deliberative body and is composed of a minimum of 7 (seven) and a maximum of 11 (eleven) members, who will receive monthly compensation of 18% (eighteen percent) of the average Compensation paid to the Directors of the Company.

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b) Collegiate Board of Directors

The Board of Directors is a collegiate executive body with powers to exercise the management of the Company, and has the following composition: President's Board, Commercial Board, Corporate Management Board, Financial Board, Investor Relations and Regulation Board, Production Board, Expansion Board and Legal Office. The General Meeting will set the board of directors' compensation that will not be lower than the highest compensation paid to the Company's employee. The Directors will receive compensations equivalent to the highest base salary of the Company, and 95% (ninety-five percent) of the highest bonus that is fixed for the position of Chief Executive Officer.

In the Company's Bylaws there are no clauses for the payment of bonuses or annual bonuses to the members of the Management Board and to the directors, however the directors who are employees of the Company receive the same benefits as the other employees.

c) Supervisory Board

The Supervisory Board is composed of a minimum of 3 (three) and a maximum of 5 (five) effective members and an equal number of substitutes. The General Meeting that elects the Supervisory Board will establish the monthly compensation of its effective members, observing the minimum limit, for each one, of 14% (fourteen percent) of the average of the compensations assigned to the Directors.

d) Statutory Audit Committee

The Statutory Audit Committee is a statutory advisory body directly linked to the Management Board, with operational autonomy to conduct or determine the performance of consultations, assessments and investigations within the scope of its activities. It consists of at least 3 (three) members and at most 5 (five) members, the election of substitutes is prohibited, observing the minimum requirements set forth in Law 13.303/2016. The Management Board, at the meeting that elects the Statutory Audit Committee, will set the monthly compensations of its effective members, which will be equivalent to 18% (eighteen percent) of the average compensation paid to the Officers of Saneago.

38. Supplementary information to cash flows

In relation to the Balance Sheet, variations with no effect on cash are reduced as shown below:

Asset	12/31/2020.	Liability	12/31/2020.
Credits Receivable from Users	(98,935)	Consortia	(7,714)
PCLD-Losses, Reversals / AVP	(113,453)	Transfers of Fixed / Intangible Asset	3,927
	<u>(212,388)</u>		<u>(3,787)</u>
Stocks	(4,774)		
Transfers of Fixed / Intangible Asset	2,222		
Estimated losses in stock Reversals	10,202		
	<u>7,650</u>		

39. Operação Decantação

On August 24, 2016, an operation called Decantation was initiated, aiming at ascertaining, within Saneago, the existence or not of irregularities in certain biddings promoted by the Company, under the argument that possible alignments and surcharges were occurring in these events, with possible overpricing in the execution of the respective contracts.

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The facts, as stated in the denunciation, would be causing deviations from federal public funds, originating from the PAC - Growth Acceleration Program - and from financing obtained from financial institutions, these funds were intended for the execution of works, in addition to other acts allegedly practiced to the detriment of Public Administration.

It is important to note that the Operation was triggered and founded on the need to investigate possible irregularities in the application of public funds, committed by some managers, employees and suppliers, and Saneago is not included in the legal claim of the denunciation.

The investigation was divided into two phases, broken down as follows:

- (I) verification of acts performed in the scope of the bidding for the work from which the acquisition of a set of motor pumps to be applied in the Raw Water Lifting Station of the Corumbá Production System IV;
- (II) verification of possible occurrence of fraud in the aforementioned bidding process and alleged overpricing in the Company's reference budget, and those responsible for alleged fraudulent acts would be taking advantage of their attributions for personal gain and they would still be occupying the respective positions.

By decision of the Federal Court, the entire Board of Directors was dismissed. The Management Board of Saneago acted promptly and, on the same day, Aug 24, 2016, at its 331st Meeting, decided that the Chairwoman of the Management Board, Ms. Marlene Alves de Carvalho e Vieira, would take over the Chair of the Company on an interim basis. This decision made it possible to maintain the regular and adequate provision of services to the population, as well as the commitments and charges assumed.

On August 29, 2016, at its 332nd Meeting, the Management Board met for the election of the Chief Executive Officer, and Mr. José Carlos Siqueira, filled the position and he remained in office until February 16, 2017. Mr. José Carlos was replaced with Jalles Fontoura de Siqueira, who remained in office until 12/31/2018. In other words, measures intended to restore the Company's Board of Directors were taken immediately, providing shareholders, the market and the population with legal and administrative security. Subsequently, the other members of the Collegiate Board of Directors were elected, which was composed in part by career employees of Saneago.

The members of the Permanent Bidding Commission (CPL) who were denounced in the operation were removed from the positions of trust they held through Board Resolution No. 123/2016, dated September 6, 2016. Those who were career employees were removed from the company for 120 days as determined by the courts. These employees subsequently returned from removal, however, they do not have any decision-making powers in any department within the Company, and none of them make up the CPL anymore. Those who did not belong to the career were returned to their original agencies. In the same Resolution, new members were appointed to the bidding committee.

On September 8, 2016, the Company's Management Board, through Process No. 18.683/2016, authorized the hiring of a company to internally investigate the irregularities pointed out in the Operation

On December 26, 2016, the announcement of the Electronic Auction No. 41/2016 was published, in which the company Maciel Auditores S/S was declared the winner. The contract was signed on January 30, 2017 and the term established for the execution of the services was 60 (sixty) days. On March 22, 2017, the audit hired requested an additional 30 (thirty) days for the completion of the services, which was granted by Saneago with technical and legal support.

Explanatory Notes



The report of the company hired to investigate any irregularities identified in Decantation Operation was completed on Apr 26, 2017, which conclusion was in favor of the lawfulness of the bidding procedures object of the works, with no stain capable of overruling the respective competitions.

On the other hand, the report found some non-compliance regarding the execution of works, which led to the adoption of several measures to check the non-compliance. These measures boosted the management and execution of works, including as regards the control of materials, equipment and reception of works, especially with the acquisition of the Enterprise Resource Planning - ERP system.

As of 11/10/2017, after amendment to the Bylaws, the Statutory Eligibility Committee was created, which started to analyze all the nominees to assume the positions of Officers, Tax Advisors, and members of the Statutory Audit Committee, in compliance with Act 13.303/2016, further strengthening legal certainty in relation to company officers.

Another relevant point is the adoption by the company of the electronic system of Bank of Brazil to carry out the trading sessions (e-bidding).

Due to the negotiations carried out between the Ministry of Cities, the Federal Public Ministry (MPF), the Federal Comptroller General (CGU), Caixa Econômica Federal (CEF), the construction consortium (Contractor) and Saneago, the contract was renegotiated in relation to values of the pumps, with the consequent signature of the Addendum, which enabled the effective resumption of the works of the implementation of the Corumbá IV Water Production System, currently in the final phase of the work.

As for the works on the Sanitary Sewage System in Goiânia, a technical note / justification was presented to CEF on the item "transportation", which was being questioned by the financial institution. After analysis and with authorization from CEF and the Ministry of Cities, the works were resumed, including those related to the secondary treatment of the Hélio Seixo de Brito Sewage Treatment Plant. The Company, aiming at its credibility with Shareholders, the Market and the population, understood the need to hire a Forensic Expert service in order to, along with the conclusions of Maciel Auditores S/S, offer an environment endowed with the necessary legal security and also provide comfort to the issuance of an audit opinion on the financial statements of December 31, 2017. Thus, it promoted the hiring of "Ernst & Young - EY", through Processes No. 20.734/2017 and 2.474/2018, which resulted in the contracts signed on

Dec 15, 2017 and Feb 16, 2018, to promote the provision of "Specialized Technical Services for the Execution of Forensic Investigation". In this context, the Statutory Audit Committee was created, which, in view of its duties, monitored and adjusted the investigation plans along with "Ernst & Young".

In the performance of the expert examination, the following procedures were executed:

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- Data collection and information processing with specific forensic methodology and tool;
- Survey of individuals and companies investigated by Operation Decantation;
- Detailed research in public sources for the companies and individuals mentioned above and in the reports of CGU - Comptroller General of the Federal Government, TCU - Federal Audit Court, MPF - Public Prosecutor's Office, among others;
- Background Check of the signatories who sign the letter of representation;
- Preparation of a list of custodians and keywords based on the allegations for document review and conflicts of interest;
- Financial and engineering analysis of a sample of contracts signed in the period from 2007 to 2017 linked by similarity to the object of the investigation - execution of works.

The Final Forensic Audit Report was also presented to the Statutory Audit Committee (CAE) in August 2018, which was assessed by the Committee, in conjunction with Independent Advocacy, and the analysis was completed in January 2019. Even before that conclusion, the CAE started to adopt the necessary measures to confirm the findings indicated in the forensic audit, as well as to determine liability and possible application of penalties.

The report in question points to the existence of some audit findings on the following matters:

- i) quantifiable findings, resulting from financial, accounting and management data on engineering matters, with the 2007-2017 financial years as a reference period, through finance analyses, contracts, price comparison, unit price evaluation and other transactions;
- ii) data and personal and business history research procedures, to identify relationships and possible conflicts of interest (background check).

All quantifiable findings were cataloged by the CAE and forwarded to the company's Internal Audit, where some have already been concluded and the rest is under investigation to confirm (or not) their origin, with the need for conclusive reports.

Regarding the Background Check, the Statutory Audit Committee is monitoring the investigations necessary to confirm (or not) the hypotheses mentioned in the referred Report, which concern alleged conflicts of interest and / or misconduct, as well as any other situations rated as irregular or violating ethics or other important values to the Company, with some reports already issued and approved by the Management Board on December 13, 2018 in accordance with Minutes 372 of RCA.

Concomitantly, the Company's management identified the possible accounting effects, through the application of a reasonable methodology that enabled the measurement of amounts to be provisioned. As a result of the evaluation and consistency process of the EY Report and its findings and in accordance with the surveys of the additional payments allegedly undue by the company to its contractors, the impacts of the damages caused in Saneago's financial statements can be measured or evaluated considering the following premises:

- Saneago does not tolerate corruption or any illegal business practices on the part of its suppliers, contractors or service providers, nor the involvement of its employees, officers or any person who, internally or externally to the Company, exercises management or has power over its management, considering such practices as harmful to its assets and / or image;

Explanatory Notes



- The Company is conducting internal audits to qualify and quantify all damages pointed out directly or indirectly in the EY Report, also adopting all administrative measures and representations to repair such damages;
- it is impracticable to quantify the amount of supposedly additional payments for all contracts entered into by the Company, in the period considered, being only possible to calculate consistent estimates from the sample available in the EY Report;
- The Company has not yet recovered any amount related to the allegedly undue additional amounts related to contracts subject to these provisions and cannot reliably estimate any recoverable value at this time, and such amounts will be recognized when actually recovered as a result of receivables or when their realization is virtually certain.

In the Final Forensic Audit Report, some possible irregularities were pointed out. The Report analyzed 48 (forty-eight) contracts considered to be priority, totaling a payment base in the amount of R\$ 1,166,017,569.00 (one billion one hundred and sixty-six million, seventeen thousand, five hundred and sixty-nine reais). The sample was made considering payments made to certain companies in the period from 2007 to 2017.

Regarding this sample, the forensic audit pointed out discrepancies that would total R\$ 74,426,982.00 (seventy-four million, four hundred and twenty-six thousand, nine hundred and eighty-two reais), which corresponds to a percentage of 6.383% (six integers and three hundred and eighty-three thousandths percent) of the sample payments amount.

In effect, the Company updated the data referring to the supposedly additional payments made in the period considered, extrapolating it to the other payments to companies raised in the Audit Report, which totaled the amount of R\$ 1,785,111,980.00 (one billion, seven hundred and eighty-five million, one hundred and eleven thousand, nine hundred and eighty reais), on which the same percentage was applied, resulting in an amount of R\$ 113,943,821.00 (one hundred and thirteen million nine hundred forty-three thousand eight hundred twenty-two one reais), as estimated discrepancies that should be written off (provisions).

The Management Board had approved provisioning, still on 12/31/2017, based on findings in the preliminary reports of the forensic audit, in the amount of R\$ 64,785,432.00 (sixty-four million seven hundred eighty-five thousand four hundred and thirty-two reais).

After the conclusion of the reports and analysis of the multidisciplinary team, including technicians from the Company and CAE, a reasonable one was found to complement the existing provision, as shown in the table below:

Description		In Real Currency
Sample (Period 2007/2017):		
Amount paid in Priority Contracts (EY Report)	A	1,166,017,570
Amount of discrepancies pointed out in the EY Report in Priority Contracts	B	74,426,982
Ratio % of Discrepancies X Priority Payments	(B*100/A) C	6.383 %

Explanatory Notes



Extrapolation of samples in the universe of works contracts (Period 2007/2017)			
Total amount paid in all contracts related to the "Operation Decantation"		D	1,709,805,620
Total amount paid in contracts of companies listed on Background Check		E	75,306,360
	Subtotal	(D+E)	1,785,111,980
Estimated provision on contracts related to the "Operation Decantation"		F	113,943,821
Amount provisioned on December 31, 2017		(F*C/100)	64,785,432
	Subtotal	(G-D)	49,158,389
Tax effects on contracts posted as regards the result		H	4,550,663
Supplementary provision restated on January 1, 2018		(I+L)	53,709,052

The judicial process that investigates the facts within the scope of the Federal Police operation called "Decantation Operation" is still in the process of receiving the denunciation filed by the MPF [Public Prosecutor's Office].

Additionally, considering the facts that occurred on March 28 and April 4, 2019, in which the Federal Police triggered the developments of the 1st operation, the Company issued communications to the market in which it states the following:

- In relation to the operation initiated by the Federal Police, related to events that occurred in the period from 2012 to 2016, Saneago points out that the current management of the Company has prioritized the implementation of the best governance and compliance practices, to ensure fairness and transparency in all processes of the Company;
- Among the actions taken is the creation of the Governance Superintendence, the unit responsible for the implementation of a series of strategic policies, such as the Policy of Responsibilities, a document that regulates the decision-making by the Collegiate Board of Directors, the Conflict of Interest Prevention Policy, in compliance with the Company's Code of Conduct and Integrity, the Policy on Transactions with Related Parties and the Policy for the Prevention of Corruption Acts;
- Saneago also informs that it remains providing all the collaboration necessary for the investigations and is protected from the actions taken, since the Company is not part of the case file. Saneago is entirely at the disposal of the authorities to provide any clarifications that may arise and will keep the market informed in due course.

It is also important to highlight that there is mention, in Operation Decantation 3, that some companies mentioned in the 1st Operation phase would still be executing contracts with Saneago. However, the Company trusts the governance measures adopted after 2016, among which stand out the following:

1. The Compliance and Risk Management departments are working on the preparation of risk matrices in all contracts of the companies mentioned in Decantation 1, 2 and 3, in order to clarify the risks to which Saneago would be exposed in these contracts, as well as how to envision actions to mitigate these risks;
2. The Compliance Management is restructuring the flow of indication of management positions in the company, in accordance with the Resolution of the Collegiate Board of Directors;
3. A study was carried out on the adequacy of the Contract and Supplier Management process to the company's Code of Conduct and Integrity, to the Policies to Prevent Acts of Corruption, to the Conflict of Interest Prevention and to Saneago's Hiring Procedures Regulation, which resulted in the creation of two statements that are required from suppliers.

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The Compliance and Risk Management Departments carried out work which consists of the preparation of risk matrices in the hiring of companies mentioned in Operations of Decantation 1,2,3 for the diagnosis of intrinsic risk, according to the manager's perception, as well as the awareness of this on the risk events in the execution of these contracts, resulting in medium and high risk for Saneago, in which mitigation measures are being established to reduce the risk.

It is also important to inform that the Judge conducting the case file of the criminal proceeding resulting from the operation called "Decantation - Phase 1" (Case No. 0020618-15.2016.4.01.3500), pending in the 11th Federal Court of the Judicial Section of Goiás, rendered decision rejecting the denunciation filed by the Public Prosecutor's Office, to the extent that the Judge understood, that the initial criminal case did not meet the requirements contained in the Criminal Procedure Code to be received by the Judiciary. It is important to note that the merit of the denunciation was not considered, since the reason for the rejection, whose decision will still be analyzed in appeal, was based on non-compliance with formal requirements provided for by law.

In January 2020, the Federal Public Prosecutor's Office disagreed with the first instance decision that rejected the denunciation for being manifestly inept (lack of minimum requirements for the accusation), filed an appeal in the strict sense (RESE) challenging for the reversal of the decision and, consequently, continuation of the criminal action. The appeal was only known and awaits a decision on the merits of the judge responsible for the lawsuit, who can reconsider and accept the denunciation. If the decision is upheld, the case files go up to a higher instance, the Federal Regional Court for a collegiate decision.

Finally, it should be noted that Saneago was one of the first companies in the country to comply with the provisions of Law No. 13.303, dated June 29, 2016, including with regard to the preparation of its own hiring regulations. Under these terms, all companies would have a period of 2 (two) years to comply with the precepts of said law. Since the end of 2016, then, several internal measures have been adopted in order to adapt the company to these precepts, and in early 2018 the measures determined in the Statute of the State-Owned Companies were already fully and effectively implemented in Saneago, that is, almost 6 months before the final deadline.

Explanatory Notes



Ricardo José Soavinski
Chief Executive Officer

Marcos Roberto Custódio Santos
Commercial Director

Silvana Canuto Medeiros
Corporate Management Director

Paulo Rogério Bragatto Battiston
Financial Director, Investor Relations and Regulation

Mauro Aparecido Lessa de Souza
Production Director

Fernando Cozzetti Bertoldi de Souza
Expansion Director

Ariana Garcia do Nascimento Telles
Legal Attorney

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Opinions and Statements / Independent Auditor's Report - Without reservation

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To
Shareholders, Officers and Directors of
SANEAMENTO DE GOIÁS S.A
Goiânia – GO

Opinion

We have examined the financial statements of Saneamento de Goiás S.A. ("Company" or "Saneago"), which comprise the balance sheet as of December 31, 2020 and the respective statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well such as the summary of the main accounting policies and the other explanatory notes.

In our opinion, the aforementioned financial statements adequately present, in all material respects, Saneamento de Goiás SA's equity and financial position as of December 31, 2020, the performance of its operations and its cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section, entitled "Auditor's responsibilities for auditing the financial statements". We are independent from the Company, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Emphasis

Operation Decantation

We draw attention to Explanatory Note 39, which discloses the events and measures taken by the Company arising from the operation "Decantation" of the Federal Police and the Federal Prosecutor's Office, as well as the accounting adjustments contained in the financial statements resulting from the conclusion of the audit report. forensics, hired for this purpose. The judicial process is in progress, and is in the process of receiving the complaint offered by the MPF [Federal Prosecutor's Office]. Our opinion does not contain any changes related to this matter.

Main audit matters

Main audit matters are those that, in our professional judgment, were the most significant in our audit for the current year. These matters were dealt with in the context of our audit of the financial statements, as a whole and in forming our opinion on these financial statements, and therefore we do not express a separate opinion on these matters.

Recognition of revenue and information technology environment

According to note 2.5, the revenues from water supply and sewage treatment and activities associated with the service, being recognized there is the fulfillment of performance obligations with the consumer through the supply of water. The revenue recognition process is relevant to the Company's performance and to the achievement of performance targets on the base date of the financial statements, which inherently adds components of risk of fraud. It is also observed that the transactions for water supply and sewage treatment are substantially processed through automated routines and controls. In view of the risk of fraud on the revenue recognition process and the high systemic dependence and the potential effects on the accounting record of revenue from accounts receivable, the technology environment, including the information system, as well as the controls on accessing and managing changes to its systems, we consider this a significant issue for our audit.

Audit response to the matter

Our audit procedures included, among others, carrying out tests through sampling and with the assistance of our information technology specialists, to assess the design, implementation and operational effectiveness of the key internal controls on changes, alterations and appropriate access to water supply operations systems. We also analyzed, with the help of our information technology specialists, the interface and integrity of the information between the main systems used to record revenue from water supply and the respective generation of financial information.

For the Company's water supply transactions, we analyze the reconciliation of revenue with accounting balances. Our procedures also included the correlation between cash inflows and revenues recorded by the Company during the year in order to assess the recognition of revenue, in addition to the analysis of the subsequent settlement of the outstanding accounts receivable balance on the audit base date.

We carried out analytical procedures on the year's revenue, comparing the amounts recognized with the water consumption information and the number of consumer units of the Company during the year, as well as analyzing whether the revenue growth is in accordance with the tariff readjustments approved by the Regulatory Agency (Goiania Regulatory Agency - AGR).

We conducted tests to obtain reasonable assurance about the "cut" of the Company's revenue made at the end of the year, which recognizes in the accounting records, measurements not yet invoiced due to the reading period of the Company's consumers' meters. We also evaluated the appropriate disclosure in explanatory notes.

Based on the audit procedures summarized above, we consider that the Company's revenue recognition policies are appropriate to support the judgments, estimates and information included in the financial statements taken as a whole.

Estimated allowance for doubtful accounts

As mentioned in Note 7 to the financial statements, the Company has an estimated allowance for doubtful accounts that involves a high level of judgment by Management. This judgment involves the evaluation of several assumptions and internal and external factors, including default level, renegotiation and installment policy and current and prospective economic scenario with respect to Covid.

This judgment considers several assumptions in determining the provisions. The allowance for doubtful accounts are set up taking into account Management's expectations and are based on the Company's internal policy.

Audit response to the matter

Our audit procedures included the assessment of the estimate defined by Management to set up a allowance for doubtful accounts, carrying out a mathematical recalculation of said provision and challenging Management's judgment due to the defined estimate where we total all credits, regardless of whether they are due, from consumers with invoices recorded as allowance for doubtful accounts ("drag effect"). We assessed this total as part of our assessment of the risk of material misstatements in the financial statements. As well as the review of the appropriate disclosure of the explanatory notes.

Based on the evidence obtained through the procedures summarized above, we believe that the estimate of the allowance for doubtful accounts is acceptable, as well as the disclosures in the explanatory note.

Intangible Assets

As mentioned in Note 18 to the financial statements, there are several types of transactions that affect the item of intangible assets, such as signing new concession contracts, evaluating the framework of existing contracts in the accounting standard for concessions, adding new infrastructures, and amortization of the assets that make up the balance of built infrastructure. Due to the relevance of the balances recorded in this item, the potential financial impact resulting from the signing or breaking of current concession contracts, construction of new infrastructure and amortization of current balances, we believe that this area is relevant and had special attention during our audit.

Audit response to the matter

Our audit procedures included assessing the design, implementation and effectiveness of existing key internal controls related to new infrastructure additions, amortization of intangible assets, administration and management of new and existing concession contracts, and validating the construction margin used by the Company in order to guarantee the integrity, existence, accuracy and valuation of the balances classified as intangible assets. We carry out procedures through samples to check the supporting documentation for the new additions and their eligibility for capitalization. Among the verified documentation included invoices, contracts, measurements and payments for additions occurred during the year 2020 and previous years. We recalculated the amortizations recognized during the year 2020 and previous years and compare them with the balances recorded in the accounting, involving experts to assist us in the assessment of the assumptions used to define the depreciation rates, we evaluate the transfer of assets under construction to operation, we carried out procedures to recalculate the construction margin and made a technical assessment to conclude on the adherence of the concession contracts to the respective accounting standard. We assess the sufficiency and appropriateness of the disclosures made in explanatory notes regarding the requirements described in the relevant accounting standards for this topic.

Based on the result of the above procedures, we consider that the balances classified as intangible assets and their respective disclosures are acceptable, in the context of the financial statements taken as a whole for the year ended December 31, 2020.

Post Employment Benefits Recognition

As mentioned in Note 27 to the financial statements, the Company has post-employment benefits in which the obligation is calculated based on the estimated future benefit that employees will receive as a return for the services provided. Due to the complexity and subjectivity in the estimate resulting from the actuarial valuation of health and benefit plans, as required by CPC 33 - Post-employment benefit, the Company is at risk regarding the proper measurement and accounting of assets and liabilities arising from post-employment benefits, in addition to the high degree of judgment associated with the measurement process of the Company's actuarial obligation, which includes the use of highly subjective and complex assumptions such as long-term interest rates, rates of return on plan assets, rate of salary increase, turnover, mortality, discount rates and inflation. Variations in these assumptions may have a material impact on the amounts recognized in the financial statements.

Audit response to the matter

Our audit procedures included, among others, the involvement of experts in the actuarial area to assist us in assessing the assumptions used in calculating the actuarial liabilities of the post-employment benefit plans, comparing them with comparable market data and benchmarks developed internally from independent calculations performed as part of our procedures. In addition, our specialists assisted us in assessing the adequacy of the disclosures made by the Company in relation to the subject. In relation to the

Plan's assets, our audit procedures included tests to confirm the existence and valuation together with specialists on the valuation carried out of these assets. As well as the review of the appropriate disclosure in the explanatory notes.

Based on the result of the audit procedures summarized above, we consider the judgments, estimates and disclosures prepared by Management included in the notes to be appropriate.

Realization of Deferred Income Tax and Social Contribution Assets

Audit response to the matter

According to Note 14, the Company recorded deferred income tax and social contribution assets in the amounts of R\$ 200,589 as of December 31, 2020, arising from tax losses and negative bases, as well as on temporarily non-deductible and / or taxable differences. Management assesses at least annually the risk of impairment of this asset, based on the discounted cash flow financial model of future taxable profits, which requires Management to adopt certain assumptions based on information generated by its internal reports, in which it involves significant judgment on the future profits of the Company, so that any adjustment in the assumptions used may generate significant effects on the assessment and impacts on the Company's financial statements, taken as a whole, so we understand that this area is relevant and had special attention during our audit.

Our audit procedures included the following procedures: Inquiry about the future cash flow forecasts prepared by Management and the process used in their preparation, including comparison with their most recent business plans; Inquiry about the main assumptions and criteria adopted by Management in relation to the long-term growth rates in the forecasts, through comparison with economic and sector forecasts and the discount rate; Evaluation of the reasonableness of the cost of capital used in the projections; Assessment of the extent of changes in the assumptions that would be required individually or collectively, to result in impairment losses on this asset.

Based on the result of the audit procedures summarized above, we consider the judgments, estimates and disclosures prepared by Management included in the notes to be appropriate.

Another subjects

The statements of added value

The statements of added value (DVA) for the year ended December 31, 2020, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out in conjunction with the audit of the Company's financial statements. To form our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of added value have been properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent with the financial statements taken as a whole.

Other information accompanying the financial statements and the auditor's report

The Company's Management is responsible for this other information, which comprises the Management Report.

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

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

Management and governance responsibilities for financial statements

Management is responsible for the preparation and adequate presentation of the financial statements, in accordance with accounting practices adopted in Brazil and with the international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB) and for the internal controls that it has determined as necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, management is responsible for assessing the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless management intends to liquidate the Company and its subsidiaries or cease its operations, or has no realistic alternative to avoid closing operations.

Those responsible for the Company's governance are those responsible for supervising the process of preparing the financial statements.

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards always detects any relevant existing distortions. Misstatements may be due to fraud or error and are considered relevant when, individually or jointly, they may influence, within a reasonable perspective, the economic decisions of users made based on said financial statements.

As part of the audit carried out in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement in the financial statements, whether due to fraud or error, planned and

performed audit procedures in response to such risks, and obtain sufficient and appropriate audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud can involve the act of circumventing internal controls, collusion, forgery, omission or intentional misrepresentation.

- We obtained an understanding of the internal controls relevant to the audit in order to plan audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.

- We assessed the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.

- We concluded about the adequacy of the use, by management, of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may raise significant doubts in relation to the Company's operational continuity capacity, and its subsidiaries. If we conclude that there is material uncertainty, we must draw attention in our audit report to the respective disclosures in the financial statements, or include changes in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company and its subsidiaries to no longer continue as a going concern.

- We evaluated the general presentation, structure and content of the financial statements, including the disclosures and whether the financial statements, represent the corresponding transactions and events in a manner consistent with the purpose of proper presentation.

We communicated with those charged with governance regarding, among other things, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our work.

We also provided those charged with governance with a statement that we have complied with the relevant ethical requirements, including applicable independence requirements, and communicate any possible relationships or issues that could significantly affect our independence, including, where applicable, the respective safeguards.

Of the matters that were the subject of communication with those charged with governance, we determined those that were considered most significant in the audit of the financial statements for the current year and, therefore, constitute the main audit matters. We described these matters in our audit report, unless the law or regulation has prohibited public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be reported in our report because the adverse consequences of such communication may, within a reasonable perspective, overcome the benefits of communication to the public interest.

Goiânia, March 11, 2021.

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

Alfredo Ferreira Marques Filho Accountant CRC 1 SP 154954/O - S - GO

Opinions and Statements / Opinion of the Supervisory Board or Equivalent Body

OPINION OF THE SUPERVISORY BOARD

The undersigned, effective members of the Supervisory Board of Saneamento de Goiás S.A. - Saneago, in the use of its legal and statutory attributions, after analyzing the documentary material, declare that the Financial Statements for the 4th Quarter of 2020 are in perfect order and are ready to be approved by the Board of Directors, for this purpose, called.

Goiânia, March 10, 2021.

Pedro Henrique Ramos Sales
Chairman of the Supervisory Board

Antônio Carlos de Souza Lima Neto
Supervisory Board Officer

Levi de Alvarenga Rocha
Supervisory Board Officer

Bruno Magalhães D'Abadia
Supervisory Board Officer

Opinions and Statements / Directors' Statement on the Financial Statements

Directors' statement on the Financial Statements for the year 2020

We have revised the Financial Statements in the Standardized Information - DFP for the period ended December 31, 2020, of Saneamento de Goiás S/A - SANEAGO and based on the documentary material and internal discussions, we agree that such Statements, adequately reflect all relevant aspects, the equity, income and financial position of the period presented.

Goiânia, March 5, 2021.

Ricardo José Soavinski
CEO

Marcos Roberto Custódio Santos
Commercial Director

Silvana Canuto Medeiros
Director of Corporate Management

Mauro Aparecido Lessa de Souza
Production Director

Paulo Rogério Bragatto Battiston
Investor Relations and Regulation Financial Director

Fernando Cozzetti Bertoldi de Souza
Expansion Director

Ariana Garcia do Nascimento Teles
Legal Attorney

Opinions and Statements / Statement by the Directors on the Independent Auditor's Report

Directors 'statement on the Independent Auditors' Report for the Financial Statements for the year 2020.

Based on our knowledge, the planning presented by the auditors and the discussions on the audit results for the period ended December 31, 2020, of Saneamento de Goiás S/A - SANEAGO, we agree with the opinions expressed in the opinion prepared by BDO RCS Auditores Independentes SS.

Goiânia, March 11, 2021.

Ricardo José Soavinski
CEO

Marcos Roberto Custódio Santos
Commercial Director

Silvana Canuto Medeiros
Director of Corporate Management

Mauro Aparecido Lessa de Souza
Production Director

Paulo Rogério Bragatto Battiston
Investor Relations and Regulation Financial Director

Fernando Cozzetti Bertoldi de Souza
Expansion Director

Ariana Garcia do Nascimento Teles
Legal Attorney