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MANAGEMENT REPORT 4Q2021

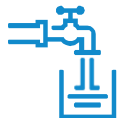
Management report for the period ended December 31, 2021
compared with the same period of 2020.

In thousands of Brazilian Reais (unless otherwise stated)

Highlights 2021: Losses and Revenue



Water loss index of 27.13% at the closing of 2021.



Increase in Water savings by 59 thousand, representing 2.39%, and in Sewage savings by 73 thousand, representing 5.11% between 2020/2021.



Index of sewage service changing from 64.71% in 2020 to 67.09% in 2021. In the 4Q2021, the increase was 0.58%.



Negotiation of debts with the State of Goiás, with net receipt of R\$ 109 million.



Approval of tariff adjustment by 8.85% as from 02/03/2022.



Issue of Independent Auditor's Report, Financial Statements for 4Q2021, with unmodified opinion.



Increase in Net Revenue by 2.33% in 12M2021 in comparison with 12M2020.

1. Operating Performance

Table 1 - General Service Data

Water – Operational indexes	Unit.	12M2021	12M2020	Var. (%)
Population w/ access to service	Thousands	5,921	5,829	1.58%
Service index	%	97.71%	97.45%	0.27%
Connections	Thousands	2,334	2,270	2.82%
Savings	Thousands	2,531	2,472	2.39%
Expansion of pipeline network	Km	32,240	31,277	3.08%
Sewage – Operating indexes	Unit.	12M2021	12M2020	Var. (%)
Population w/ access to service	Thousands	4,065	3,871	5.01%
Service index	%	67.09%	64.71%	3.68%
Service index (Treated)	%	93.57%	93.13%	0.47%
Connections	Thousands	1,336	1,261	5.95%
Savings	Thousands	1,502	1,429	5.11%
Expansion of pipeline network	Km	14,790	13,287	11.31%

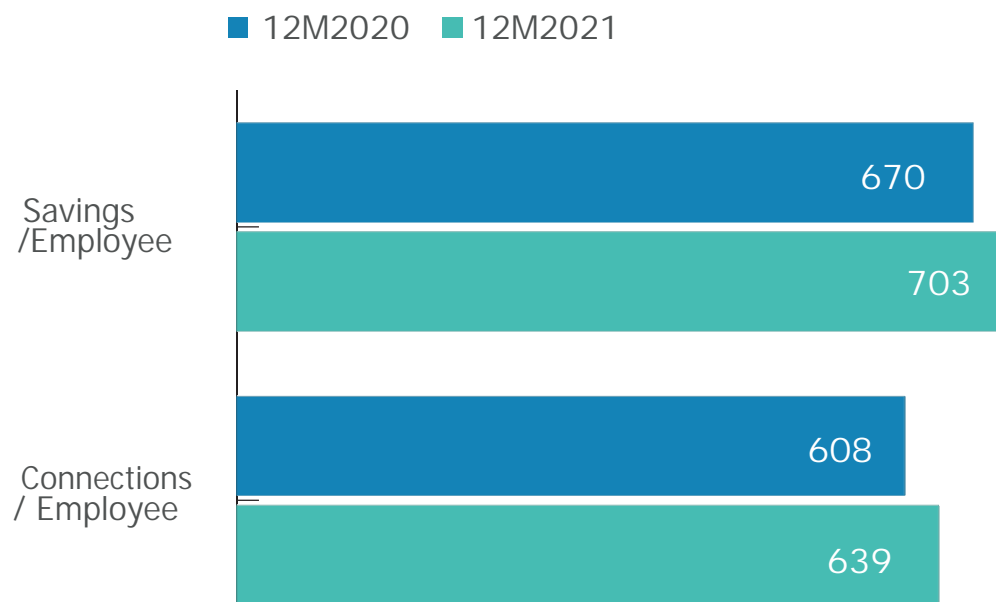
In 2021, the Company expanded its water and sewage systems throughout the state reaching 97.71% of the population served with water, with an increase of 2.39% in savings. As for the sewage system, served population increased from 64.71% to 67.09% at the closing of 2021, with an increase in savings of 5.11%.

Table 2 - Volumes produced/ billed/ treated

Water – Operating indexes	Unit.	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
Volume billed	thousand m ³	72,504	75,004	-3.3%	289,078	281,551	2.7%
Volume produced	thousand m ³	97,866	100,385	-2.5%	394,981	392,809	0.6%
Sewage - Operating indexes	thousand m ³	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
Volume billed	thousand m ³	45,464	45,768	-0.8%	179,132	172,183	4.0%
Volume produced	thousand m ³	42,566	42,551	-0.0%	167,588	159,757	4.9%

1.1 Personnel performance

The Company currently has 5,751 employees throughout the state of Goiás, who are responsible for 4,041 thousand water and sewage savings. The productivity of the workforce, measured by the ratio between the amount of savings (water + sewage) and the number of employees, increased from 670 savings/employees to 703 savings/ employees in 4Q2021, showing an improvement in efficiency of 4.86%, primarily caused by expansion of the client portfolio in the period resulting from the increase in the number of savings, in addition to the reduction in employees.



Graph 01 - Employee performance

2. Area of operation and Concessions

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

The previous table shows that there was an increase in active concession contracts, from 84 to 86. This situation occurred due to the automatic extension expressly provided for in 12 concession contracts of the Company. However, another ten (10) contracts were terminated without extension.

We point out that more than 71% of the Company's billings come from 62 program contracts that mature between 2037 and 2050. The average maturity of contracts is 20 years (calculated based on the billing % of 2021).

Concession/Program Contracts	12M2021	12M2020	Revenue portion %
Total municipalities serviced	226	226	100%
Total municipalities with program contracts	62	62	71.18%
Total municipalities with active concession contracts	86	84	13.82%
Total municipalities with expired concession contracts	78	80	15.01%

Table 03- Area of operations

Ranking	Cities	Maturity	(%) Revenue	Contract type
1°	Goiânia	12/2049	36.57%	Program
2°	Anápolis	02/2050	7.19%	Program
3°	Aparecida De Goiânia	11/2041	4.12%	Program
4°	Valparaíso De Goiás	11/2048	2.60%	Program
5°	Rio Verde	11/2041	2.41%	Program
6°	Luziânia	12/2045	2.11%	Concession
7°	Formosa	03/2025	2.04%	Concession
8°	Itumbiara	02/2025	1.75%	Concession
9°	Planaltina	04/2030	1.52%	Program
10°	Trindade	11/2041	1.38%	Program
Total			61.70%	-

Table 04 - Billings per city

The other table shows that the 10 municipalities with highest billing represent 61% of the Company's revenue, with Goiânia and Anápolis standing out representing 43.76% of the Company's total billings and with maturities in December/2049 and February/2050, respectively.

3. Water crisis and operational improvements

3.1 Loss index

In 2021, we still experienced effects of the Coronavirus Pandemic that caused changes in the population's behavior and even changes in the ways in which our services are used. Despite this, the Company kept its commitment and its continuous operations throughout this phase, including with operational improvements and reduction in losses.

In addition to the Pandemic, in 2021 we had the challenge of maintaining the water supply with quality and regularity for the over 5.8 million Goiás' inhabitants, despite the water crisis. By taking preventive measures since 2020, we were able to guarantee the supply with no major harm to the population. The measures include, among others:

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

- Marketing actions, such as the 2021 Drought Campaign - *Água: use bem, que todo mundo tem*, Aware Consumption Project - Grupo Jaime Câmara de Comunicação (TV Anhanguera, O Popular and G1), – and Aware Citizen Project *#EuCuidoDeGoiás* - Record Goiás and TV Sucesso Jataí, all campaigns broadcast on radio, TV and newspapers.

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

human and animal consumption.

The company finished 2021 with a loss index of 27.13%. According to the data collection of the National System of Information on Sanitation (SNIS - *Sistema Nacional de Informações sobre Saneamento*) for 2020, Saneago is the only regional company of the country with index below 30%.

This percentage is necessary to increase the volume available for consumption and to reduce costs on water production/distribution, mainly during the period of water shortage.

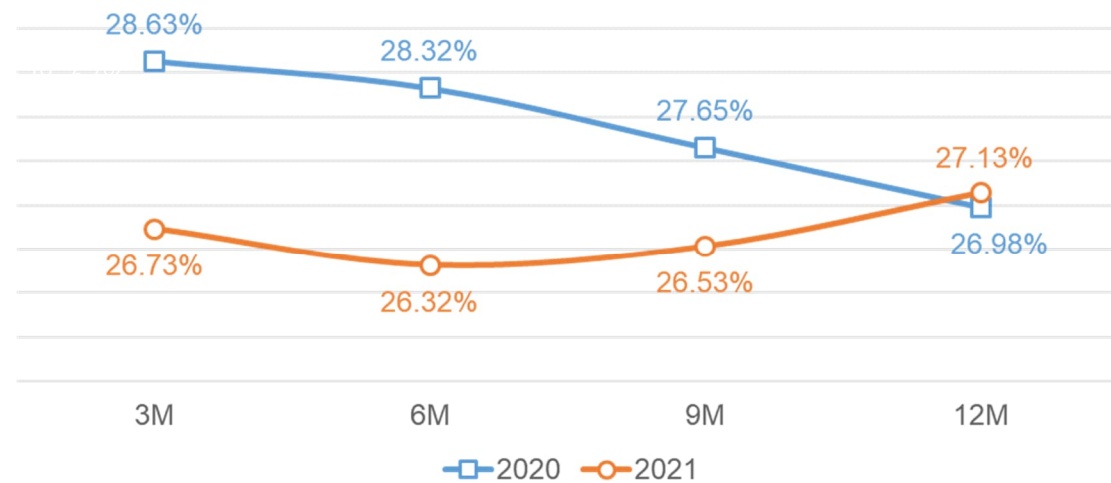
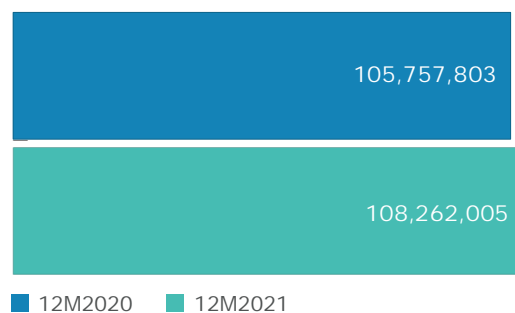
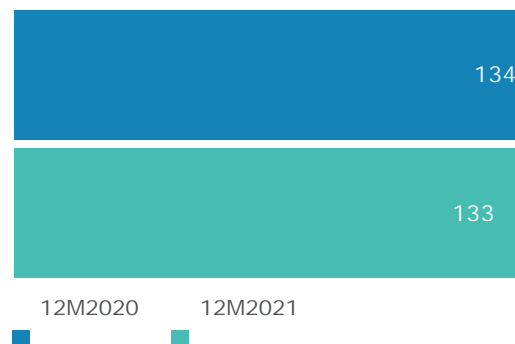


Gráfico 2 - Índice de Perdas

Losses on treated water per m³



Loss index per Connection (liters per connection per day)



Graphs 3 and 4 - Losses on treated water per m³ and per Connection

To reach this percentage, we highlight the repair of 209,696 leaks in addition to the replacement of 99 thousand hydrometers, among other actions.

Thus, in addition to guarantee the optimization of produced water, the fight against losses was fundamental to the critical period of water shortage in 2021.

3.2 Project of energy acquisition from deregulated energy market

The water crisis scenario in Brazil also affects the electricity sector in 2021, accounting for approximately 12.8% of our total expenses. In order to reduce these expenses and contribute to the sustainable use of electricity, the Company contracted acquisition of electricity in the Deregulated Market, which aims to produce

electricity for part of the systems in Goiânia (Booster Cascalho), Rio Verde (Booster Abóbora) and Jataí (Water collection, ETA and Water Lift Station (EAT)). The use of this type of acquisition started in March 2022.

3.3 Project of replacement of hydrometer park

In relation to technology improvements in the measurement of water, we also highlight the implementation of volumetric hydrometers: equipment with technology that is more efficient or functioning. The result is a reduction in measurement inaccuracy, reduction in the loss index on water distribution (Apparent Loss), in addition to promoting a conscious use of water by means of better control of consumption, among other benefits.

The 1st cycle of the project of volumetric meters started in March/2020 and was concluded in February/2021, with the receipt and distribution of over 220,000 hydrometers for operation.

The 2nd cycle, to be started in May/2021, was affected by the second wave of the Covid-19 Pandemic and by the interruption in the supply of the equipment, as only 10,000 hydrometers of that type were received and replaced.

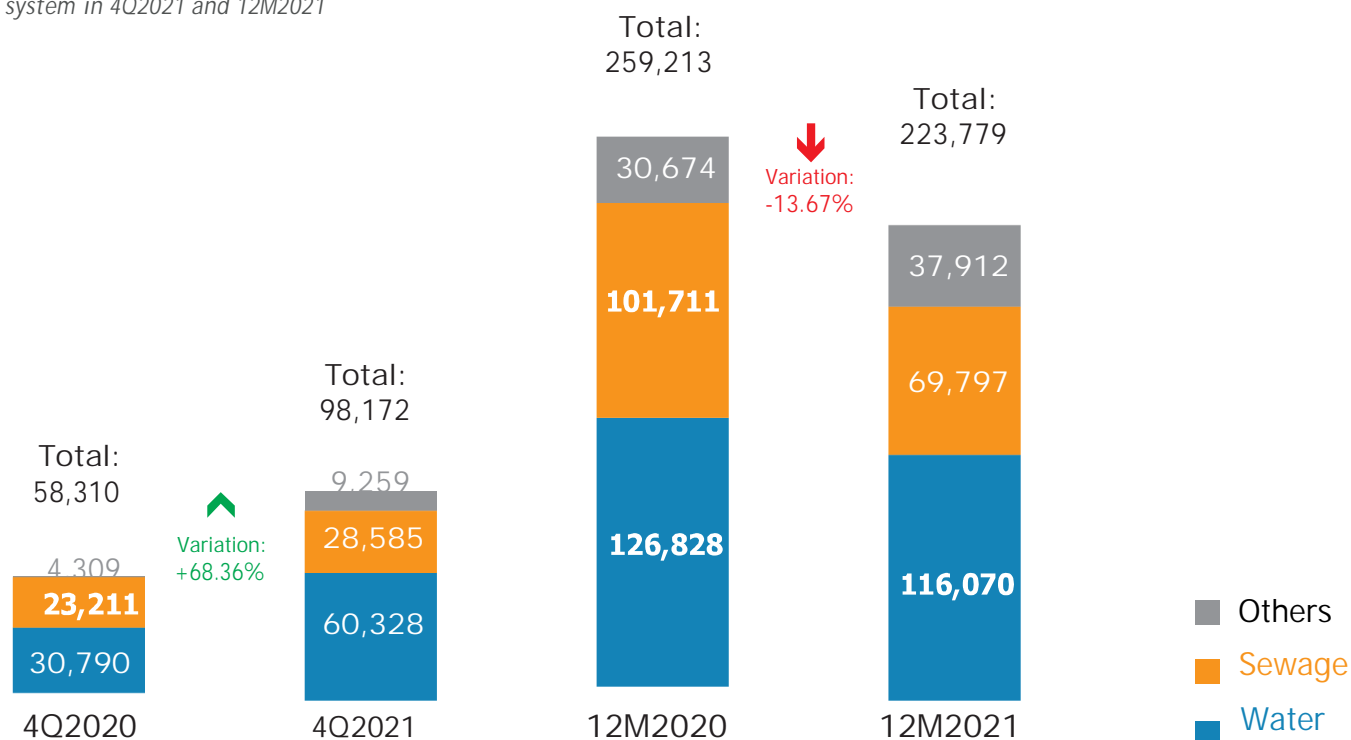
There is a plan, however, to receive 341,000 volumetric hydrometers in 2022, as from March, and 249,000 in 2023, completing the 2nd cycle of the project with 600,000 hydrometers in total.

4. Investment

Investments made in 4Q2021 totaled R\$ 98,172, as shown in Graph 5. Of this amount, 61.45% was invested in water supply systems, whereas 29.12% was allocated to sewage collection and treatment systems and the remaining 9.43% invested in operational improvement programs, business development, general purpose goods and others. In the 4Q2021, we highlight the contribution of R\$ 47,602 thousand made by Saneago to the Consortium Corumbá, maintained by Saneago and CAESB for the construction and operation of Corumbá Production System in the surrounding area of the Federal District (DF).

Total investments in 2021 increased from R\$ 223,779 to R\$ 259,213 in comparison with 2020. The reduction in investments was caused by the failure of bids in the second half of 2020, mainly motivated by the increase in prices of civil construction materials, one of the effects of the COVID-19 Pandemic. The "Others" Group includes the acquisition of goods not intended for Water and Sewage Systems, such as the acquisition of vehicles, computers, construction work of administrative areas, software and construction inventory.

Graph 05 - Volume of investments per system in 4Q2021 and 12M2021



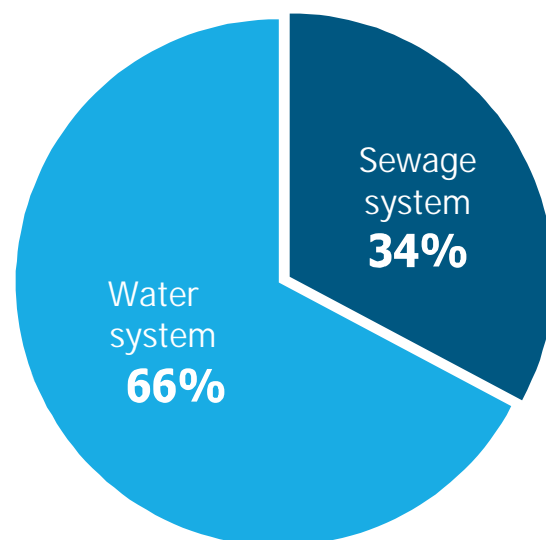
4.1 Investments delivered in 2021:

In 2021 the Company delivered eight (8) expansion works of SAA and SES systems, namely:

- Construction and assembly of ETA Compacta in the city of Anápolis. Expansion of water production by 150 liters per second as from August 2021. Invested amount: **R\$ 3.5 Million**
- Expansion of Goiânia Sewage System (Northwest Region – Sectors Jardim Petrópolis, Nova Esperança and surrounding areas), with 129.3 km of collection networks. The population served with sewage system increased from 77% to 79%, providing 7,946 connections. **Invested amount: R\$ 16 Million;**
- Expansion of Goiânia Water Supply System (Central Line – Stage 01 – Booster Cascalho), with increase in water flow from 800 L/s to 1,000 L/s. **Invested amount: R\$ 7.1 Million;**
- Expansion of Water Supply System of Aparecida de Goiânia (Central Line – Stage 02 – AAT Parque Amazônia - Vila Oliveira, AAT Veiga Jardim - Morada dos Pássaros, CR Vila Oliveira, water distribution networks), with 12.9 km of water mains and 24.3 km of networks. The population served increased from 82% to 85%, providing 4,638 connections. **Invested amount: R\$ 27.7 Million;**
- Expansion of the Sewage System in Iporá, with 149 km of sewage collection networks. The population served with sewage system increased from 52% to 80%, providing 7,878 connections. **Invested amount: R\$ 36.5 Million;**
- Expansion of Porangatu Sewage System with a 178-km network and removal of 95% of impurities in waste treatment. The population served with sewage system increased from only 10% to 75%, providing 8,192 connections. **Invested amount: R\$ 29.5 Million.**
- Expansion of Pirenópolis Sewage System with a 18.7-km network and removal of 95% of impurities in waste treatment. The population served with sewage system increased from 0% to 20%, providing 1,178 connections. **Invested amount: R\$ 8.9 Million;**
- Expansion of the Vianópolis Sewage System with a 62.9-km network and removal of 95% of impurities in waste treatment. The population served with sewage system increased from 0% to 66%, providing 3,214 connections. **Invested amount: R\$ 14.1 Million.**

5. Financial performance - Revenues

Currently, about 66% of the Company's Revenue comes from Water Systems and 34% from Sewage Services, as demonstrated in the graph below:



GROSS REVENUE FROM WATER AND SEWAGE SERVICES						
Revenue by type of service	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
Residential	299,983	318,224	-5.73%	1,212,667	1,203,447	0.77%
Social tariff	1,014	1,084	-6.46%	4,135	4,331	-4.53%
Commercial	41,066	40,168	2.24%	154,372	142,113	8.63%
Industrial	10,126	10,596	-4.44%	39,587	37,718	4.96%
Public	21,443	19,865	7.94%	79,238	78,724	0.65%
Indirect service revenues	3,679	2,992	22.96%	12,929	11,214	15.29%
Minimum fixed rate	68,480	67,571	1.35%	272,196	269,490	1.00%
Unbilled revenue	(4,260)	(3,946)	7.96%	1,957	5,227	-62.56%
Subvention	35	-	-	35	-	-
Total Water	441,566	456,554	-3.28%	1,777,116	1,752,264	1.42%
Residential	144,220	151,544	-4.19%	581,671	567,889	2.43%
Social tariff	474	493	-3.85%	1,920	1,935	-0.78%
Commercial	31,630	30,452	3.87%	119,408	111,328	7.26%
Industrial	4,547	4,543	0.09%	17,739	17,326	2.38%
Public	13,202	12,397	6.49%	49,813	49,638	0.35%
Indirect service revenues	9,722	924	952.16%	23,769	12,780	85.99%
Minimum fixed rate	23,576	22,878	3.05%	93,186	90,199	3.31%
Unbilled revenue	-	-	0%	675	1,915	-64.75%
Total Sewage	227,371	223,231	1.85%	888,181	853,010	4.12%
Total gross revenue (water+sewage)	668,937	679,785	-1.60%	2,665,297	2,605,274	2.30%
Deductions	(62,687)	(63,607)	-1.45%	(249,503)	(244,374)	2.10%
Revenue from water and sewage services	606,250	616,178	-1.61%	2,415,794	2,360,900	2.33%

Table 06 - Revenues from Water and Sewage

In the 4Q2021, the Company reported a reduction of 1.60% in Gross revenue from Water and Sewage Services; in the accumulated analysis (12M2021), this variation was positive by 2.30%, even not considering the tariff adjustment of the period. In this period, the Company expanded its water connections by 2.83% and sewage connections by 5.95%.

Regarding the variation in 4Q2021, we highlight that in 2020, due to the Pandemic, there was a significant increase in residential consumption in comparison with the consumption of commercial and public categories, i.e., with the resumption of economic activities, mainly after May 2021, there was not a whole transfer of that consumption from the residential to the commercial and public categories.

Therefore, it can be concluded that consumption in residential environment is higher than in the work environment, which would be the reason for the percentage of total Gross revenue in 4Q2021 to be lower than the percentage of increase in connections, despite the expansion in the number of customers in 2021.

In the accumulated analysis of 12M2021, the variation was higher, 2.30%, however, we point out that until May, the restrictions to people locomotion were similar to those of 2020. We also highlight the expansion in the clients portfolio, demonstrated by the increase in the number of connections which, even not considering tariff adjustment, contributed for a net revenue higher than that of 2020, in the accumulated analysis.

6. Financial performance - EBTIDA

Performance of Financial Income (Loss)	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
Total Net Revenues (+)	608.983	618.863	-1,60%	2.426.008	2.371.763	2,29%
Personnel (-)	(333,719)	(278,366)	19.88%	(1,109,707)	(1,025,045)	8.26%
Materials (-)	(21,810)	(20,071)	8.66%	(80,776)	(86,596)	-6.72%
Third parties (-)	(58,499)	(46,164)	26.72%	(214,519)	(181,962)	17.89%
Electricity (-)	(75,637)	(58,290)	29.76%	(245,716)	(215,252)	14.15%
General (-)	(24,879)	(7,830)	217.74%	(48,917)	(22,033)	122.02%
Concession-related compensation (-)	(19,460)	(19,567)	-0.55%	(75,156)	(73,757)	1.90%
Tax expenses (-)	(1,987)	(1,744)	13.93%	(23,393)	(15,695)	49.05%
Provisions/ Reversals (-)	71,049	(29,064)	-344.46%	(20,403)	(96,298)	-78.81%
Other revenues/expenses (-)	3,966	2,498	58.77%	(7,666)	(4,554)	-68.34%
Amortization/depreciation (-)	(26,073)	(29,671)	-12.13%	(115,531)	(118,162)	-2.23%
Total costs and expenses (=)	(487,050)	(488,269)	-0.25%	(1,941,784)	(1,839,354)	5.57%
Financial income (loss) (-)	15,752	(2,606)	-704.45%	3,750	(63,980)	-105.86%
Current/Deferred Income and Social Contribution taxes (IRPJ and CSLL) (-)	(33,727)	(52,798)	-36.12%	(135,519)	(132,083)	2.60%
Net income (=)	103,958	75,190	38.26%	352,456	336,346	4.79%
EBTIDA	148,007	160,265	-7.65%	599,756	650,571	-7.81%
EBTIDA margin	24.30%	25.90%	-6.16%	24.72%	27.43%	-9.87%
Adjusted EBTIDA	76,958	189,328	-59.35%	620,158	746,869	-16.97%
Adjusted EBTIDA margin	12.64%	30.59%	-58.69%	25.56%	31.49%	-18.82%

Table 7 - Performance of Financial Income (Loss).

Reconciliation of EBTIDA	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
NET INCOME	103,958	75,190	38.26%	352,456	336,346	4.79%
(-) Amortization/ Depreciation	(26,073)	(29,671)	-12.13%	(115,531)	(118,162)	-2.23%
(-) Financial income (loss) (-)	15,752	(2,606)	-704.45%	3,750	(63,980)	-105.86%
(-) Current/ Deferred IRPJ and CSLL	(33,727)	(52,798)	-36.12%	(135,519)	(132,083)	2.60%
= EBTIDA	148,007	160,265	-7.65%	599,756	650,571	-7.81%

Table 7.1 - Reconciliation of EBITDA.

6.1 EBTIDA

The Company's EBITDA reached R\$ 148,007 in 4Q2021 in comparison to R\$ 160,265 recorded in the same period of the previous year, totaling a reduction of 7.65% in relation to 4Q2020. The 4Q2021 showed an increase in costs of electricity by 29.76%, mainly due to the average tariff adjustment of 14.21%. We also point out the increase in Personnel costs by 19.88%. This increase was due to the base date salary adjustment of the workers, for compensation of inflation adjustments by 8.9% as from June/2021. Nevertheless, the amounts due from June to September were paid only in October, which resulted in this high value in the 4Q2021. In the accumulated analysis, 12M2021, the variation was 8.26%.

Still, a credit balance of Reversal of allowance for doubtful accounts, in the net amount of R\$ 96,872 thousand in 4Q2021, was recorded, mainly affected by the agreement entered into with the State of Goiás for the settlement of debts that, after a discount of 90% on interest and fines, totaled R\$ 109,206 thousand.

The EBITDA on net revenue in 4Q2021 was 25.56% in comparison to 25.90% in the same period of the previous year. In the accumulated analysis (12M2021), the percentage reached 25.56%.

6.2 Adjusted EBITDA

The adjusted EBITDA measured for 4Q2021, whose calculation do not take into account Provisions/Reversals/Losses and Credit Recovery not affecting cash, as described in table 6, resulted in an amount of R\$ 76,958, representing a decrease of 59.35% in comparison to the same period of the previous year. In 2020, a debt balance of Provisions had been recorded, which had a positive impact in Adjusted EBITDA and did not occur in 2021, as a credit balance of Provisions was reported in the amount of R\$ 71,049.

We point out that despite the no adjustment of the Provision for Employee Profit Sharing, it occurred in the amount of R\$ 35,246. However, the amount was recorded in account group Provisions, differently from 2020, when it was recorded in Other Revenues/ Expenses.

Reconciliation of Adjusted EBITDA	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
EBTIDA (+)	148.007	160.265	-7.65%	599.756	650.571	-7.81%
Provisions/ Reversals (+)	(71.049)	29.064	-344.46%	20.403	96.298	-78.81%
Adjusted EBITDA	76.958	189.328	-59.35%	620.158	746.869	-16.97%

Table 8 - Reconciliation of Adjusted EBITDA.

6.3 Adjusted EBITDA margin

The Adjusted EBITDA on net revenue (EBITDA margin) in 4Q2021 was 12.64% compared to 30.59% calculated in the same period of the previous year. In the accumulated analysis (12M2021), this percentage reached 25.56%.

6.4 Costs and expenses

6.4.1 Personnel

The expenses on personnel in 4Q2021 totaled R\$ 333,719, representing an increase of 19.88% compared to the same period in 2020. This increase was due to the base date salary adjustment of the workers, for compensation of inflation by 8.9% as from June/2021. Nevertheless, the amounts due from June to September were paid only in October, which resulted in this high value in the 4Q2021.

In the accumulated analysis, 12M2021, the variation was 8.29%, also affected by the base date adjustment.

6.4.2 Materials

The expenses on materials presented 8.66% increase in 4Q2021. The Group of materials for System Maintenance had a decrease of 35%,

an amount of R\$ 2,244 thousand referring to the Immobilization of values related to the recovery of pumps, resulting in an increase in their useful lives and also the use of the Virtual Warehouse System that will be detailed in item 6.4.4. However, despite this reduction, there was an increase in fuel costs, from R\$ 3,724 thousand in 4Q2020 to R\$ 5,816 thousand in 4Q2021, a reflection of the increase of more than 40% in the cost of fuel in Brazil.

Besides fuels, there was an increase in the use of treatment materials due to the longer rainy period, which led to the use of chemicals for cleaning of collected water. Such expenses increased from R\$ 8,069 in 4Q2020 to R\$ 10,161 in 4Q2021.

In the accumulated analysis, 12M2021, there was a reduction of 6.72%, given that, as previously reported, there was a reduction in the costs of System Maintenance Materials since May, despite the increase in fuel costs.

6.4.3 Electricity

Electric power cost in 4Q2021 totaled R\$75,997, presenting an increase of 29.76% in comparison with 2020. That change is a reflection of the electric power tariff in

adjustment in October 2021 at an average percentage of 14.21%. However, there is also the reflection of the relief referring to Decree No. 9.642/2018, which revoked a 15% discount granted on the electricity bills of the Company. This discount has been gradually eliminated in the months of October of each year and, in October 2021, there was the reduction of another 3% on the discount. However, as of 06/29/2021, as per the ANEEL Resolution, the red flag tariff was increased by 50%.

In the accumulated analysis, 12M2021, the variation was 14.15% due to the previously mentioned adjustment.

6.4.4 Third-party services

Expenses on third-party services increased by 26.72% in 4Q2021. The main change is the implementation of the Virtual Warehouse System and in the Group of legal entity professionals.

In relation to the Virtual Warehouse System, the Company hired a service of logistics management, responsible for the acquisition and delivery of supplies in the several offices of the Company. In the 4Q2021, a total of R\$ 6,661 thousand was spent on this service.

We highlight that, according to the Notice to the Market disclosed on 01/10/2022, available at the portal ri.saneago.com.br, this contract is suspended since August 2021 being submitted to inspection intended to guarantee better transparency in the process of governance of the Company. As for the Group of legal entity professionals, the amounts spent totaled R\$ 3,509, in comparison with R\$ 195 in the 4Q2020. The main factor was the amount of R\$ 1,475 thousand referring to the expert consulting services hired from EY to meet with the requirements of the 2nd phase of the process to prove the Company's economic and financial capacity in relation to the Sanitation Legal Framework.

In the accumulated analysis, 12M2021, the variation was 17.89%, mainly affected by the use of the virtual warehouse since the 2Q2021.

6.4.5 General

General expenses increased by 217% in 4Q2021. This variation refers to the execution of a legal action filed by the Municipality of Santo Antônio do Descoberto against Saneago related to environmental fines. The value totals R\$ 8,858 million, corresponding to R\$ 7,911 of indemnity and R\$ 947 thousand of fees.

In the accumulated analysis, 12M2021, the

variation totaled 122%. In addition to the action in the 4Q2021, this number was affected by the payment of R\$ 6,825 thousand referring to fine from the Public Prosecutor's Office of the State of Goiás in an action questioning the charge of hydrometers by Saneago occurred in 2Q2021.

6.4.6 Contractual/ Concession compensation

The amounts paid to municipal governments in consideration for concession and program contracts have a new methodology for calculation as provided in signed contracts in Goiânia and Anápolis, corresponding to 82% of total amounts. In 4Q2021, a reduction of 0.55% was recorded and in the accumulated analysis, 12M2021, there was an increase of 1.90% due to the increase in billings – basis for the calculation of this remuneration.

6.4.7 Tax

In 4Q2021, this group increased by 13.93%. The greatest variation was in the Tax on Financial Transactions (IOF), reaching R\$ 206 thousand.

In the accumulated analysis, 12M2021, there was a variation of 49% related to the accounting record of R\$ 6,047 thousand referring to Taxes on Sales (PIS/COFINS) related to an installment payment of R\$ 33,963 entered into with the Brazilian Federal

Revenue Service in August, regarding the unfavorable decision of an administrative proceeding in which the Company sought to validate credits used in payment of taxes from 1999 to 2002, as informed in the report of 3Q2021.

6.4.8 Other Revenues/ Expenses

This group increased by more than 112.74% (positive) in the period. The main change in this group was the receipt of R\$ 18,587 thousand as compensation for material damages related to the Corumbá river dam that caused the flooding of a construction site in the former Corumbá water collection complex. However, of these R\$ 18,587 thousand, only R\$ 13,659 were recorded in the group Other Revenues. The remainder was recorded in the group Monetary Adjustment in Financial Income (Loss). In addition, a property owned by the Company located in Senator Canedo/GO was sold. The property had been acquired for R\$ 2,578 and was sold for R\$ 6,960.

6.5 - Provision/Reversal/Losses/Recovery of barred credits:

Reversals (-) Provisions, Net	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
Losses on barred credits	884	(25,874)	-103.42%	(35,541)	(95,020)	-62.60%
Provision for contingencies	12,479	(3,962)	-414.97%	(87,561)	(3,387)	2485.21%
Allowance for doubtful accounts	96,872	35,149	175.60%	93,265	21,791	328.00%
Provision for losses on inventories	(3,940)	(743)	430.28%	11,046	10,203	8.26%
Estimated losses on construction work	-	-	-	-	3,750	-100.00%
Provision for Profit Sharing	(35,246)	(33,635)	-	(1,611)	(33,635)	-
Provisions/Reversals/Losses and Recovery of Credits	71,049	(29,065)	-344.45%	(20,403)	(96,298)	-78.81%

Table 09 - Provisions/Reversals/Losses and Recovery of Credits

According to the table above, an increase of over 344% was observed in the credit balance between reversals and provisions in 4Q2021, while in the 12M2021 the variation was 78.81%. The main changes were a) increase in the provision for civil contingencies in the municipality of Minaçu regarding an environmental action reclassified from possible loss to probable loss in the quarter and to new labor claims totaling about R\$ 100 million, both detailed in item 28 of the notes; b) reversal of the allowance for doubtful accounts with net balance of

R\$ 96,872 thousand in 4Q2021, mainly affected by the agreement entered into with the State of Goiás for settlement of debts that, after discount of 90% in interest and fines, totaled R\$ 109,206 thousand, and c) reversal of the provision for Profit Sharing in 2021, in the amount of R\$ 33,635, with the realization of R\$ 33,057 as effective expenses (group of other operating revenues/expenses). Additionally, R\$ 35,246 were provisioned referring to profit sharing for 2021.

6.6 - Net Financial Income (Loss):

Financial revenues and expenses, net						
Description	4Q2021	4Q2020	Var. %	12M2021	12M2020	Var. %
Interest/fine	40,465	12,770	216.9%	104,795	47,366	121.2%
Monetary adjustment	10,894	6,196	75.8%	42,978	22,518	90.9%
Discount to present value	468	(590)	-179.3%	(752)	484	-
Total financial revenues	51,827	18,376	182.0%	147,021	70,368	108.9%
Interest/charges and other expenses	(32,439)	(22,010)	47.4%	(133,246)	(100,596)	32.5%
Monetary adjustment	(1,393)	(7,042)	-80.2%	(3,245)	(9,009)	-64.0%
Exchange rate gains (losses)	(2,283)	8,070	-128.3%	(6,820)	(24,743)	-72.4%
Provisions/ Reversals/ Losses and Recovery of Credits	(36.115)	(20.982)	72.1%	(143.311)	(134.348)	-6.7%
Financial income (loss)	15,712	(2,606)	-702.9%	3,710	(63,980)	-105.8%

Table 10 - Net Financial Revenues and Expenses

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

The results reported in 4Q2021 show a credit balance of R\$ 15,712. This result was mainly due to the accounting record of R\$ 40,465 thousand referring to monetary adjustment of

debts received from the government in December.

In the accumulated analysis the credit balance was R\$ 3,710, a change of 105% in comparison with 2020. In addition to this settlement with government authorities, we point out the negotiations with private customers after the resumption of the policy of supply cuts for customers in default, which increase the amounts of interest and monetary adjustment in the negotiations.

6.7 Net income/ Loss - The Company reported income of R\$ 103,958 in 4Q2021, and, in the accumulated analysis (12M2021), the amount of R\$ 352,456, 4.79% higher than in 12M2020. This variation was mainly the result of the increase in net revenue by 2.29%, decrease in expenses on materials by 6.72%, and of the agreement for settlement of debts with the State of Goiás, which reduced the balance of Provisions/ Reversals in the period.

7. Analysis of and Discussion about the Structure of Assets

In the analysis below about the structure of the Company's assets, we tried to cover the accounts that we understand to be the most significant and justify the change in them in 2021 in comparison with the closing of the previous year.

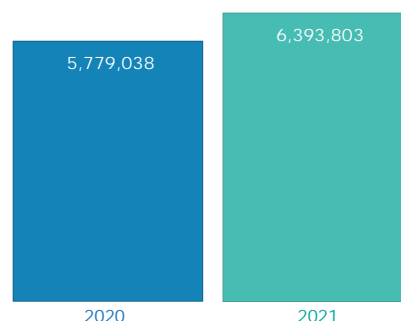
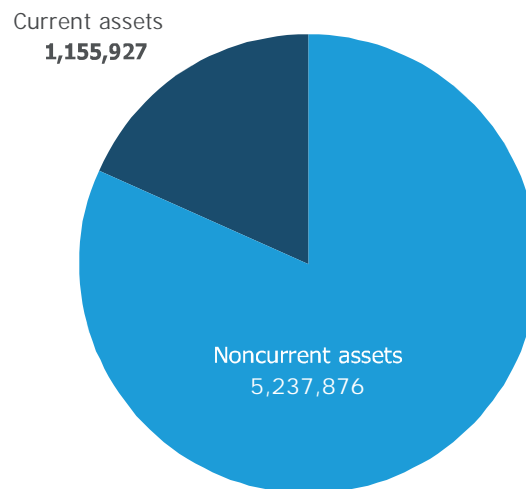


Gráfico 6 - Evolução do Ativo Total

In 2021, the main changes in the structure of assets occurred in current assets, which increased by 50%, mainly due to the 9th Issuance of Debentures in the amount of R\$ 250,000 thousand. Thus, current liquidity increased from 1.101 at the end of 2020 to 1.8464 at the end of 2021. In addition, there was an increase in debt capital of 87.77% at the end of 2020 compared to 90.47% at the end of 2021.

7.1 - Assets



Graph 7 - Structure of assets 2021

7.1.1 Current assets

7.1.1.1 Cash and cash equivalents

Cash and cash equivalents and financial investments presented an increase of R\$ 401,084, going from approximately R\$168,144 at the closing of the year 2020 to R\$569,228 at the closing of 2021. Most part of the increase in the balance is mainly due to the 9th Issuance of Debentures in the amount of R\$ 250.000 thousand. In addition, as already mentioned in item 6.4.8, there was also the receipt of R\$ 18,587 thousand as compensation

for damages related to the Corumbá river dam that caused the flooding of a construction site in the former Corumbá water collection complex. We also point out the increase of 13.71% in collections in 2021 compared to the previous year, reaching R\$ 2,834,732 thousand in 2021 compared to R\$ 2,504,842 in 2020.

7.1.2 Noncurrent assets

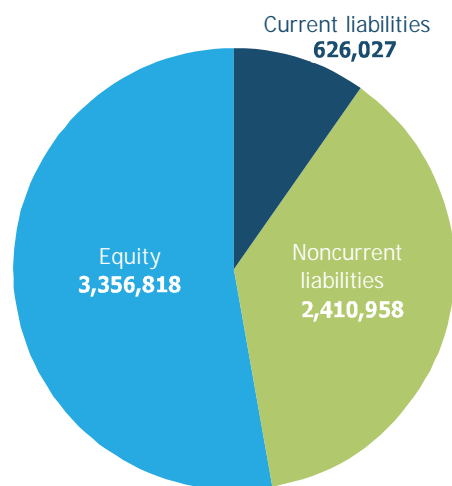
7.1.2.1 Prepaid expenses

This item decreased by R\$ 6,898 in 2021, from R\$ 192,803 at the end of 2020 to R\$ 185,905. This caption refers to the advance of amounts due arising from the early termination of the Concession Contract with the Municipalities of Goiânia and Anápolis and signing of a new Program Contract with 30-year term.

7.1.2.2 Intangible assets

According to ICPC 01 (R1) – Concession Contracts, the account of Intangible assets includes the caption Contract Asset. The intangible assets, which include the assets used in the water and sewage systems and linked to municipal concessions, had an increase of R\$ 83,956, representing a positive variation of 3.08%.

7.2 Liabilities



Graph 8 – Breakdown of Liabilities + Equity - 2021

7.2.1 Current Liabilities

7.2.1.1 Debentures

Debentures classified as current presented a reduction of R\$11,598 as a result of amortization in the period.

7.2.1.2 Dividends and Interest on Equity Capital Payable

This item showed an increase of 4.79%, reaching R\$ 83,709 compared to R\$ 79,884 in 2020. In July of that year, the full payment of the dividends for 2020 was made in the amount of R\$ 79,884. The balance of R\$ 83.709

represents the value to be paid in 2022 referring to net income of R\$ 352,456 thousand recorded in the period and, 4.79% higher than in 2020.

7.2.1.3 Lease

That account refers to adjustment of the Company's records to accounting standard CPC 06, which addresses the accounting of lease operations where lease contracts maturing in more than 12 months shall require the recognition of right-of-use assets with corresponding lease liabilities. In 2021, a total amount of R\$ 18,768 was recognized in the short term and there were no new contracts.

7.2.2 Noncurrent liabilities

7.2.2.1 Long-term loans and financing

This account had a reduction of 17% in relation to the balance presented at the year ended December 31, 2020. The reduction of the account is caused by amortization of debts during the year.

7.2.2.2 Debentures

The debentures classified as noncurrent represent an increase of R\$129,112,

corresponding to 27.12%. This increase is mainly a reflection of the 9th Issuance of Debentures carried out in the period, as mentioned in item 7.1.2.

7.2.2.3 Provisions for legal claims

This item increased by 60.14%, reaching R\$ 233,157. The growth occurred mainly due to civil contingencies, particularly the ones referring to the municipality of Minaçu regarding environmental matter and other labor matters, totaling about R\$106,000, as discussed in item 6.5 above and described in note 28 to the financial information.

7.3 Equity

Equity, due to the income determined in the period, presented an increase of approximately R\$279,186, corresponding to a positive variation of 9.07%.

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

On July 15, 2020, Law No. 14.026/2020 was enacted amending Law No. 11.445/2007, of January 5, 2007, National Legal Framework on Basic Sanitation. Among the changes brought by the law, it established attributions to the National Water and Basic Sanitation Agency (ANA), which now defines regulatory guidelines on sanitation in Brazil. Rules on the regionalization of the services were also implemented, as well as the definition of targets of universalization of the services at 99% for water supply and 90% for sewage services until 2033. The contracts that do not include these targets shall be amended until March 31, 2022. Moreover, the state service providers shall prove their economic and financial capacity to meet the contract obligations, according to the methodology defined in Decree No. 10.710, of May 31, 2021, ruling article 10-B of Law No. 11.445/2007.

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

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

Table 09 – Indexes of Sanitation Legal Framework

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

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

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

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

Regarding the 2nd phase, it consists of preparing feasibility studies and a fundraising plan to demonstrate the Company's capacity to make the necessary investments for the universalization of services. For this purpose, the Company contracted Consultoria EY (Ernst & Young Advisory Services) in order to comply with the requirements established by Federal Decree No. 10.710 of May 31, 2021. The work was concluded and on December 16, 2021, Consultoria EY attested that the Company complies with the requirements of adequacy for the base date of 12/31/2020, which demonstrates that the Company meets the minimum reference financial and economic indexes. It also showed that the present net value of global cash flows from regular contracts is higher than zero and that the fundraising plan of the Company is compatible with its feasibility studies, as per Decree No. 10.710, of May 31, 2021, which establishes the methodology for proving the financial and economic capacity of providers of public services of water supply or sewage, as set forth in the new Legal Framework on Basic Sanitation (Law No. 14.026/2021).

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

By means of the State Department of Sustainability and Environment (SEMAD), public hearings were conducted on July 12 and 13, in the cities of Anápolis and Goiânia, for presenting the proposal of regionalization of the services of basic sanitation to the state of Goiás. The Bill (PLC) under discussion establishes microregions of basic sanitation in Center-West and Center-East of the state and their respective governance structures. The regionalization process was filed by the state of Goiás with the State Legislature on July 15, 2021, and will be object of discussion by the state representatives.

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

9 Events with effects on the following period

9.1 Voluntary Redundancy Plan 2022

In December 2021, the Company approved the Voluntary Redundancy Plan of 2022 for employees retired or not, working for the company for more than 10 years, who meet the requirements of adherence as per the terms of RCA 457 of 2022. The applications occurred between January 03 and 31, 2022, and on February 22, 2022, 451 employees joined the program. The terminations occurred in the months of February and March.

9.2 Approval of Tariff adjustment

On 12/14/2021, the members of the Regulating Agencies of the state of Goiás and of the municipality of Goiânia (AGR and AR) approved Joint Technical Notice No. 12/2021 – AGR/AR, that determined the index of tariff adjustment at 8.854%, resulting from the tariff revision of – 0.3748%, plus Amplified Consumer Price Index (IPCA/IBGE) from January to November/2021, which was 9.26%. Additionally, estimated X factor (government established tariff repositioning index) for the cycle of 2021-2024 will be 0.9112%.

Later, Resolutions No. 185/2021 (AGR) and No. 005/2021 (AR) were amended and inform that the new prices shall be implemented as from 02/03/2022.

10 Ownership interest

In 4Q2021, the Company's major shareholder is the State of Goiás, which holds 67.22% of the Company's total shares.

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

Table 12 - Ownership interest

In July 2021, the Company paid dividends to shareholders in the amount of R\$ 79,884 thousand, referring to income for 2020, which represent the minimum distribution of 25%, as per article 74 of the Bylaws.

For 2022, a balance of R\$ 83,709 was recorded for distribution.

11 Risk rating

On March 04, 2022, the firm Fitch Rating confirmed the Long-Term National Rating of Saneamento de Goiás S.A. (“Corporate”) and of its bonds as stable “A+(bra)”.

In relation to the Receivables Investment Fund of Saneamento de Goiás S.A. - Saneago Infraestrutura IV (“FIDC IV”), on February 16, 2022, Fitch Rating confirmed its rating as stable “AAAsf(bra)”. The FIDC rating reflects the perspective of the Corporate Rating and takes into account the operation’s performance.

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

The Company conclude the engagement of a second risk-rating agency on August 25, 2021, and in October 28, 2021, Moody’s assigned a (CFR) AA+.br Corporate Rating to Saneago, with a stable outlook. Saneago’s AA+.br Corporate Rating, according to Moody’s, reflects its resilient demand, with stable and predictable

cash flow generation, the growth opportunity of its concession area and the long remaining period of most of its contracts. The rating also takes into account the Company’s strong credit metrics and the adequate level of its reservoirs, despite the country’s water crisis.

The complete list of ratings is shown in the following Table:

Provider	Rating	Scale	Outlook	Latest report
Fitch	Corporate and Debenture Issuances (4 th , 5 th , 6 th , 8 th and 9 th)	A+(bra)	Stable	04/03/2022
	FIDC IV	AAAsf(bra)	Stable	16/02/2022
Moody’s	Corporate	AA+. br	Stable	28/10/2021

Table 13. Ratings Fitch - Saneago S.A.

12 Environmental, Social and Governance Initiative (ESG)

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

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

Aiming to reinforce its commitment to the subject, which is a value at the Company, various actions have been put in place and improved to strengthen communications and assure the evolution of ESG standards inside and outside of Saneago. Among the actions and

initiatives adopted, we highlight:

- Creation of a Sustainability Committee;
- Creation of the Committee for Women-Related and Diversity Matters;
- Inclusion of environmental and social clauses in contracts with suppliers;
- Approval of a Sustainability Policy;
- Intensification of protection, safety and health measures against the pandemic;
- Review of bottlenecks at the Company that lead to recurrent court actions as a result of a lack of concern to ESG practices;
- Updating of documents regarding the rules of the Company in compliance with good ESG practices;
- Publication of the Sustainability Report according to the Global Reporting Initiative - GRI methodology;
- Gathering of information and identification of ESG-related risks at the Company, in alignment with the Company's Strategic Planning;

- Inclusion of indicators to measure the impacts of the Company and analyze its performance in relation to Sustainable Development Goals (SDGs);
- Hiring a company specialized in preparing the Inventory of Greenhouse Gas Emissions;
- Access to the Academy platform for training;
- Inclusion of a Sustainability section on the Investor Relations website.
- Joining the Water and Energy Resilience Coalition of UN Global Compact.

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

1.3 Effects of the Coronavirus (COVID-19) Pandemic

In view of the pandemic declared by the World Health Organization (“WHO”), related to the new Coronavirus (COVID-19), which has been affecting Brazil and several other countries bringing risks to public health and impacts to the world economy, the Company informs that all preventive measures have been put in place to mitigate risks according to guidelines established by local authorities. Such measures, aim to minimize possible effects to the health of employees, their families, partners and community, in addition to focusing the management of its business in keeping the financial liquidity of the Company and continuity of the operations necessary to face the crisis.

Thus, with the purpose of assuring better services and minimizing the impacts of the COVID-19 pandemic to people, water supply cuts of customers in default were suspended from March 19, 2020, and resumed on January 04, 2021, except for consumers of the residential social tariff category. On April 09, 2021, the suspension of supply cuts was extended to the other categories considered vulnerable, representing approximately 5.2% of billings. These correspond to the categories:

- i) Residential social;
- ii) Residential subgroups 1 and 65 (rustic houses of up to 60 m² and;
- iii) Commercial 2 – small businesses of low consumption.

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

Management



Saneamento de Goiás S.A.
March 2022

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

Opinion on the financial statements

We have audited the financial statements of Saneamento de Goiás S.A., ("Company" or "Saneago"), which comprise the statement of financial position as at December 31, 2021 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saneamento de Goiás S.A. as at December 31, 2021, its financial performance and its cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion on the financial statements

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

Emphasis

Operation "Decantação"

We draw attention to Note 44, which describes the events and measures taken by the Company arising from Operation "Decantação", conducted by the Brazilian Federal Police and the Public Prosecutor's Office (MPF), as well as the accounting adjustments presented in the financial statements arising from the conclusion of the forensic expert report, hired for this purpose. The lawsuit is still in progress and in phase of receipt of the accusation filed by the MPF, with no updates. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that the matters described below are the key audit matters to be communicated in our report.

Revenue recognition and information technology environment

As per Note 2.5, revenues from supply of water, sewage treatment and activities associated to the service are recognized upon compliance with the performance obligations with the customer by means of the provision of the services of water supply and sewage treatment. The process of recognition of revenues is important for the performance of the Company and for it to meet performance objectives as at the base date of the financial statements, which inherently adds components of risk of fraud. We also point out that the transactions of water supply and sewage treatment are substantially processed by means of automated routines and controls. In view of the risk of fraud in the process of revenue recognition, the systemic complexity and the potential effects on the accounting record of revenues in accounts receivable, the technology environment itself, including information system, as well as the access controls and management of changes to its systems, we consider this to be a key audit matter.

Audit response

Our audit procedures included, among others, the performance of sample tests, and with the assistance of our IT specialists, the evaluation of the design, implementation and operational effectiveness of the key internal controls over changes, alterations and proper accesses to the water supply operation systems. We also analyzed, with the assistance of our IT specialists, the interface and integrity of information between the main systems used to record revenues from water supply and the respective generation of financial information.

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

We performed analytical procedures on the revenues for the year, comparing the amounts recognized with the water consumption information and the quantity of consuming units of the Company during the year, and analyzed whether the growth in revenue is in accordance with the adjustments of fees approved by the Regulatory Agency (Agência Goiana de Regulação - AGR).

We performed tests to obtain reasonable assurance regarding the "cut-off" of the Company's revenues in the end of the year, which recognizes in the accounting records the estimation of consumption not yet billed due to the reading cycles of the Company's meters. We also evaluated the adequate disclosure in the notes.

As a result of the procedures described above, we consider that the revenue recognition policy, the disclosure in the notes, and the IT environment proceedings and controls provide a reasonable basis for the result of our audit of the financial statements.

Intangible assets, expired contracts and regulatory framework

As mentioned in Note 18 to the financial statements, there are several types of transactions that affect the “Intangible assets” caption, such as the signature of new concession contracts, evaluation of the classification of existing contracts in the concession accounting standards, additions of new infrastructure, and amortization of assets that comprise the balance of infrastructure built.

Additionally, as mentioned in Note 1, in the “Program and Concession Contracts” and “New Sanitation Framework” sections, the New Sanitation Framework was sanctioned, which establishes: (i) a mandatory competitive basis; (ii) the end of program contracts, maintaining the contracts already in effect; (iii) the regional rendering of services characterized by the formation of regional units of basic sanitation, micro-regions and blocks of reference; (iv) the responsibility of the National Water Agency (ANA) to define the regulation standards; (iv) the receipt of federal resources conditioned to the participation of the municipality in the regional rendering of service; (iv) universalization goals until 2023; and (v) the need to prove economic-financial capacity for the execution of the contracts in effect. And, additionally, the correlation of what was described above with the Company’s expired contracts in relation to investments not amortized within intangible assets.

Due to the relevance of the matters above, we understand that this area is significant and it had our special attention during the audit.

Audit response

Our audit procedures included the evaluation of the design, implementation and effectiveness of the existing key internal controls related to new additions to infrastructure, amortization of intangible assets, administration and management of concession contracts, new and in effect. We performed sampling procedures to verify the supporting documentation of new additions and their eligibility to capitalization. We evaluated the transfer of assets under construction for operation and performed a technical evaluation to conclude on the adherence of the concession contracts to the respective accounting standard. We visited the main construction sites and interviewed those responsible for them about the existence of signs of discontinuity in assets and constructions in progress. Regarding the new Sanitation Framework, our audit procedures included the evaluation of Management’s understanding to maintain the investments as intangible assets, by means of discussions and interviews, especially with the Company’s legal advisors, regarding the continuity of the rendering of water supply and sewage services in the municipalities with which the Company has expired contracts, and the actions adopted by it to mitigate risks in such contracts. We verified the steps to comply with Decree No. 10.710/2021 regarding mandatory procedures to prove the Company’s economic-financial capacity by means of analyses of the work performed by an external consultant. We evaluated the existence of legal claims from municipal governments related to expired contracts, as well as the Company’s efforts to mitigate the existing risks in the operation of expired contracts.

Based in the results of the procedures described above, we consider that the criteria and premises adopted by Management for the presentation of intangible assets, evaluation of signs of losses in the contracts and the impacts of the new sanitation framework are reasonable in all material respects in the context of the financial statements.

Virtual Storeroom

As mentioned in Note 43, certain facts and circumstances related to the contract named Virtual Storeroom were informed to the Company's Management, as per news published in January 2022, and internal procedures were performed related to the "Virtual Storeroom" contract. As a result of this evaluation, the members of the Company's governance approved the hiring of an independent firm to perform procedures regarding facts related to allegations or suspicions of noncompliance.

Due to the relevance of the matter above, we understand that this area is significant and it had our special attention during the audit.

Audit response

Our audit procedures included, among others, meetings with the Company's internal audit and members of the Audit Committee, reading of reports issued preliminarily and other reports as applicable, meetings with members of the Company's Management to understand the case, involvement of our forensic specialists, discussions with members of our technical and risk areas, and evaluation of the matter in accordance with the requirements of CTA 30 of June 17, 2021, by the Brazilian Federal Council of Accounting (CFC).

Based on the result of the procedures described above and on the actions taken by those charged with governance in the Company, no issue was identified that indicates that the financial statements mentioned above are materially misstated, and we consider the disclosures in the notes to be reasonable in all material respects in the context of the financial statements.

Other matters

Statements of value added

The statements of value added, prepared under the responsibility of the Company's Management for the year ended December 31, 2021, and presented as supplemental information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company's financial statements. In order to form an opinion, we have checked whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established in CPC 09 - Statement of Value Added. In our opinion, the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the financial statements taken as a whole.

Other information accompanying the financial statements and auditor's report

The Company's Management is responsible for the other information that comprises the Management Report.

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

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

Responsibilities of Management and those charged with governance for the financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing (ISAs) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Goiania, March 10, 2022.

STATEMENTS OF FINANCIAL POSITION
(In thousands of Brazilian Reais)

Note	12/31/2021	12/31/2020	
Assets			
Current assets			
Cash and cash equivalents	4	138,808	168,144
Financial investments	5	430,420	-
Marketable securities	6	3,360	-
Receivables from consumers	7	470,243	490,455
Inventories	8	54,624	50,496
Recoverable taxes	9	8,030	18,550
Prepaid expenses and advances	10	30,025	30,309
Outsourcing	11	10,715	10,450
Other receivables	12	9,699	414
Noncurrent assets held for sale	13	3	-
		<u>1,155,927</u>	<u>768,818</u>
Noncurrent assets			
Marketable securities	6	11,567	13,146
Receivables from consumers	7	29,177	18,674
Prepaid expenses	10	185,905	192,803
Outsourcing	11	1,111,322	839,500
Court deposits	14	18,491	16,069
Other receivables	12	42	-
Deferred tax assets	15	42,464	115,401
		<u>1,398,968</u>	<u>1,195,593</u>
Investments	16	9	9
Property, plant and equipment	17	350,160	360,583
Contract-related assets	18	680,900	730,152
Intangible assets	19	2,807,839	2,723,883
		<u>3,838,908</u>	<u>3,814,627</u>
Total assets		<u><u>6,393,803</u></u>	<u><u>5,779,038</u></u>

Note	12/31/2021	12/31/2020	
Liabilities			
Current liabilities			
Trade accounts payable	-	129,261	118,057
Loans and financing	21.a	44,252	134,637
Bonds	21.b	121,811	133,409
Leases	21.d	18,768	14,837
Employees' pay and related charges	22	118,353	110,166
Provision of profit sharing to employees	34	35,246	33,635
Taxes payable	23	42,496	33,813
Items to be paid in installments	24	909	5,252
Contract obligations	25	10,146	15,220
Contract-related advance	27	831	1,994
Other payables	28	13,392	15,729
Outsourcing	11	6,386	1,616
Subsidies	20.2	467	-
Dividends and interest on equity capital pay	31.f	83,709	79,884
		<u>626,027</u>	<u>698,249</u>
Noncurrent liabilities			
Loans and financing	21.a	183,626	221,249
Bonds	21.b	605,320	476,198
Leases	21.d	967	17,254
Taxes payable	23	31,666	7,314
Items to be paid in installments	24	14,028	14,931
Purchase consortium	26	2,144	48,480
Contract-related advance	27	-	831
Provision for lawsuits	29	233,157	145,596
Outsourcing	11	1,111,322	839,500
Subsidies	20.1	207,339	194,602
Actuarial obligations	30	21,389	37,202
		<u>2,410,958</u>	<u>2,003,157</u>
Equity			
Capital	31.a	2,515,546	2,515,546
Legal reserve	31.c	58,460	40,837
Investment reserve	31.d	763,613	512,487
Asset and liability valuation adjustment	31.e	33,315	33,315
Other comprehensive income (loss)		(14,116)	(24,553)
		<u>3,356,818</u>	<u>3,077,632</u>
Total liabilities		<u><u>6,393,803</u></u>	<u><u>5,779,038</u></u>

The accompanying notes are an integral part of these Financial Statements.

STATEMENTS OF INCOME
(In thousands of Brazilian reais)

	Note	12/31/2021	12/31/2020
Net revenues			
Revenues from water and sewage services		2,414,483	2,360,900
Construction work revenues		99,395	169,996
Revenues from technical services		2,425	1,763
Outsourcing		9,100	9,100
	32	<u>2,525,403</u>	<u>2,541,759</u>
Costs			
Cost of services		(1,140,717)	(1,058,642)
Construction work costs		(99,395)	(169,996)
	33	<u>(1,240,112)</u>	<u>(1,228,638)</u>
Gross income		1,285,291	1,313,121
Administrative expenses	33	(455,512)	(395,102)
Selling expenses	33	(294,092)	(269,063)
Tax expenses		(23,393)	(15,695)
Provision/reversal - Losses/recovery of receivables	34	(20,403)	(96,298)
Other operating revenues/expenses	35	(7,666)	(4,554)
		<u>(801,066)</u>	<u>(780,712)</u>
Income (loss) before financial revenues (expenses)		<u>484,225</u>	<u>532,409</u>
Net financial revenues (expenses)	36	<u>3,750</u>	<u>(63,980)</u>
Income (loss) before income taxation		<u>487,975</u>	<u>468,429</u>
Current income and social contribution taxes	15	(67,958)	(63,114)
Deferred income and social contribution taxes	15	(67,561)	(68,969)
Net income		<u>352,456</u>	<u>336,346</u>
Earnings per share	31.g	0,14011	0,13371

The accompanying notes are an integral part of these Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of Brazilian reais)

	<u>12/31/2021</u>	<u>12/31/2020</u>
Net income for the year		
Net income	352,456	336,346
Other comprehensive income		
Realization of deemed cost, net of deferred taxes	2	6
Actuarial gains/(losses)	15,813	60,508
Comprehensive income for the year	<u>368,271</u>	<u>396,860</u>

The accompanying notes are an integral part of these Financial Statements.

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

	Income reserves						
	Capital	Legal reserve	Investment reserve	Asset and liability valuation adjustment	Retained earnings	Other comprehensive income (loss)	Total equity
Balances as at December 31, 2019 (Restated)	<u>2,515,546</u>	<u>24,020</u>	<u>272,836</u>	<u>33,319</u>	<u>-</u>	<u>(85,061)</u>	<u>2,760,660</u>
Net income for the year	-	-	-	-	336,346	-	336,346
Dividends and interest on equity capital	-	-	-	-	(79,884)	-	(79,884)
Realization of deemed cost	-	-	-	(5)	6	-	1
Deferred taxes on deemed cost	-	-	-	1	-	-	1
Actuarial gains/(losses)	-	-	-	-	-	91,679	91,679
Deferred taxes on actuarial gains (losses)	-	-	-	-	-	(31,171)	(31,171)
Recognition of legal reserve	-	16,817	-	-	(16,817)	-	-
Recognition of investment reserve	-	-	239,651	-	(239,651)	-	-
Balances as at December 31, 2020	<u>2,515,546</u>	<u>40,837</u>	<u>512,487</u>	<u>33,315</u>	<u>-</u>	<u>(24,553)</u>	<u>3,077,632</u>
Net income for the year	-	-	-	-	352,456	-	352,456
Dividends and interest on equity capital	-	-	-	-	(83,709)	-	(83,709)
Realization of deemed cost	-	-	-	-	2	-	2
Actuarial gains/(losses)	-	-	-	-	-	15,813	15,813
Deferred taxes on actuarial gains (losses)	-	-	-	-	-	(5,376)	(5,376)
Recognition of legal reserve	-	17,623	-	-	(17,623)	-	-
Recognition of investment reserve	-	-	251,126	-	(251,126)	-	-
Balances as at December 31, 2021	<u>2,515,546</u>	<u>58,460</u>	<u>763,613</u>	<u>33,315</u>	<u>-</u>	<u>(14,116)</u>	<u>3,356,818</u>

The accompanying notes are an integral part of these Financial Statements.

STATEMENTS OF CASH FLOWS
(In thousands of Brazilian reais)

	Note	12/31/2021	12/31/2020
Net cash provided by operating activities		<u>806,482</u>	<u>384,848</u>
Cash from operations		627,610	658,442
Net income for the year		352,456	336,346
Adjustments to reconcile net income			
Depreciation and amortization		129,707	131,982
Write-off of investments, property, plant and equipment and intangible assets/Adjustment of inventories		3,286	9,745
Adjustments to PAC subsidiaries		54	(79)
State subsidies	20.2	(35)	-
Discount to present value of receivables	36	752	(484)
Deferred income and social contribution taxes	15.2	67,561	68,969
Finance charges on loans, financing and leases	21.c	96,565	112,158
Capitalized interest	21.c	(451)	(1,311)
Returns on financial investments	6	(505)	(162)
Monetary adjustment - Disposal of noncurrent assets	12	(280)	-
Provisions/reversals	34	(15,139)	1,278
Gains from disposal of noncurrent assets held for sale	13	(6,361)	-
Changes in assets and liabilities		<u>185,059</u>	<u>(277,136)</u>
Receivables from consumers	41	102,223	(76,660)
Recoverable taxes		10,520	(12,060)
Inventories	41	23,195	7,650
Prepaid expenses and advances to employees		7,182	(58,979)
Court deposits		(2,422)	(6,685)
Trade accounts payable	-	11,204	(11,621)
Consortium-related amounts	41	(256)	(3,787)
Employees' pay and related charges		8,187	(41,053)
Taxes payable		33,035	13,408
Items to be paid in installments		(5,246)	207
Contract-related obligations		(5,074)	(85,016)
Outsourcing		4,505	(546)
Contract-related advances		(1,994)	(1,994)
Others		(6,187)	3,542
Other receivables	41	(3,850)	(23)
Other payables		(2,337)	3,565
Net cash from investing activities		<u>(664,578)</u>	<u>(247,843)</u>
Purchase of property, plant and equipment	17.1	(59,249)	(16,645)
Contract-related assets	41	(41,430)	(106,942)
Purchase of intangible assets	19	(120,536)	(119,226)
Purchase of inventories for construction work	18	(13,667)	(15,089)
Advances to suppliers	18	(2,700)	-
Receipts from disposal of fixed assets		4,700	-
Marketable securities		(1,276)	10,059
Financial investments	5	(430,420)	-
Net cash from financing activities		<u>(171,240)</u>	<u>(138,468)</u>
Loans/financing raised	21.c	250,134	370,168
Amortization of loans and financing	21.c	(273,639)	(382,501)
Payment of finance charges on fundraising	21.c	(81,517)	(77,212)
Leases	21.c	(16,498)	(16,031)
Payment of interest on equity capital	31.f	(79,884)	(74,992)
Federal and municipal subsidies		30,164	42,100
Net decrease in cash and cash equivalents		<u>(29,336)</u>	<u>(1,463)</u>
Beginning balance of cash and cash equivalents	5	168,144	169,607
Final balance of cash and cash equivalents	5	138,808	168,144

The accompanying notes are an integral part of these Financial Statements.

STATEMENTS OF VALUE ADDED

(In thousands of Brazilian reais)

	12/31/2021	12/31/2020
Revenues		
Sales of goods, products and services	2,663,567	2,602,912
Revenues from construction work	99,395	169,996
Recognition/reversal of allowance for doubtful accounts	93,264	21,791
Expiration/recovery of credit	(35,541)	(95,020)
Outsourcing	9,100	9,100
Revenues from technical services	2,425	1,763
Other revenues	31,992	13,543
	<u>2,864,202</u>	<u>2,724,085</u>
Inputs acquired from third parties		
Cost of goods and services sold	(424,141)	(370,146)
Raw material consumed	(4,212)	(4,693)
Electric power and third-party services	(227,785)	(196,980)
Cost of construction work	(99,395)	(169,996)
Recognition/reversal of inventory losses	11,046	10,203
Other expenses	(39,658)	(18,097)
	<u>(784,145)</u>	<u>(749,709)</u>
Gross value added	2,080,057	1,974,376
Deductions		
Depreciation/amortization	(129,708)	(131,982)
Recognition/reversal	(89,172)	(33,272)
	<u>(218,880)</u>	<u>(165,254)</u>
Net value added	1,861,177	1,809,122
Value added received in transfer		
Financial revenue	147,061	70,368
	<u>147,061</u>	<u>70,368</u>
Total value added to be distributed	2,008,238	1,879,490
Distribution of value added	2,008,238	1,879,490
Personnel and related charges		
Direct compensation	688,320	635,641
Benefits	174,894	163,238
Severance Pay Fund (FGTS)	53,606	49,711
	<u>916,820</u>	<u>848,590</u>
Taxation		
Federal taxes	502,511	468,100
Federal taxes - Deferred income and social contribution taxes	67,562	68,969
State taxes	11,998	11,160
Local taxes	4,634	4,195
	<u>586,705</u>	<u>552,424</u>
Compensation of debt capital		
Interest	143,311	134,348
Rent	8,946	7,782
	<u>152,257</u>	<u>142,130</u>
Compensation of equity capital	352,456	336,346
Income for the year	<u>352,456</u>	<u>336,346</u>

The accompanying notes are an integral part of these Financial Statements.

Notes to the financial statements

For the years ended December 31, 2021 and 2020

(In thousands of Brazilian Reais, unless otherwise stated)

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1. General information

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

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

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

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

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

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

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

Program contracts and concession contracts:

As at December 31, 2021, Saneago had executed 226 contracts, as follows:

148 in effect, of which 86 are concession contracts and 62 are program contracts, representing an average percentage of 84.99% of gross revenue. There are 78 expired contracts that represent 15.01% of gross revenue, for which the Company has corresponding intangible and contract-related assets totaling R\$ 601,469 of a total amount of R\$ 3,488,739 according to Notes 18 and 19 and whose realization depends on approval of the National Water Agency (ANA) for definition of the methodology used to calculate indemnities.

The average term of concession contracts and program contracts in effect, weighted by the percentage of revenues in 2021 of contracts in effect, is 20 years. The contracts present the following maturities: 78 are expired, 72 contracts mature within the next 15 years, 20 mature from 15 to 20 years and 56 mature in more than 20 years.

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

Municipality	Status	Maturity date	% of gross revenue for 2021	Type of contract	Term (years)
Goiânia	In effect	12/17/2049	36.57%	Program	30
Anápolis	In effect	02/27/2050	7.19%	Program	30
Aparecida De Goiânia	In effect	11/01/2041	4.12%	Program	30
Valparaíso De Goiás	In effect	11/16/2048	2.60%	Program	30
Rio Verde	In effect	11/01/2041	2.41%	Program	30
Luziânia	In effect	12/01/2045	2.11%	Program	30
Formosa	In effect	03/14/2025	2.04%	Concession	25
Itumbiara	In effect	02/23/2025	1.75%	Concession	20
Planaltina	In effect	04/01/2030	1.52%	Concession	25
Trindade	In effect	11/01/2041	1.38%	Program	30
Jataí	In effect	11/01/2041	1.32%	Program	30
Águas Lindas De Goiás	In effect	12/28/2048	1.26%	Program	30
Novo Gama	In effect	11/16/2048	1.19%	Program	30
Goianésia	Expired	06/15/2020	1.18%	Concession	25
Cidade Ocidental	In effect	11/01/2041	1.15%	Program	30
Inhumas	In effect	06/17/2050	1.01%	Program	30
Quirinópolis	Expired	06/24/2016	0.97%	Concession	20
Maturing in 01 - 15 years			7.55%		
Maturing in 16 - 30 years			9.82%		
Expired			12.86%		
			<u>100.00%</u>		

The operations of the Company are concentrated in the Municipality of Goiânia, which, as at December 31, 2021, represented 36.57% of gross revenue and 32.51% of intangible assets (36% of gross revenue and 31.91% of intangible assets as at December 31, 2020).

New Legal Framework on Basic Sanitation

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

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

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

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

In addition, service providers must demonstrate having the necessary economic and financial capacity to comply with contracts, according to the methodology defined by Decree No. 10.710 of May 31, 2021, which regulated Article 10-B of Law No. 11.445 of January 5, 2007..

Ernest Young, an independent certifier, confirmed that the company complies with the adequacy requirements on the base date of 12/31/2020, showing that it meets the minimum benchmark indexes of economic-financial indicators, that the net present value of the global cash flows of regular contracts is greater than zero and that the Company's fundraising plan is compatible with its feasibility studies, as provided for in the decree.

The Company has been institutionally adapting itself to comply with current legislation arising from the new Sanitation Framework, as well as complementary regulatory consequences. It is still awaiting some general regulatory guidelines within the scope of ANA to define action strategies such as the methodology for calculating indemnities arising from investments made and not yet amortized or depreciated, which include the 78 expired contracts mentioned.

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

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

Price adjustment:

The Control and Inspection Council of Public Services of the city of Goiânia (AGR) approved, through Regulatory Resolution No. 185/21, Saneago's process of Ordinary Tariff Adjustment, with a percentage of 8.85% granted for water/sewage tariffs as from February 1, 2022. The adjustment was analyzed by Goiânia's Regulatory Agency (AR) and defined through Regulatory Resolution No. 005/2021 by such agency.

It is important to point out that the process of Tariff Adjustment was defined after a long period of work to define calculation methodologies for the tariffs revision and the Company's Regulatory Weighted Average Cost of Capital (WACC), approved through Joint Technical Notes AGR/AR No. 006/2021 and 007/2021, respectively, in addition to the methodology for approval of the Regulatory Assets Base (BAR) as per Technical Note No. 004/2021.

Voluntary Redundancy Program (PDV)

In December 2021, the Company's Voluntary Redundancy Program (PDV) was approved and launched with initial period for adhesion of 30 days, corresponding to January 2022. With dismissals from February to March 2022, the program included employees retired or not, with 10 or more years of employment in the company, with the exception of employees retired through the governmental pension system after 11/13/2019.

The conditions offered for adhesion were the following:

- Full payment of all termination and severance amounts;
- 40% over the FGTS (Severance pay fund) balance;
- 15% bonus (over the reference salary*) per year of employment in the company;
- Compensation of 4 reference salaries*;
- SODEXO food voucher equivalent to 12 months (paid fully and jointly with the termination amounts);
- Health insurance benefit for 24 months

** The reference salary includes the Base Salary of the employee, plus amounts received as incorporated gratified function, incorporated double function, incorporated salary bonus, complementation of working hours, one-year and/or five-year bonus, as applicable. Effects of Covid-19 pandemic*

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

Starting December 14, 2020, according to State Decree 9.751/2020, employees who had been working remotely resumed work at the offices of the Company and only specific groups continue working from home. In the end of 2021, the Company had 5,750 active employees hired under the standards of the Consolidation of Labor Laws (CLT), of which 1,334 are workers of the administrative area and 11 continue working remotely.

Sanitation is considered an "essential service" in keeping the quality of life of people and personal hygiene, seeing frequent washing of the face and hands is one of the main prevention measures against COVID-19. At the company, water cuts were suspended in relation to customers in default on March 19, 2020, and resumed on January 4, 2021, except for very low-income residential consumers. As at April 9, 2021, the suspension of cut was expanded to the other categories of people considered vulnerable, which stayed in effect until the end of 2021.

Seeing the cut activity is an important collection tool, in 2020, due to its resumption, a default level of -1.95% was observed in 2021, compared to a 5.80% level in 2020, when the suspension was in effect.

In view of that scenario, the Company evaluated the following estimates in the financial statements:

Estimated credit losses caused by COVID-19

A risk potentially significant to the Company in relation to Covid-19 is the default level of customers, but considering the resuming of water cuts in January 2021 and the Agreement for settlement of debts entered into with the state of Goiás in December 2021, as per Note 39.1, the Company recorded a reversal of losses of approximately R\$ 93,265. Receivables as at December 31, 2021, as well as the allowance for doubtful accounts reflect Management's opinion about the quality and solvency of receivables.

Impairment of tangible and intangible assets

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

Fulfillment of obligations undertaken with customers and suppliers

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

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

Approval for issuance of financial statements:

Issuance of these financial statements was approved by the Board of Directors on March 10, 2022.

2. Basis of preparation and summary of main accounting practices

2.1 Statement of compliance

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

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

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

2.2 Functional currency

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

2.3 Summary of main accounting practices

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

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

a) Allowance for doubtful accounts

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

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

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

b) Inventory losses

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

c) Deferred income and social contribution taxes

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

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

For more information on deferred taxes, please refer to Note 15.2.

d) Provision for lawsuits

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

For more information on lawsuits, please refer to Note 29.

2.4 Financial assets and liabilities

a) Financial assets

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

b) Financial liabilities

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

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

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

Financial liabilities classified as "other liabilities" comprise:

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

2.5 Operating revenue

a) Revenue from sanitation services

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

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

b) Revenue from construction work

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

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

2.6 Cash and cash equivalents

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

2.7 Receivables from consumers

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

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

2.8 Inventories

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

2.9 Other current assets

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

2.10 Property, plant and equipment

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

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

2.11 Intangible assets

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

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

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

The useful lives of assets are described below:

Type	Economic useful life	Type	Economic useful life
Civil construction work	50	Equipment - Metering pumps	13
Dams	50	Water meters	11
Reservoirs and tanks - Concrete	50	Vehicles	11
Decanters and ponds	50	Machinery and tractors	10
Transmission Lines and electrical connections	40	Equipment - Sewage pumps	10
Pipelines	40	Treatment equipment	10
Building connections	30	Laboratory equipment	10
Water wells	25	IT equipment - Switch	10
Renewable energy systems	25	Other equipment	9
Reservoirs and tanks - Metal	20	Deemed cost (general)	25
Environmental protection and preservation - Reforestation	17	IT equipment - Servers	8
Environmental protection and preservation - Fencing	15	IT equipment - Endpoints	7
Equipment - Air conditioning	15	IT equipment - Lease	8
Equipment - Other pumps	15	Vehicles - Right-of-use	3
Macrometers	15	IT equipment - Nobreaks	2
Equipment - Motors	14	Works of art	-
Furniture and fixtures	13	Plots of land	-
Software	13	Easement of properties	-

*Economic useful lives

Based on a study prepared in 2021 by an independent firm, the economic useful lives of property, plant and equipment and intangible assets were reviewed with the purpose of meeting the provisions of Law 11.638/2007 and standard CPC 27. The current valuation report was issued on 12/20/2021 and implemented still within the year, causing changes to the depreciation rate of equipment (treatment and laboratory equipment, motors and pumps) and, mainly, of environmental preservation equipment, which was broken down into reforestation and fencing, going from 8 years to 17 and 15 years, respectively.

a) Program and concession contracts

The infrastructure linked to program and concession contracts is governed by standard ICPC 01 - Concessions - when: (I) the municipal government (grantor) controls or regulates which services the operator must supply; (II) the grantor holds residual participation in the infrastructure at the end of the concession period and as for certain infrastructure items used in the concession of public services to private entities along all their useful lives; (III) Saneago has rights over the infrastructure operated according to contracts, built or acquired from third parties with the exclusive purpose of providing the services; (IV) the Company is entitled to receive cash or other financial asset in the event of termination, retaking and/or non-renewal of the contract, and the counterparty has little or no option to avoid such payment, usually because the contract is enforceable by law; (V) the Company is entitled to collect the amounts from the users of the public services.

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

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

Item 3 of article 29 of the Brazilian sanitation framework (Law 11.445/2007, amended by Law 14.026/2020, resulting in the "New Sanitation Framework") indicates that the economic and financial sustainability of public sanitation services has to be assured through the amounts charged for services, preferably in the form of tariffs.

In spite of the expectation of remuneration preferably in the form of tariffs, it is known that the Company's operating income (loss) in the municipalities is not always enough to amortize the investments made, during the period in which services are rendered. The amortization of the investments in concessions is not limited to contractual terms, because this system is ruled by the reasonability of tariffs during the rendering of services, and thus, the term of the contract is not always enough for the amortizations. Accordingly, the compensation for investments not yet amortized is left as a form of remuneration. This is provided for in article 36 of Federal Law No. 8.987/1995, which also establishes that *"the reversal upon the termination of the contract shall be carried out by the compensation of the installments of investments linked to reversionary assets, not yet amortized or depreciated, which have been realized for the purpose of ensuring the continuity and effectiveness of the service rendered"*. This is provided for in the sanitation legislation, in its article 42, § 5, which establishes that the transfer of services from one provider to another shall be conditioned to the previous compensation of the investments linked to reversionary assets not yet amortized or depreciated (Law No. 11.445/2007 with wording given by Law No. 14.026/2020). Additionally, there is no discussion regarding the right to compensation prior to the reintegration of the

system to the municipality, especially after the decision by Minister Sérgio Kukina of the Federal Court of Appeals (STJ), in Special Appeal No. 1.564;416 - PR, which establishes that *“strictly speaking, the Municipality must not reassume the services granted in concession before paying the due compensation”* and that *“the contract is not expired until that occurs, since its clauses have not been duly complied with”*.

Accordingly, Saneago’s departure from the sanitation services operation due to the maturity of the Concession Contract must be preceded by the administrative procedures required to promote the effective compensation of the assets not yet amortized. The obligation of compensation obliges the granting power to anticipate the termination of the contract and proceed with the analyses, evaluations and settlements needed to determine the value of the compensation it owes to the concessionaire. Thus, until the due administrative process is initiated for settlement of the contract, with payment of the due compensation to the Company, the Municipality cannot retake, and Saneago cannot transfer the services, without due settlement.

In locations where the Municipalities launch public bidding notices in advance, to hire a company for the rendering of such public services, Saneago is pursuing its legitimate interests and rights by administrative and judicial means. There are 6 municipalities in this situation, which represents 2.96% of the Company’s total revenues. We point out the failed attempt by 2 municipalities, representing around 1.04% of the Company’s total revenues, of retaking the system through an emergency hire, with no legal grounds and observation of the due compensation. Nevertheless, for the reasons exposed above, the prognosis regarding proceedings in progress are favorable to Saneago, given that there is only reversal with compensation; if there is no definition of the value of such compensation, or conclusion on it not being due, there can be no reversal, since the requirement of the law was not met.

Regarding the other expired contracts, in view of the regulatory uncertainties - and given that the rules for provision of the services are still being defined by ANA and that the Agency will take a considerable period of time to develop such legal framework, considering the complexity of the matter - they await the regionalization of the sanitation services in the state. Thus, Saneago seeks, through the Statement of Consent, the sustainability of the relationship after the termination of the contract, supplementing the ruling regarding the technical and operation condition of provision, whether by waiting for the new ANA guidelines for the regulation of services, with the specific definition of the criteria to be observed in cases of compensation; or by waiting for the regionalization to be instituted by the state.

Considering that i) in view of the principle of continuity of the public service and in respect to the rights of local consumers, Saneago continues to be responsible for the rendering of services; ii) the compensation for the investment realized and not amortized is guaranteed by law; iii) that such compensation constitutes a prerequisite to the termination of the contract and that iv) the regulation by ANA for the definition of the calculation methodology of compensations is pending, which would provide a technical orientation to the Company on the measurement of such value. The investments in the municipalities in which the rendering of the services occurs without contractual coverage are maintained as intangible assets without bifurcation in Financial assets, which are amortized by their respective useful lives.

As soon as the matters above are solved, which do not depend on the Company’s actions, it intends to review the bifurcation policies for its investments.

b) Government subsidies

When government grants related to assets are received, but not all condition have been fulfilled yet, they are recognized in the statement of financial position as liabilities, according to balance stated in note 20.1. When the established condition of construction work is met, they are reclassified by deducting the carrying amounts of the respective assets.

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

The government subsidy related to revenues, when received and with obligations not yet met, is recognized in the statement of financial position in a liability account, as per the balance shown in Note 20.2. When the condition established is complied with, i.e., the billing of customers included in the Social Tariff program, such values are recognized in revenue.

c) Software use licenses

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

2.12 Impairment of non-financial assets

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

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

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

2.13 Trade accounts payable

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

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

2.14 Employees' pay and related charges

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

2.15 Profit sharing

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

The Company recognizes a provision of 10% on income for the year (maximum amount to be distributed) in accordance with values disclosed in Note 34. Its effective realization depends on approval by the Governance Agencies and calculation of the goals realized.

2.16 Income and social contribution taxes

a) Current taxation

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

b) Deferred taxes

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

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

2.17 Taxes on revenue

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

2.18 Loans and financing

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

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

By using amortized cost, financial charges reflect the effective cash cost of the financial instrument and not only the contract interest rate of the instrument. In other words, they include interest paid on the loan and transaction costs, as well as premium received, goodwill,

negative goodwill, discounts, as well as monetary and other adjustments. Therefore, the internal rate of return method considers all cash flows, from the net amount received in the transaction to all payments made until settlement of the transaction. Thus, balances payable as at reporting date are close to market values, even those classified as noncurrent.

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

2.19 Leases

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

2.20 Provisions, legal obligations, court deposits and contingent assets

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

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

2.21 Other current and noncurrent liabilities

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

2.22 Benefits and defined contribution plans granted to employees

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

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

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

2.23 Segment reporting

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

This information by segment may be changed due to the regionalization of the contracts as discussed in Note 1.

2.24 Statement of value added

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

3. Risk management and financial instruments

3.1 Financial risk factors

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

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

- (a) Market risk (interest rate)

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

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

Debt Sensitivity

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

Rates	Exposure	Debt sensitivity - 12/31/2021					
		Probable scenario		Scenario II		Scenario III	
		Rate	Value	Rate	Value	Rate	Value
IPCA (FIDC IV)	108,445	5.44%	114,345	6.80%	115,820	8.16%	117,295
CDI (Banks + Bonds)	741,867	11.75%	829,036	14.69%	850,828	17.63%	872,621
Dollar (BID)	86,942	5.60	93,828	7.00	117,285	8.40	140,742
TR (a) (Caixa Econômica Federal)	117,465	0.03%	117,497	0.03%	117,505	0.05%	117,526
Subtotal	1,054,719		1,154,706		1,201,438		1,248,184
Subordinated shares	(91,472)						
Transaction costs	(12,475)						
	950,772						
Not subject to risk							
FCO - Cezarina and Silvânia (a)	4,237						
	955,009						

a) Contract with fixed interest.

Exchange rate risk

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

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

Sensitivity of the debt in foreign currency with IBD

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

The sensitivity analysis prepared as at December 31, 2021, indicates a slight increase in the expected amount of future debt as a result of the increase in interest rates and inflation in Brazil, as well as due to the appreciation of foreign currencies in relation to the Brazilian real, mainly due to the Covid-19 pandemic, which has been significantly affecting Brazilian and international economy. Abroad, the global economy has been slowing down and economic and geopolitical uncertainties exist, in particular some commercial disputes that may contribute to less global growth.

Domestic factors relate to whether the Brazilian economy is able to absorb problems in the international market and if internal structural changes are possible, in special in relation to taxation, which would allow resuming economic growth. The dollar exchange rate used for the payment due in October 2020 was R\$ 5.59. As for the one due in October 2021, the rate was R\$5.52. The projection of exchange rate for 2022 is R\$5.60.

The dollar rates of the scenarios were based on data the Brazilian Central Bank published in the FOCUS Market Report (Market Expectations) on February 04, 2022.

(b) Credit risk

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

(c) Liquidity risk

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

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

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

(d) Risks associated with concession/program contracts

Saneago's results depend on the maintenance of contracts with the municipalities where it operates. Usually, the Concession Contracts and the Programs Contracts have 30-year terms. In some situations, a municipality is entitled to cancel contracts before expiration or do not give authorization for their renewal due to noncompliance with legal or contract obligations (upon compensation of the balances of investment not yet amortized). This is guaranteed by law, as described in Note 2.11 (a).

3.2 Capital management

The objective of managing capital is safeguarding the capacity of the Company continuing as a going concern, offering return to shareholders and benefits to other stakeholders, besides keeping an ideal capital ratio and reduce costs. The financial leverage ratio is tracked. It corresponds to net debt divided by total capital.

Net debt, in its turn, corresponds to total loans and financing, less cash and cash equivalents. Total capital is determined through the sum of equity as demonstrated in the statement of financial position with net debt.

Net Financial Position	12/31/2021	12/31/2020
Total loans/Debentures	955,009	965,493
(-) Cash and cash equivalents.	(138,808)	(168,144)
(-) Financial investments (a)	(430,420)	
(=) Net debt	385,781	797,349
(+) Total equity	3,356,818	3,077,632
(=) Total capital	3,742,599	3,874,981
Financial leverage index	10.31%	20.58%

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

4. Cash and cash equivalents

	12/31/2021	12/31/2020
Imprest fund	60	12
Bank checking accounts/billing	12,218	21,907
Banks - Accounts linked to construction work	5,842	3,089
Banks - Billing not yet released (a)	12,724	14,225
Short-term financial investment (b)	107,964	128,911
	<u>138,808</u>	<u>168,144</u>

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

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

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

	12/31/2021	12/31/2020
B. Brasil	568	1109
BBM	1,771	9,051
Bradesco	2,112	359
Itaú	103,503	7,058
Safra	10	10
Santander	-	111,324
	<u>107,964</u>	<u>128,911</u>

The average return on the financial investments in the accumulated amount was 91.89% of the Interbank Deposit Rate (CDI) until the 4th quarter of 2021 (91.66% of CDI as at December 31, 2020).

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

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

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

5. Financial investments

These refer to investments with immediate liquidity to meet short-term commitments. They differ from investments allocated to Cash and Cash Equivalents only in terms of the perspective of its use by the Company, which is after six months, and are composed as follows:

	12/31/2021	12/31/2020
Itaú	85,130	-
Santander	345,290	-
	<u>430,420</u>	<u>-</u>

The average return on these financial investments in the accumulated amount was 104.82% of CDI until the 4th quarter of 2021.

It arises from the proceeds from the 9th issuance of bonds in the amount of R\$ 250,000, from the Agreement for settlement of debts entered into with the state of Goiás as per Note 39.1, and from the return on cutting activities and the consequent increase in the Company's revenue.

6. Marketable securities

	12/31/2021	12/31/2020
Current		
Banco do Brasil	586	-
Caixa Econômica Federal	2,774	-
	<u>3,360</u>	<u>-</u>
Non-current		
Caixa Econômica Federal	11,567	13,146
	<u>11,567</u>	<u>13,146</u>
Total	14,927	13,146

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

Of the total amount of R\$ 1,781 of net changes in marketable securities, R\$ 505 refers to return on financial investments with no cash effect.

The average return on these financial investments in 2021 was 74.57% of CDI (98% of CDI as at December 31, 2020).

7. Receivables from consumers

	12/31/2021			12/31/2020		
	Private	Public	Total	Private	Public	Total
Amounts billed and not yet due	103,162	11,990	115,152	108,915	10,664	119,579
Becoming due in more than 30 days	39,316	9,267	48,583	29,106	6,040	35,146
Overdue for up to 30 days	91,304	4,087	95,391	91,509	3,873	95,382
From 31 to 60 days overdue	37,712	2,195	39,907	45,241	2,770	48,011
From 61 to 90 days overdue	18,355	1,554	19,909	29,739	2,475	32,214
From 91 to 120 days overdue	13,535	1,144	14,679	21,514	1,546	23,060
From 121 to 180 days overdue	21,641	1,773	23,414	32,940	2,808	35,748
From 181 to 360 days overdue	5,355	5,381	10,736	5,274	5,382	10,656
From 361 days to 5 years overdue	23,722	6,548	30,270	18,636	85,252	103,888
Overdue for more than 5 years	1,741	2,456	4,197	762	8,331	9,093
Collection to be identified	(100)	-	(100)	(704)	-	(704)
Estimate of amounts to be billed	90,782	6,782	97,564	89,410	5,521	94,931
(-) Discount to present value of receivables	(1,656)	(266)	(1,922)	(1,011)	(296)	(1,307)
(-) Allowance for doubtful accounts	(9,030)	(18,507)	(27,537)	(10,480)	(104,762)	(115,242)
Subtotal	<u>435,839</u>	<u>34,404</u>	<u>470,243</u>	<u>460,851</u>	<u>29,604</u>	<u>490,455</u>
Amounts receivable (noncurrent)	24,378	15,533	39,911	16,916	17,915	34,831
(-) Discount to present value of receivables	(4,167)	(3,385)	(7,552)	(3,127)	(4,288)	(7,415)
(-) Allowance for doubtful accounts	(261)	(2,921)	(3,182)	(1,379)	(7,363)	(8,742)
Subtotal	<u>19,950</u>	<u>9,227</u>	<u>29,177</u>	<u>12,410</u>	<u>6,264</u>	<u>18,674</u>
Total	455,789	43,631	499,420	473,261	35,868	509,129

During recognition, the amounts demonstrated above were equal to their respective fair values and do not consider fines, interest or any form of monetary adjustment payable on overdue amounts.

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

Balance as at 12/31/2020	<u>(123,984)</u>
Reversal (Recognition) of allowance for doubtful accounts (Note 34)	<u>93,265</u>
Balance as at 12/31/2021	<u>(30,719)</u>

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

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

The reversal of the net allowance for doubtful accounts arises from the increase in earnings due to the resumption of cut activities in January 2021 and from the Agreement for settlement of debts entered into with the state of Goiás in December 2021 (note 39.1), which decreased the expectation of losses on receivables from customers.

8. Inventories

	12/31/2021	12/31/2020
Materials to be used in treatment stations	6,666	6,984
Materials to be used in pipelines	8	24
Electric materials and equipment	1,934	4,003
Tubes and connections for pipelines and water mains	36,122	34,381
Materials to be used in building pipelines	2,483	1,634
Water meters	5,974	11,872
Valves	6,433	7,297
Pumps	1,557	2,009
Sundry materials	4,079	3,970
(-) Provision for inventory losses	(10,632)	(21,678)
	<u>54,624</u>	<u>50,496</u>

In 2021, there were inventory write-offs amounting to R\$ 1,922.

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

Balance as at 12/31/2020	<u>(21,678)</u>
Reversal (recognition) of provision for inventory losses (Note 34)	<u>11,046</u>
Balance as at 12/31/2021	(10,632)

9. Recoverable taxes

	12/31/2021	12/31/2020
Corporate income tax (IRPJ) (a)	3,171	9,813
Social contribution tax (CSLL) (a)	11	2,574
Withholding income tax (IRRF)	2,115	2,148
Federal revenue service (b)	2,733	4,015
	<u>8,030</u>	<u>18,550</u>

- (a) Refers to income and social contribution tax negative balance (overpayments made by monthly estimate). Credits from 2020 were used in August/2021 for payment of Social Security Contribution (INSS) on payroll, being offset by means of Electronic Reimbursement Request and Offset Declaration (PERDCOMP). Additionally, amounts prepaid in 2021 were reduced due to improvements in the process of monthly estimation;
- (b) Refers to a refund request relating an installment debt payment plan (PAES) and undue payment of social security contribution debt. The latter was refunded in November 2021.

10. Prepaid expenses and advances

	12/31/2021	12/31/2020
Current amounts		
Insurance premium	168	154
Investment fund – Receivables – FIDC IV (a)	10,881	11,478
Advances for payment of graduate courses	27	29
Advances for travels	673	536
Advances for vacations	7,761	8,521
Advances for year-end bonus	0	4
Contract-compensation (b)	6,898	6,898
Share issuance expenses	3,593	2,689
Subscriptions to periodicals and annuities	24	-
	<u>30,025</u>	<u>30,309</u>
Noncurrent amounts		
Contract-compensation (b)	185,905	192,803
	<u>185,905</u>	<u>192,803</u>

- (a) Amortization and charges paid in advance according to the FIDC IV Regulations.
- (b) Payment of a compensation for anticipated renewal of contracts with the municipalities of Goiânia, Anápolis and Águas Lindas. The amounts will be amortized in 30 years (contract term). The variation in balances arises from amortizations according to the accrual period of the contracts.

11. Outsourcing

To assure compliance with Program Contracts executed between Saneago and the municipalities of Aparecida de Goiânia, Jataí, Rio Verde and Trindade, the Company chose to outsource sewage services through a bidding process, and contract No. 1327/2013 went into effect on July 19, 2013.

Full operations began in November 2013 and the contract term ends on November 1, 2041. Contract No. 1327/2013 is currently operated by BRK Ambiental Goiás S.A.

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

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

Granting fees are recorded in current assets proportionally to the contract term and adjusted according to the IPCA rate, with a corresponding item to the statement of income. Current liabilities refer to matching of accounts between the parties, arising mainly from revenues attributable to the outsourced service supplier, but received by Saneago. Noncurrent assets and liabilities correspond to the investments made by the outsourced service supplier, not yet amortized.

	Current assets		Current liabilities	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Outsourcing				
Granting fees	10,715	10,450	6,386	1,616
	Noncurrent assets		Noncurrent liabilities	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Investment in sewage system	1,111,322	839,500	1,111,322	839,500
Total	1,122,037	849,950	1,117,708	841,116

12. Other receivables

	12/31/2021	12/31/2020
Current portion		
Collateral deposits	18	18
Consortium-related amounts	5,019	375
Sundry advances	406	396
Auction credits (a)	4,631	-
(-) Provision for losses	(375)	(375)
	<u>9,699</u>	<u>414</u>
Noncurrent portion		
Contracts under legal dispute (b)	32,765	32,765
(-) Estimated credit losses	(32,765)	(32,765)
Other receivables	42	-
	<u>42</u>	<u>-</u>

(a) These refer to credits arising from auction of land without use, according to the operation mentioned in Note 13. R\$ 280 referring to monetary adjustment to such receivables was recorded.

(b) Contracts under legal dispute

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

Caldas Novas

Seeing the government of that municipality took back the control over systems on June 27, 1995, Saneago's Management filed an action for damages (Case # 0033803.68.1995.8.09.0051). The local judge considered grounded the request for compensation, sentencing the municipality of Caldas Novas to pay the amount of R\$ 37,058. In a judgment held on 06/05/2019, the court of Goiás revoked the first instance decision and determined the proceeding to continue in the instance of origin, with inversion of the burden of proof on Saneago, in order to verify the existence of the amounts to be amortized. In April 2020, the proceedings were sent to the STJ for judgment of a special appeal Saneago's lawyers had filed. On May 6, 2020, the appeal was sent to the STJ's Chairman for judgment. On October 2, 2020, that court agreed to hear the special appeal, but upheld the ruling of the court of Goiás.

The proceeding returned to its instance of origin, and inadvertently closed without compliance with the decision by the court of Goiás. The company has filed a request to be called to court, so that the proceeding can be reopened and the decision by the court of Goiás can be executed and, consequently, the Company can be determined to present the amounts to be amortized, so that the amount effectively owed by the municipality can be calculated.

Catalão

That municipality took back the control of the systems by means of a court order and Saneago was not successful in reversing that order. Action 37532.36.2016.8.09.0029 has been filed. In September 2019, a request was made to the Counsel of the Municipal Superintendency of Water and Sewage of Catalão (SAE) for access to the digital proceedings. On June 2, 2020, the proceedings were concluded to be sent to the Judge, however there was a delay on the preparation of the expert analysis due to a withdrawal of the expert appointed. On 10/04/2021, a new expert was appointed, and the execution of the expert analysis is currently awaited in order to determine the amounts for compensation.

13. Noncurrent assets held for sale

In 2021, the Company's Management decided to sell 17 properties that were in a situation of idleness and are not a part of any plan or project to expand the Company's water supply and sewage systems. The Company published three notices for biddings in a similar type to the Auction, under the criterion of highest price offer:

Bidding process	Date of publication	Type	Number / Assets in the lot	Minimum value of purchase	Process status	Winner bid
19176/2019	09/29/2021	Disposal, Similar to Auction	11 plots of land	1,681	Concluded	2,090
8179/2015	08/03/2021	Disposal, Similar to Auction	5 plots of land	230	In progress	-
21107/2015	06/28/2021	Disposal, Similar to Auction	1 plot of land	4,709	Concluded	6,961
				<u>6,620</u>		<u>9,051</u>

Based on the mentioned decision and pursuant to CPC 31/IFRS 5 Non-Current Assets Held for Sales, for the financial statements of 2021, these assets were transferred from Non-Current Assets to Current Assets and some of the disposals were already concluded, all at amounts higher than the acquisition cost, as shown below:

Non-current assets held for sales	12/31/2020	Inflows	Sales of assets	12/31/2021
Plots of land	-	2,693	(2,690)	3
Total	-	2,693	(2,690)	3

Gains from the disposal of assets – 12/31/2021	
Revenue from sales	9,051
Book value of disposed assets	(2,690)
Gains from disposal of fixed assets	<u>6,361</u>
Taxes on income - 34%	(2,163)
Net gains from sales of assets	<u>4,198</u>

14. Court deposits

	<u>12/31/2021</u>	<u>12/31/2020</u>
Court deposits	18,491	16,069
	<u>18,491</u>	<u>16,069</u>

Of the outstanding balance as at December 31, 2021, around 86% correspond to deposits made in the last five years, with emphasis on deposits arising from proceedings 5532023-46.2019.8.09.0103, filed by the municipality of Minaçu in the amount of R\$6,533, and 241645.61.2008.8.09.0051, filed by the municipality of Goiânia in the amount of R\$4,164.

The change in the balance of court deposits mainly refers to an expropriation request filed by Saneago under proceeding 0269050-03.2011.8.09.0137, amounting to R\$ 2,254.

15. Taxes on income

15.1 Taxes on income - Current

	12/31/2021		12/31/2020	
	IRPJ	CSLL	IRPJ	CSLL
Income before IRPJ and CSLL	487,975	487,975	468,429	468.429
IRPJ and CSLL - Effective rates	(121,993)	(43,917)	(117,108)	(42.161)
Deductibility of Interest on Equity Capital	20,927	7,534	19,971	7.190
Loss/Recovery of nondeductible credits - Law no. 9.430/96	1,697	611	(756)	(272)
Nondeductible fines	(1,134)	(408)	(260)	(93)
Expenses on issue of shares	226	81	397	143
Sponsorships of cultural and sport activities (a)	1,146	(180)	746	(89)
Workers' Meal Program - PAT	1,317	-	1,164	-
Corporate Citizen Incentive - Law no. 11.770/08	216	(26)	-	-
Donations	-	-	412	(49)
Others	(1,292)	(324)	(1,082)	(236)
IRPJ and CSLL - Effective amounts	<u>(98,890)</u>	<u>(36,629)</u>	<u>(96,516)</u>	<u>(35,567)</u>
Total IRPJ and CSLL	<u>(135,519)</u>		<u>(132,083)</u>	
Effective rate	<u>27.77%</u>		<u>28.20%</u>	

(a) The amount referring to sponsorships of cultural and sports activities in 2021 corresponded to sponsorship paid to the projects "Kiss Me Kate" and "O Mistério de Irma Vap", in the total amount of R\$ 1,610, through Law No. 8.313/1991 (Rouanet Law), and to the project "Anápolis Vôlei", amounting to R\$ 400 by means of Law no. 11.438/2006.

15.2 Taxes on income - Deferred

	Tax base	12/31/2021			Tax base	12/31/2020		
		IRPJ (25%)	CSLL (9%)	Total		IRPJ (25%)	CSLL (9%)	Total
Deferred tax assets								
Allowance for doubtful accounts	30,719	7,681	2,765	10,446	123,983	30,995	11,158	42,153
Provision for inventory losses	10,633	2,658	957	3,615	21,679	5,420	1,951	7,371
Provision for losses on investment	564	141	51	192	564	141	51	192
Provision for contingencies	233,157	58,289	20,984	79,273	145,596	36,399	13,104	49,503
Provision for losses on other receivables	375	94	34	128	375	94	34	128
Provision for contracts without concession	32,765	8,191	2,949	11,140	32,765	8,191	2,949	11,140
Provision for losses on construction work	128,347	32,087	11,551	43,638	128,347	32,087	11,550	43,637
Actuarial obligations	21,388	5,347	1,925	7,272	37,202	9,300	3,348	12,648
Provision for profit sharing	35,246	8,811	3,172	11,983	33,635	8,409	3,027	11,436
Income tax losses (a)	-	-	-	-	41,823	10,432	-	10,432
Social contribution tax losses (a)	208,258	-	18,743	18,743	286,131	-	25,752	25,752
Total	<u>701,452</u>	<u>123,299</u>	<u>63,131</u>	<u>186,430</u>	<u>852,100</u>	<u>141,468</u>	<u>72,924</u>	<u>214,392</u>
Deferred tax loss								
Tax vs. accounting depreciation	372,953	93,238	33,566	126,804	240,675	60,169	21660	81,829
Asset and liability valuation adjustment	50,476	12,619	4,543	17,162	50,477	12,619	4,543	17,162
	<u>423,429</u>	<u>105,857</u>	<u>38,109</u>	<u>143,966</u>	<u>291,152</u>	<u>72,788</u>	<u>26,203</u>	<u>98,991</u>
Total deferred taxes, net			<u>42,464</u>				<u>115,401</u>	

At the Company, based on studies and future perspective of growth, tax assets are limited to the lower between the amount of future income and the amount of tax to be offset through the realization of temporary differences and tax losses. The reduction in the value of deferred income tax assets was mainly due to the reductions in the temporary allowance for doubtful accounts and the reduction in IRPJ tax losses, net of the increase of the temporary provision for contingencies.

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

Year	Expected realization Estimated taxable income	IRPJ	CSLL	Sum
2022	117,007	-	3,159	3,159
2023	247,792	-	6,690	6,690
2024	248,813	-	6,718	6,718
2025	253,948	-	2,175	2,175

Change in deferred taxes in the period

Balance kept in deferred tax assets as at 12/31/2020	115,401
(+) Recognition/Realization of deferred tax assets - Statement of income	(22,586)
(+) Recognition of deferred tax assets - Equity	(5,376)
(-) Recognition/Realization of deferred tax liabilities - Statement of income	(44,975)
Balance kept in deferred tax assets on 12/31/2021	42,464

Reversal in the statement of income on 12/31/2021

Income (loss) before taxes	487,975
Combined rate 34%	165,912
(+ / -) IRPJ/CSLL on permanent/temporary add-backs and deductions and tax losses	(233,473)
Reversal in the statement of income	(67,561)

Reversal in the statement of income - deferred taxes			
	IRPJ	CSLL	Sum
Allowance for doubtful accounts - Receivables	(23,316)	(8,393)	(31,709)
Provision for inventory losses	(2,761)	(994)	(3,755)
Provision for Contingencies	21,890	7,880	29,770
Provision for profit sharing	403	145	548
Tax losses - IRPJ	(10,432)	-	(10,432)
Tax losses - CSLL	-	(7,008)	(7,008)
Tax x accounting depreciation	(33,070)	(11,905)	(44,975)
Total	(47,286)	(20,275)	(67,561)

16. Investment

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

On January 25, 2022, in General Meeting no. 169, the dissolution of Saneago's ownership interest in the companies Comurg, Metrobus, Codego and Agehab, amounting to R\$ 573 thousand, was approved, and the companies involved were notified for formalization of the process.

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

17. Property, plant and equipment

	12/31/2021	12/31/2020
General use assets	177,031	171,898
General use assets in construction (a)	212,030	160,765
Deemed cost of assets	64,738	64,839
General use assets - Lease-purchase operations	7,242	7,241
Contributions to realize - Corumbá Consortium	1,222	47,303
Land-title regularization	222	222
Right-of-use - vehicles (Note 17.2)	59,256	57,142
Accumulated depreciation - Right-of-use assets (Note 17.2)	(41,448)	(26,238)
Accumulated Depreciation - General	(110,122)	(103,199)
Accumulated depreciation - Deemed cost	(14,280)	(14,379)
Accumulated Depreciation - Lease-purchase operations	(5,731)	(5,011)
	<u>350,160</u>	<u>360,583</u>

(a) Breakdown of general use assets in construction:

	12/31/2021	12/31/2020
General use assets in construction	152,147	100,948
General use assets in construction - Growth Acceleration Program (PAC)	59,883	59,817
	<u>212,030</u>	<u>160,765</u>

17.1 Technical assets

The change in assets is as follows:

Technical assets	Balance 12/31/2020	Addition	Write- off	Deprec./ Amort.	Transfer to current	Fixed assets	Capital contributions	Transf.	Balance 12/31/2021
General use assets	171,898	7,984	(465)	-	(2,579)	193	-	-	177,031
General use assets in progress	160,765	51,265	-	-	-	-	-	-	212,030
Assets - deemed cost	64,839	-	(101)	-	-	-	-	-	64,738
General use assets - lease	7,242	-	-	-	-	-	-	-	7,242
Unrealized capital contributions - Cons. Corumbá	47,302	-	-	-	-	-	(46,080)	-	1,222
Property title compliance	222	-	-	-	-	-	-	-	222
General accumulated depreciation	(103,200)	-	433	(7,395)	-	-	-	40	(110,122)
Accumulated depreciation - deemed cost	(14,379)	-	101	(2)	-	-	-	-	(14,280)
Accumulated depreciation - lease	(5,010)	-	-	(721)	-	-	-	-	(5,731)
	<u>329,679</u>	<u>59,249</u>	<u>(32)</u>	<u>(8,118)</u>	<u>(2,579)</u>	<u>193</u>	<u>(46,080)</u>	<u>40</u>	<u>332,352</u>

17.2 Right-of-use assets - Leases

The requirements of standard CPC06 (R2)/IFRS16 have been applied starting January 1, 2019, as described in Note 21d.

	12/31/2021	12/31/2020
Right-of-use assets - vehicles	59,256	57,142
Accumulated depreciation- Right-of-use assets	(41,448)	(26,238)
	<u>17,808</u>	<u>30,904</u>

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

Fixed assets - Right of use	Balance 12/31/2020	Addition	Deprec. /Amort.	Balance 12/31/2021
Right of use - vehicles	57,142	2,114	-	59,256
Accumulated depreciation - right of use	(26,238)	-	(15,210)	(41,448)
Total	<u>30,904</u>	<u>2,114</u>	<u>(15,210)</u>	<u>17,808</u>

According to decision CVM 859 of June 7, 2020, the lease-purchase operations of the Company were assessed according to the provisions of standard CPC 06 (R2). No change in contracts or in right-of-use assets was necessary in 2020 and 2021, and the operation of assets is normal, even amid the COVID-19 pandemic.

18. Contract-related assets

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

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

Contract assets	Balance as at 12/31/20	Addition	Adv. to suppliers	Inventory adjustment	Inventory returns and purchases	Transfer to storeroom	Application /Return of Inventories	Construction of fixed assets	Balance as at 12/31/21
Water systems	253,634	16,311	-	-	-	-	-	(51,693)	218,252
Sewage systems	427,600	25,570	-	-	-	-	-	(38,166)	415,004
Inventory of construction work	48,918	-	-	(1,364)	13,667	(2,452)	(13,825)	-	44,944
Advances to suppliers	-	-	2,700	-	-	-	-	-	2,700
	<u>730,152</u>	<u>41,881</u>	<u>2,700</u>	<u>(1,364)</u>	<u>13,667</u>	<u>(2,452)</u>	<u>(13,825)</u>	<u>(89,859)</u>	<u>680,900</u>

19. Intangible assets

	12/31/2021	12/31/2020
Water systems	2,656,056	2,572,495
Sewage systems	2,846,653	2,801,866
General use assets	15,387	7,834
Software (licenses)	48,844	34,189
Accumulated amortization	(2,773,011)	(2,675,421)
Contributions to realize - Águas Lindas	54,697	55,544
Provision for impairment	(128,347)	(128,347)
"Operação Decantação" (Note 41)	(118,494)	(118,494)
Land-title regularization	45,369	38,427
Non onerous assets - water supply	51,424	46,611
Non-onerous assets - sewage	109,261	89,179
	<u>2,807,839</u>	<u>2,723,883</u>

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

	Balance as at 12/31/2020	Addition	Write-off	Depreciation/amortization	Capital contribution	Transfer to current	Construction work	Transfer to intangible assets	Balance as at 12/31/2021
Intangible assets									
Water systems	2,572,495	35,452	(4,702)	-	-	(3)	52,813	-	2,656,055
Sewage systems	2,801,865	4,230	-	-	-	(111)	40,669	-	2,846,653
General use assets	7,835	7,618	(66)	-	-	-	-	-	15,387
Accumulated amortization	(2,675,421)	-	2,878	(100,426)	-	-	-	(42)	(2,773,011)
Software (Licenses)	42,746	20,606	-	-	-	-	-	-	63,352
Software amortization (Licenses)	(8,557)	-	-	(5,951)	-	-	-	-	(14,508)
Unrealized capital contributions - Águas Lindas	55,544	-	-	-	(847)	-	-	-	54,697
Provision for losses (Impairment)	(128,347)	-	-	-	-	-	-	-	(128,347)
Decantation operation "Operação Decantação" (Note 42)	(118,494)	-	-	-	-	-	-	-	(118,494)
Property title compliance	38,427	10,916	-	-	-	-	(3,974)	-	45,369
Non-onerous intangible assets - Water	113	604	-	-	-	-	2,701	-	3,418
Non-onerous intangible assets - Sewage	-	557	-	-	-	-	12,957	-	13,514
(-) Government subsidies/assistance	(110)	-	-	313	-	-	(16,818)	-	(16,615)
Amortization of non-onerous assets	(3)	-	-	(315)	-	-	-	2	(316)
Total	2,588,093	79,983	(1,890)	(106,379)	(847)	(114)	88,348	(40)	2,647,154
Intangible assets in progress - non-onerous									
Non-onerous - Water	46,610	7,515	-	-	-	-	(2,701)	-	51,424
Non-onerous - Sewage	89,180	33,038	-	-	-	-	(12,957)	-	109,261
Total	135,790	40,553	-	-	-	-	(15,658)	-	160,685
Total intangible assets	<u>2,723,883</u>	<u>120,536</u>	<u>(1,890)</u>	<u>(106,379)</u>	<u>(847)</u>	<u>(114)</u>	<u>72,690</u>	<u>(40)</u>	<u>2,807,839</u>

20. Government subsidies

20.1 Fixed and Intangible Assets

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

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

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

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

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

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

Amounts transferred by municipalities are listed below:

City	Contract	12/31/2020	PAC program	Concluded work/Other	12/31/2021
Formosa	0218016-87	7,689	-	3	7,692
Stº Antônio do Descoberto	0218331-07	388	-	1	389
Cristalina	0226017-65	307	-	-	307
Goiânia - Meia Ponte	0226025-62	3,873	994	(301)	4,566
Valparaíso	0218021-51	-	-	-	-
Luziânia	0218328-52	1,465	-	-	1,465
Planaltina	0218330-94	63	-	-	63
Valparaíso	0218343-40	44	-	-	44
Novo Gama	0226015-46	129	-	-	129
Novo Gama	0226018-79	971	-	1	972
Goiânia - Vila Adélia	0226024-57	7,294	-	-	7,294
Luziânia	0226026-76	68,824	784	2	69,610
Luziânia	0231460-45	57	-	-	57
Trindade	0237772-43	1,189	37	(1,227)	-1
Goiânia	0350788-10	40,315	-	-	40,315
Stº Antônio do Descoberto	0350796-17	2,686	-	(1,631)	1,055
Pirenópolis	0350884-88	1,422	2,286	-	3,708
Aparecida de Goiânia	0351738-28	3,094	5,076	-	8,170
Goiânia Jd Petrópolis SES	0408678-27	23,463	18,973	(4,076)	38,360
Anápolis SES	0408691-99	21,134	1,459	(9,137)	13,456
Other Contracts	Others	-	-	44	44
Total PAC		184,407	29,609	(16,321)	197,695

City	Contract	12/31/2020	PAC program	Concluded work/Other	12/31/2021
Other Programs					
Aduora João Leite	1524/01	729	-	-	729
Aduora João Leite	0187/06	1,472	-	-	1,472
Amaralina - FUNASA	25	248	-	-	248
Nerópolis - ANA-PRODES	68/15	4,601	-	-	4,601
Pires do Rio - ANA PRODES	68/15	1,976	-	-	1,976
Campos Verdes FUNASA/SECIMA	TC650/20	383	-	-	383
Goiânia-Recuperação Florestal	0153005/16	604	-	(604)	-
Vianópolis	1288/14	131	-	-	131
Itapirapuã	1283/2014	51	-	-	51
Itapuranga		-	53	-	53
Total Other Programs		10,195	53	(604)	9,644
Grand Total		194,602	29,662	(16,925)	207,339

Social Water Program

On December 16, 2021, the state government of Goiás created the Social Water Program, by means of law No. 21.203/2021. The program establishes a subsidy of up to 80% of the water bill to families living in the state of Goiás, served by Saneago, that are in situations of economic vulnerability. Customers who have no economic capacity to pay for the full cost of the services of water supply and collection and treatment of sewage are primarily considered as beneficiaries of the social tariff, in the terms of article 55 of law 14.939/2004.

The program will last for 12 months, and it is financed by the state of Goiás, by means of transfers to Saneago and tariff subsidies proposed by it and approved by the regulatory agency, as per item II, article 31 of Federal Law no. 11.445, of January 5, 2007. In 2021, R\$ 502 were transferred and subsidies were granted amounting to R\$ 35. The outstanding balance as at 12/31/2021 represents the values already transferred by the state not yet applied in the program and to be amortized in accordance with the granting of the subsidy.

21. Loans and financing

IDB (Inter-American Development Bank)

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

Bonds - 4th Issuance

In December 2017, in compliance with article 59 of Law no. 6.404, of December 15, 1976 and CVM instruction 476 of January 16, 2009, there was the fourth (4th) issuance of simple, book-entry, secured bonds, not convertible into shares in a single series to be distributed in a restricted manner.

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

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

This issuance was settled, and the last installment was paid on December 15, 2021.

Bonds - 5th Issuance

In December 2018, in compliance with article 59 of Law 6.404 of December 15, 1976, and CVM instruction 476 of January 16, 2009, there was the fifth (5th) issuance of simple, book-entry, secured bonds, not convertible into shares in a single series to be distributed in a restricted manner.

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

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

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

The financial index to be annually fulfilled for the 5th issuance of bonds is a ratio between net debt and adjusted EBITDA lower or equal to 3.0. As at December 31, 2021, that ratio had been achieved.

Bonds - 6th Issuance

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

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

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

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

The financial index to be annually fulfilled and established for the 6th Issuance is the ratio of net debt to the adjusted EBITDA lower or equal to 3.0, to be annually checked by the Issuer and followed up by the Trustee. The financial ratios related to debt coverage until December 31, 2021, were complied with.

Bonds - 8th Issuance

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

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

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

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

The financial index to be annually reached and established for the 8th Issuance is the ratio of net debt to the adjusted EBITDA lower or equal to 3.0 to be annually checked by the Issuer and followed up by the Trustee starting December 2020. The financial ratios related to debt coverage until December 31, 2021, were complied with.

Bonds - 9th Issuance

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

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

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

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

The financial index to be annually reached and established for the 9th Issuance is the ratio of net debt to the adjusted EBITDA lower or equal to 3.0 to be annually checked by the Issuer and followed up by the Trustee starting December 31, 2021. The financial ratios related to debt coverage until December 31, 2021, were complied with.

BNDES

The contracts of loans and financing executed with BNDES (National Economic and Social Development Bank) contain financial covenants to be annually checked to protect the interest of the creditor. They relate to debt-service coverage ratio of short-term obligations and have not been fully met. On December 20, 2019, Management obtained a waiver with the Financial Institution of the demand of compliance with that ratio starting December 31, 2019. This financing was settled, and the last installment was paid on December 15, 2021.

FIDC IV (Fund of Investment in Receivables)

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

The financial ratios related to debt coverage until December 31, 2021, verified biannually, were complied with.

Banco do Brasil

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

We draw your attention to the fact that the ratio is annually checked. As at December 31, 2021, the Company had satisfied the debt-service coverage ratio.

Rating

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



21.a Loans and financing

Bank name	Type	Contract	Commencement date	Maturity	Annual rate	Transaction Costs	Transaction costs to be recognized	Amount borrowed	Collateral	12/31/2021	12/31/2020
BRASIL	Loan	330701235	12/27/2017	01/06/2026	2.9% + CDI	940	42	30,000	a)	10,082	17,559
IBM	Loan	Lease-purchase agreement	07/28/2016	07/27/2021	3.48% + CDI	-	-	-	c)	-	404
FIDC IV	Loan	FIDC	12/15/2015	12/15/2022	3.13% + CDI or IPCA + 8,90%	47,828	7,779	600,000	i)	108,445	216,176
Subordinated shares FIDC IV	Loan	Subordinated shares				-	-	-		(91,473)	(86,711)
CEF	Financing	Various		2024	5.73% + benchmark rate (TR)	-	-	-	k)	4,147	5,753
CEF	Financing	410461-57	12/31/2013	05/14/2037	8.5% + TR	-	-	132,760	d)	4,669	4,849
CEF	Financing	0410526-20	12/31/2013	04/14/2037	8.5% + TR	-	-	36,410	d)	25,459	26,356
CEF	Financing	0410517-19	02/14/2014	05/14/2037	8.5% + TR	-	-	18,265	d)	5,226	5,446
CEF	Financing	0410538-64	03/27/2015	05/14/2037	8.5% + TR	-	-	51,544	d)	39,381	41,188
CEF	Financing	26340190232-94	06/29/2006	04/30/2028	12% + TR	-	-	3,185	c)	1,936	1,916
CEF	Financing	26340190233-07	06/29/2006	06/30/2030	12% + TR	-	-	39,214	c)	22,142	22,820
CEF	Financing	2635248557-66	06/30/2008	11/12/2030	8.5% + TR	-	-	6,600	c)	3,510	3,748
CEF	Financing	2634248555-47	10/09/2009	06/14/2031	9% + TR	-	-	10,000	c)	5,799	6,222
CEF	Financing	2634248548-42	12/30/2009	06/14/2031	9% + TR	-	-	11,882	c)	5,197	5,582
					1.89% + range fluctuation					86,942	
IDB (Inter-American Development Bank)	Financing	1414/OC	12/11/2002	10/11/2027	(VC)	-	-	\$ 47,000	j)		94,448
BNDES	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP	-	-	31,154	e)	-	540
BRASIL	Financing	40/01033-3	09/10/2012	04/01/2022	10.00%	-	-	2,360	f)	32	414
BRASIL	Financing	40/00984-x	12/20/2012	01/01/2028	2.94%	-	-	6,846	f)	4,205	4,896
Transaction costs	Loan	Transaction costs				-	-	-		(7,821)	(15,720)
						48,768	7,821	1,027,220		227,878	355,886
										Current	44,252
										Noncurrent	183,626
											134,637
											221,249

21. b Bonds

Bonds	Beginning	Maturity	Annual rate	Transaction costs	Transaction cost to be recognized	Amount obtained	Collateral	12/31/2021	12/31/2020
Bonds - 4th Issuance	12/28/2017	12/15/2021	2.95% p.a. + CDI	1,448	11	130,000	b)	-	50,438
Bonds - 5th Issuance	11/15/2018	11/16/2023	2.5% p.a. + CDI	4,296	1,024	250,000	g)	134,497	203,910
Bonds - 6th Issuance	09/23/2019	09/23/2024	1.2% p.a. + CDI	3,226	1,357	140,000	h)	125,211	140,103
Bonds - 8th Issuance	11/27/2020	11/27/2025	2.45% p.a. + CDI	1,254	695	220,000	h)	220,489	220,150
Bonds - 9th Issuance	08/25/2021	08/11/2026	1.9% p.a. + CDI	2,314	2,314	250,000		251,588 (4,654)	-
Transaction costs of bonds									(4,994)
								727,131	609,607
				12,538	5,401	990,000			

Current 121,811 133,409
Noncurrent 605,320 476,198

Description	Balance
Loans and financing	227,878
Bonds	727,131
	955,009

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

Statement of noncurrent amounts per maturity		12/31/2021
2023		236,532
2024		213,621
2025		173,287
After 2026		167,488
Transaction costs		(1,982)
		<u>788,946</u>

21.c Change in loans and financing

	01/01/21 to 12/31/21					01/01/20 to 12/31/20				
	Funds raised	Amortizations paid	Interest paid	Charges for the period	Capitalized interest	Funds raised	Amortizations paid	Interest paid	Charges for the period	Capitalized interest
Internal financing	134	(13,921)	(8,072)	8,058	-	-	(11,494)	(8,294)	8,191	-
Inter American Development Bank - BID	-	(14,279)	(1,841)	8,615	-	-	(13,961)	(3,017)	27,688	-
Banco IBM -Lease	-	(404)	(158)	158	-	-	(666)	(279)	279	-
Fundo Inv. Dir.Cred. Saneago INFR. IV	-	(107,463)	(25,781)	25,512	(114)	-	(107,463)	(31,669)	31,255	(255)
Subordinated shares FIDC IV	-	-	-	(4,761)	-	-	-	-	(2,350)	-
Agreements	-	(2,346)	(3,211)	3,853	-	-	(2,083)	(3,344)	4,117	-
Bonds	250,000	(135,226)	(40,140)	42,550	(337)	370,168	(246,834)	(26,176)	25,556	(1,056)
Transaction cost	-	-	(2,314)	10,553	-	-	-	(4,433)	14,449	-
Subtotal	<u>250,134</u>	<u>(273,639)</u>	<u>(81,517)</u>	<u>94,538</u>	<u>(451)</u>	<u>370,168</u>	<u>(382,501)</u>	<u>(77,212)</u>	<u>109,185</u>	<u>(1,311)</u>
Lease - Vehicles	-	(16,498)	-	2,027	-	-	(16,031)	-	2,973	-
Total	<u>250,134</u>	<u>(290,137)</u>	<u>(81,517)</u>	<u>96,565</u>	<u>(451)</u>	<u>370,168</u>	<u>(398,532)</u>	<u>(77,212)</u>	<u>112,158</u>	<u>(1,311)</u>

21.d Lease of vehicles

Standard CPC06(R2)/IFRS 16 established the principles for recognition, measurement, presentation and disclosure of lease-purchase operations, demanding the lessee to account for leases according to a single model, or in other words, recognizing right-of-use assets ("lease assets") corresponding to a lease liability, unless the lease is for a short-term period (12 months or less) or has a very low value.

The practice adopted at the Company in relation to standard CPC 06 (R2) was disclosed in CVM Letter SN/SEP 02/19 and CVM Letter SNC/SEP 01/2020, that is, inclusion of inflation in the projection of future contractual cash flows.

Total lease liabilities recognized in the statement of financial position as at December 31, 2021, and December 31, 2020, are the following:

Description	Balance as at 12/31/2020	Entry	Recognition of interest	Payments	Transfer	12/31/2021	12/31/2020
Vehicles	32,091	2115	2,027	(16,498)	-	19,735	32,091
					Current	18,768	14,837
					Noncurrent (a)	967	17,254
						<u>19,735</u>	<u>32,091</u>

(a) This refers to installment of a contract with maturity in January 2023.

22. Employees' pay and related charges

Current	12/31/2021	12/31/2020
Alimony and terminations	124	169
Private pension plan (PREVSAN)	1,710	24
Health Assistance Program (CAESAN)	3,173	6
Payroll loans	-	9
SESI and SENAI	1,487	2,472
Vacation pay	63,695	59,541
Year-end bonus payable	-	617
Severance pay fund (FGTS) on vacation pay and year-end bonus	11,262	10,525
INSS payable on salaries	18,237	17,164
Provision for INSS on vacation pay and year-end bonus	18,345	17,147
Voluntary Redundancy Program	-	1,967
Profit Sharing	320	525
	<u>118,353</u>	<u>110,166</u>

23. Taxes payable

Current	12/31/2021	12/31/2020
Tax on sales (COFINS)	12,776	13,119
INSS on rendering of services	2,271	2,414
IRRF on payroll and services	15,249	13,037
Tax on services (ISS)	1,057	1,036
Installment payments to Federal Revenue Service (a)	7,925	870
Tax on sales (PIS) payable	2,710	2,833
Withholdings of Federal Contributions	508	504
	<u>42,496</u>	<u>33,813</u>
Non-current		
Installment payments to Federal Revenue Service (a)	<u>31,666</u>	<u>7,314</u>

(a) Debt payable to the Brazilian Federal Revenue Service

Description	Beginning	End	Number of installments	12/31/2021	12/31/2020
I INSS	09/26/2017	01/26/2030	149	7,433	8,184
II PIS/COFINS	08/31/2021	07/31/2026	60	<u>32,158</u>	-
				<u>39,591</u>	<u>8,184</u>
Current				7,925	870
Noncurrent				31,666	7,314

I) INSS - Social security debts

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

II) PIS/COFINS

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

24. Amounts to be paid in installments

	Description	Beginning	End	Number of installments	Adjustment	12/31/2021	12/31/2020
I	AGR - Control and Inspection Council T.A.0255/15	12/10/2015	12/10/2030	180	a)	10.792	11,432
II	AGR - Control and Inspection Council T.A.054/18	05/10/2018	04/10/2033	180	a)	4.139	4,301
III	Government of the Municipality of Goiânia	06/23/2018	09/21/2021	20	-	-	1,574
IV	STIUEG - Sindicato dos Trabalhadores (union of workers)	08/06/2020	03/08/2021	8	-	-	1,594
V	Prosul Projetos Supervisão e Planejamento	01/03/2021	05/03/2021	5	-	-	1,127
	Other					6	155
						<u>14.937</u>	<u>20,183</u>
	Current					909	5,252
	Noncurrent					14.028	14,931

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

I) AGR - Control and Inspection Council of Public Services

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

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

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

II) AGR - Control and Inspection Council of Public Services

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

III) Municipal Government of Goiânia

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

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

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

V) PROSUL - Projetos, Supervisão e Planejamento Ltda

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

25 Contract-related obligations

	Description	Beginning	End	# of installments	12/31/2021	12/31/2020
I	Municipality of Águas Lindas	12/28/2018	10/11/2019	4	10,146	15,220
					10,146	15,220

I) Municipality of Águas Lindas

On December 28, 2018, Saneago executed an agreement with the Municipal Government of Águas Linda where the Company commits to transfer to the Local Fund of Environmental and Sanitation Infrastructure (FMSAI) an amount of R\$20,293. It represents a compensation for the anticipated termination of Concession Contract # 170/2000 and execution of a Program Contract. The funds must be used in the construction of local sewage systems and are conditioned to fulfillment of the work schedule. Until December 31, 2021, in compliance with the stage of completion of the work, two installments were paid.

26. Jointly controlled enterprises - Consortium

Noncurrent liabilities	12/31/2021	12/31/2020
Águas Lindas Consortium (a)	-	619
Corumbá Consortium (b)	2,144	47,861
	<u>2,144</u>	<u>48,480</u>

a) Águas Lindas Consortium

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

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

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

It is classified as a joint operation. According to items 14 and 15 of standard CPC 19, the parties that hold joint control have rights on assets and obligations in relation to liabilities. According to the articles of organization, the participation of the member companies is 50% each. However, in practice it is not proportional. As at December 31, 2021, Caesb held 47.65% and Saneago 52.35%, (as at December 31, 2020, Caesb held 50.28% and Saneago 49.72%) and the difference is currently recognized in Saneago's noncurrent assets as shown in the table above.

Below are the consortium's book values, recognized by the Company in its financial statements line by line:

Statement of Financial Position - Águas Lindas Consortium					
	12/31/2021	12/31/2020		12/31/2021	12/31/2020
Assets			Liabilities		
Current assets			Current liabilities		
Cash and cash equivalents	2,134	1,495	Contributions to be realized - Suppliers	3,568	2,312
Receivable from consumers	16,822	14,716	Employees' pay and related charges	493	464
Prepaid expenses and advances	677	677	Other payables	11,477	16,550
Storeroom	350	410		15,538	19,326
	19,983	17,298			
Noncurrent assets			Noncurrent liabilities		
Long-term assets			Provision for lawsuits	41	370
Receivable from consumers	1,172	861		41	370
Court deposits	-	225			
Prepaid expenses	17,587	18,264			
	18,759	19,350			
Property, plant and equipment and intangible assets			Equity		
Property, plant and equipment	95	115	Participation Fund - SANEAGO	96,253	88,791
Intangible assets	87,735	88,695	Participation Fund - CAESB	87,616	89,802
Contract-related assets	72,876	72,831		183,869	178,593
Total assets	199,448	198,289	Total liabilities	199,448	198,289

b) Corumbá Consortium

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

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

It is conducted by a managing council with ten equally divided members representing the companies and an Executive Management with two officers. It was set to run for a period of thirty (30) years, renewable for equal and successive periods. On December 31, 2021, Caesb held 50.34% and Saneago 49.66% interest in it, (as at December 31, 2020, Caesb held 61.12% and Saneago 38.88%). The difference is recognized in Saneago's noncurrent liabilities, as shown in the table above.

Below are the consortium's book values, recognized by the Company in its financial statements line by line:

Statement of Financial Position - Corumbá Consortium				
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets				
Current assets				
Storeroom	67			
	67		1,910	1,414
Noncurrent assets				
Long-term assets				
Property, plant and equipment				
General use assets	13,261	13,207		
Construction work in progress	392,911	383,140		
Construction work in progress - PAC	32,592	32,525		
	438,764	428,872	436,921	427,458
Total assets	438,831	428,872	438,831	428,872
Liabilities				
Current liabilities				
Contributions to be realized - Suppliers			1,910	1,414
			1,910	1,414
Equity				
Participation Fund - SANEAGO			216,965	166,212
Participation Fund - CAESB			219,956	261,246
			436,921	427,458
Total liabilities			438,831	428,872

27. Contract-related advances

The Brazilian Central Bank authorized the hiring of a private bank institution to process the payment of salaries, vacations, travel advances, pension plans and similar ones of Saneago's employees according to the conditions established in the invitation to bid and its attachments. The contracted service provider paid an amount of R\$9,970 to Saneago for the assignment of the services in one installment. The term of the contract is sixty (60) months starting June 1, 2017. The outstanding balance of R\$ 831 as at December 31, 2021, refers to 5 installments in the amount of R\$166 thousand corresponding to the period from January/2022 to May/2022 (balance of R\$ 2,825 related to 17 installments of the same amount as at December 31, 2020).

28. Other payables

	12/31/2021	12/31/2020
Current		
Guarantees	667	810
Other payables (a)	12,725	14,919
	<u>13,392</u>	<u>15,729</u>

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

29. Provision for lawsuits

The Company is a party to several civil, tax and labor proceedings classified as probable loss and provided for in accordance with CVM Resolution 594/09 and CPC 25, as follows:

	12/31/2021	12/31/2020
Civil actions	105,757	49,438
Tax-related court cases	24,146	13,084
Labor complaints	101,756	81,984
AGR - Control and Inspection Council of the State of Goiânia	1,498	1,090
	<u>233,157</u>	<u>145,596</u>

Change in provisions:

	Balance as at 12/31/2020	Recognition/reversal of provisions	Balance as at 12/31/2021
Civil actions (a)	49,438	56,319	105,757
Tax-related court cases	13,084	11,062	24,146
Labor complaints (b)	81,984	19,772	101,756
AGR – Control and Inspection Council of the State of Goiânia	1,090	408	1,498
Total	<u>145,596</u>	<u>87,561</u>	<u>233,157</u>

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

a) Minaçu

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

b) STIUEG

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

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

The main proceedings provided for as at December 31, 2021, are the following:

Type	Proceedings	Description	Plaintiff	Estimate
Civil	0421373-37.2007.8.09.0103	Tax foreclosure - enforceable debt certificate	Municipal government of Minaçu	75,123
Labor	0010242-85.2016.5.18.0016	Class action claiming payment of rest time between working days	STIUEG	31,050
Labor	0011614-8.2016.5.18.0004	Class action claiming weekly paid rest time	STIUEG	23,000
Labor	0010341-76.2021.5.18.0017	Class action claiming payment of rest time between working days	STIUEG	17,250
Tax	0026826-44.2018.4.01.3500	Tax foreclosure	Regional Chemistry Committee	11,455
Labor	0010242-39.2021.5.18.0007	Tax foreclosure	STIUEG	8,800
Tax	10120.734564/2018-74	Tax Assessment Notice	Federal revenue service	7,427
Labor	0010243-24.2021.5.18.0007	Class action claiming payment of rest time between working days	STIUEG	5,500
Labor	0011237-62.2015.5.18.0007	Class action claiming compensation for cleaning of uniforms	STIUEG	3,450
Tax	5377963-81.2018.8.09.0158	Payment of enforceable debt certificate no. 7/7	Municipal government of Sto Ant. do Descoberto	3,398
Labor	0010348-13.2021.5.18.0003	Proceeding - Payment of effects of stand-by time, vacation pay and year-end bonus	STIUEG	3,300
				189,753

Causes rated as possible

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

	12/31/2021		12/31/2020	
	Estimated value	Qty	Estimated value	Qty
Environmental	44,916	32	-	-
Civil	90,870	764	183,453	1,296
Regulatory	766	41	335	10
Labor	28,376	92	4,467	11
Tax	675,838	12	552,226	10
	<u>840,766</u>	<u>941</u>	<u>740,481</u>	<u>1,327</u>

The main proceedings classified as possible are the following:

Proceedings	Plaintiff	Matter	Amount
0057557-58.2003.8.09.0051	Municipality of Goiânia	Tax	367,300
0281694-13.2009.8.09.0051	Municipality of Goiânia	Tax	241,870
0350138-73.2008.8.09.0103	Municipality of Minaçu	Tax	65,966
5182910-61.2019.8.09.0051	State Prosecutor's Office	Environmental	25,050
0350155-12.2008.8.09.0103	Municipality of Minaçu	Civil	22,122
0011388-6.2021.5.18.0011	STIUEG	Labor	15,000
0251149-53.2009.8.09.0117	Eco Engenharia Ltda.	Civil	14,194
0215530-65.2004.8.09.0011	Public Prosecutor's Office	Environmental	12,247
0400750-30.2015.8.09.0051	Saalva - Associação Dos Amigos Do Residencial Aldeia Do Vale	Civil	9,000
0250140-93.2009.8.09.0137	Prosecutor's Office of the state of Goiás	Environmental	4,000
5379008-22.2018.8.09.0126	Sobrado Construção Ltda	Civil	4,000
0010469-20.2021.5.18.0010	Prosecutor's Office for labor issues	Labor	4,000
0010290-17.2020.5.18.0012	STIUEG	Labor	3,957
0279704-45.2015.8.09.0093	Municipality of Jataí	Civil	3,092
0390363-53.2015.8.09.0051	Ministério Público do Estado de Goiás	Civil	3,000
0252088-62.2017.8.09.0146	Municipality of São Luís dos Montes Belos	Civil	3,000
			<u>797,798</u>

30. Employee benefits

30.a - Defined benefit pension plan

The retirement pension plan 001 (Defined Benefit) is financed by contributions of active participants and assisted by Saneago as sponsor. According to regulations of the plan, the monthly contribution of the Sponsor is equal to the ones of employees, maintaining a one to one parity.

At the Company, after-employment benefits provided to employees opting for Pension Plan 001 are the following: Retirement pension for disabled workers, retirement pension for time of service or contribution, retirement for age, special retirement plan, annual bonus and deferred proportional benefit.

They take into account other actual benefits paid, equivalent to an average of the contributions made to the plan and the value of the benefit paid by government program. In the preparation of the study, actuarial calculations were made for the reference date of October 31, 2021:

	In R\$
Total assets	1,150,563
(-) Operating liabilities	(12,927)
(-) Administrative funds	(35,853)
(-) Investment funds	(2,942)
(=) Plan coverage equity	1,098,841
(+/-) Adjustment to market value (BD installment)	(17,057)
(=) Fair value of the plan's assets	1,081,784
Proportion of the company's obligations	100%
Fair value of the assets	1,081,784

And the net assets/liabilities are the following:

Determination of net liabilities (assets)	12/31/2021	12/31/2020
1 Deficit/(Surplus) determined		
1 Actuarial obligations determined	1,103,173	1,184,225
2 Fair value of the assets of the plan	(1,081,784)	(1,147,023)
3 Deficit/(Surplus) determined	21,389	37,202
2 Asset ceiling effect and additional liabilities		
1 Asset ceiling effect	-	-
2 Additional liabilities	-	-
3 Asset ceiling effect and additional liabilities	-	-
3 Net liabilities/(assets) resulting from the provisions of CPC 33 (R1)		
1 Net liabilities/(assets) determined (A 1.3 + A 2.3)	21,389	37,202

As seen in the table above, there was depreciation of the assets, and a reduction of the actuarial liabilities calculated for the plan from 2020 to 2021. Therefore, the existing pool of funds of the plan on October 31, 2021, was not enough to assure the pensions of the plan. The actuarial liability in 2021 was R\$ 21,389.

Assumptions used in the calculation of liabilities and projections

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

Assumption	12/31/2021	12/31/2020
Actual rate of actuarial discount	5.48%	3.66%
Actual return expected from assets	5.48%	3.66%
Actual rate of salary growth	3.20%	3.30%
Actual growth of the plan's benefits during receipt / HCCTR	0.00%	0.00%
(in Health)	98.00%	98.00%
Benefit capacity factor	98.00%	98.00%
Salary capacity factor	5.03%	3.32%
Estimated inflation	10.79%	7.10%
Nominal discount rate	10.79%	7.10%
Nominal return expected from the assets of the plan	8.39%	6.73%
Nominal rate of salary growth	5.03%	3.32%
Nominal growth of the plan's benefits during receipt	BR-EMSsb-2015, divided by gender	BR-EMSsb-2015, divided by gender
General death rate	MI-85 divided by gender	MI-85 divided by gender
Death of disabled people	TASA 27	TASA 27
People becoming disabled	1.50% p.a. Linear	1.00% p.a. Linear

30.b. - Defined contribution pension plan

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

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

30.c. - Health assistance program

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

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

CAESAN's Program has the characteristic of a defined contribution plan. To meet the provisions of CVM Decision CVM 695/12, accounting of obligations of that type of program is determined through the amount of contributions Saneago made to it. As at December 31, 2021, they corresponded to R\$ 29,950 (R\$ 21,964 as at December 31, 2020), not being necessary to calculate actuarial liabilities.

31. Equity

a) Capital stock

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

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

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

Shareholder	12/31/2021					
	No. of ordinary shares	%	No. of preferred shares	%	Total no. of shares	%
State of Goiás	1,336,135,801	71.5695%	354,992,364	54.7287%	1,691,128,165	67.2271%
State Social Security Fund	488,016,887	26.1404%	122,637,514	18.9069%	610,654.401	24.2752%
Cia de Inv. E Parcerias Goiás	42,749,681	2.2899%	170,998,719	26.3627%	213,748.400	8.4971%
Others	4,005	0.0002%	11,396	0.0018%	15,401	0.0006%
Total	1,866,906,374	100.00 %	648,639,993	100.00000%	2,515,546,367	100.00 %

Shareholder	12/31/2020					
	No. of ordinary shares	%	No. of preferred shares	%	Total no. of shares	%
State of Goiás	1,336,135,801	71.5695%	354,992,364	54.7287%	1,691,128,165	67.2271%
State Social Security Fund	488,016,887	26.1404%	122,637,514	18.9069%	610,654,401	24.2752%
Cia de Inv. E Parcerias Goiás	42,749,681	2.2899%	170,998,719	26.3627%	213,748,400	8.4971%
Other	4,005	0.0002%	11,396	0.0018%	15,401	0.0006%
Total	1,866.906,374	100.00 %	648,639,993	100.00000%	2,515,546,367	100.00 %

The unit value of ordinary and preferred shares is R\$1,00 (one Brazilian real).

b) Payment of capital

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

c) Legal reserve

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

d) Investment reserve

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

e) Asset and liability valuation adjustment

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

Asset and liability valuation adjustment	12/31/2021	12/31/2020
Asset and liability valuation adjustment	50,477	50,477
Deferred taxes on deemed cost (Note 15.2)	(17,162)	(17,162)
	33,315	33,315

f) Dividends and interest on equity capital

In compliance with the Brazilian corporate law, the Company's articles of incorporation establish the distribution of mandatory dividends of 25% of the net income of the year, first paid to holders of preferred shares, which be paid in up to 60 days from the date in which it is declared in an Ordinary General Meeting.

By deliberation of the Board of Directors, interest on equity capital may be attributed, which will be calculated on the Company's equity in accordance to TJLP as provided for in Regulatory Instruction RFB 1.700/2017, and will be mandatorily compensated in the distribution of mandatory dividends. Thus, the dividends are distributed in the form of interest on equity capital, within the established limit, as per the calculation described above, and in case the minimum mandatory dividend exceeds this amount, the difference is paid as dividends.

The total amount distributed as interest on equity capital is shown in the table below:

Calculation of dividends and interest on equity capital payable	
Income (loss) for 2021	352,456
Income (loss) recognized directly in equity	2
Recognition of Legal Reserve (5%)	(17,623)
Adjusted profit distributable	334,835
Mandatory dividends (25%)	83,709
Interest on capital added to dividends	83,709
Total proceeds distributed to shareholders in 2021	83,709

Type of shares	Quantity	Percentage	Total remuneration	Remuneration per share
Common shares	1,866,906,374	74.21%	60,563	0.03244
Preferred shares	648,639,993	25.79%	23,146	0.03568
	2,515,546,367		83,709	

g) Earnings per share

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

Type of share	Quantity	Percentage	Income for the period	Earnings per share
Ordinary shares	1,866,906,374	74.21%	261,574	0.1401
Preferred shares	648,639,993	25.79%	90,882	0.1401
	2,515,546,367		352,456	

32. Net operating revenue (expenses)

Gross revenue	12/31/2021	12/31/2020
Water supply and sewage services	2,665,220	2,605,274
Technical services	2,425	1,763
Social Tariff Subsidy	35	-
Outsourcing	9,100	9,100
Revenue from construction work	99,395	169,996
Total	2,776,175	2,786,133
Taxes and returned items		
Contribution to the Social Integration Program (PIS)	(44,431)	(43,170)
Contribution for Social Security Funding (COFINS)	(204,653)	(198,842)
Products returned and rebates	(1,688)	(2,362)
	(250,772)	(244,374)
Net operating revenue (expenses)	2,525,403	2,541,759

33. Costs and expenses by type

	12/31/2021				12/31/2020			
	Cost	Administrative	Selling	Total	Cost	Administrative	Selling	Total
Personnel	(621,802)	(363,214)	(124,691)	(1,109,707)	(591,611)	(315,558)	(117,877)	(1,025,046)
Materials	(76,564)	(3,708)	(504)	(80,776)	(81,903)	(4,149)	(544)	(86,596)
Electric power	(242,926)	(2,790)	-	(245,716)	(212,816)	(2,427)	(9)	(215,252)
Third-party services	(103,932)	(37,332)	(73,255)	(214,519)	(73,670)	(36,505)	(71,788)	(181,963)
Concession-related compensation	-	-	(75,156)	(75,156)	-	-	(73,757)	(73,757)
General expenses	(5,994)	(22,648)	(20,275)	(48,917)	(6,044)	(11,129)	(4,859)	(22,032)
Amortization	(100,379)	(5,972)	(24)	(106,375)	(101,810)	(6,693)	(35)	(108,538)
Depreciation	(3,177)	(19,301)	(131)	(22,609)	(3,944)	(18,648)	(125)	(22,717)
Depreciation of deemed cost	-	(2)	-	(2)	(2)	(4)	-	(6)
Depreciation of lease- operations	(97)	(545)	(79)	(721)	(96)	(550)	(74)	(720)
PIS/COFINS credit on depreciation and amortization	14,154	-	23	14,177	13,254	561	5	13,820
	(1,140,717)	(455,512)	(294,092)	(1,890,321)	(1,058,642)	(395,102)	(269,063)	(1,722,807)
Construction cost	(99,395)				(169,996)			
	(1,240,112)				(1,228,638)			

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

34. Recognition/reversal of provisions and credit recovery/ loss

	12/31/2021	12/31/2020
Recognition/reversal of provision for contingencies	(87,561)	(3,387)
Net recognition/reversal of allowance for doubtful accounts	93,265	21,791
Recognition/reversal of profit sharing to employees (a)	(1,611)	(33,635)
Recognition/reversal of provision for losses on construction work	-	3,750
Recognition/reversal of provision for inventory losses	11,046	10,203
Net recognitions/reversals	15,139	(1,278)
Net losses/Recovery of barred credits	(35,542)	(95,020)
Net recognitions/reversals	(20,403)	(96,298)

- (a) In 2021, the provision for profit sharing amounting to R\$ 33,635 was reversed, and the amount of R\$ 33,057 was realized as effective expense (under caption other operating revenues/expenses). Additionally, R\$ 35,246 were provisioned regarding profit sharing for 2021.

35. Other operating revenues and expenses

	12/31/2021	12/31/2020
Reimbursements and Indemnities	2335	600
Disposal and write-offs of fixed assets	2,664	(9,744)
Sales of unserviceable materials	4,180	1
Inventory adjustments	(1,530)	2,574
Legal indemnities receivable (a)	13,659	-
Employee profit sharing (b)	(33,057)	-
Other operation revenues/expenses	4,083	2,015
	(7,666)	(4,554)

- (a) Receipt as indemnity for material damages related to the damming of Corumbá river that caused flooding in the Company's construction work. The amount received was R\$ 18,587, of which R\$ 4,928 refer to the adjustment of the fixed indemnity recorded in the financial income (loss).
- (b) Realization of profit sharing referring to 2020 as per reversal of provision recorded under caption Net Recognitions/Reversals (note 33.a)

36. Net financial income (loss)

	12/31/2021	12/31/2020
Financial revenues		
Interest, fines and returns (a)	104,835	47,366
Monetary adjustment (a)	42,977	22,518
Discount to present value	(752)	484
	147,060	70,368
Financial expenses		
Interest /fines/charges and other expenses (b)	(133,245)	(100,596)
Monetary adjustment	(3,245)	(9,009)
Exchange rate losses (c)	(6,820)	(24,743)
	(143,310)	(134,348)
Net financial income (loss)	3,750	(63,980)

- (a) The variation in revenue is the result of an increase in receivables collected with addition of monetary adjustment, fines and interest on late payment and installment payment agreements. Such recovery is associated with the resumption of supply cuts, after suspension in 2020 due to COVID-19 (Note 1).
- (b) Increase in interest and fines in 2021 in comparison with 2020 is mainly due to charges related to the installment payment signed with the Brazilian Federal Revenue Service (see Note 23).
- (c) The variation in exchange rate losses refers to contract 1414/OC executed with in 2002 and is a reflex of the current scenario of exchange instability. In 2020, there was an increase in the exchange rate of dollar in relation to the Brazilian real of 28.93% going up from R\$4.03 to R\$5.20. In 2021, there was a lower increase of 7.39%, from R\$5.20 to R\$5.58 on 12/31/2021.

37. Obligations undertaken

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

Municipality	Expiration of Program Contract	Amount to be invested	Amount invested until 12/31/2021 - Saneago	Amount invested until 12/31/2021 - BRK Ambiental	Total amount invested
Adelândia	01/16/2048	525	90	-	90
Águas Lindas de Goiás	12/28/2048	309,022	2,161	-	2,161
Anápolis	02/27/2050	525,925	30,314	-	30,314
Anicuns	04/10/2048	42,785	6,575	-	6,575
Aparecida de Goiânia	11/01/2041	988,848	192,999	657,643	850,642
Aporé	04/6/2048	7,682	271	-	271
Aragoiânia	12/26/2042	27,926	1,276	-	1,276
Araguapaz	03/16/2048	5,210	925	-	925
Avelinópolis	01/22/2046	1,724	244	-	244
Barro Alto	12/26/2042	32,703	1,861	-	1,861
Brazabrantes	02/06/2044	8,056	1,479	-	1,479
Cachoeira Alta	07/27/2045	26,167	910	-	910
Caldazinha	08/02/2048	1,070	269	-	269
Campestre de Goiás	01/06/2046	645	315	-	315
Campinaçu	08/12/2045	13,146	9,750	-	9,750
Cavalcante	12/28/2048	1,612	2,114	-	2,114
Cezarina	12/17/2042	23,352	15,069	-	15,069
Cidade Ocidental	11/01/2041	243,394	18,024	-	18,024
Cristalina	02/07/2044	58,952	20,251	-	20,251
Davinópolis	05/04/2048	506	108	-	108
Diorama	07/24/2047	1,091	27	-	27
Divinópolis	10/05/2047	675	177	-	177
Flores de Goiás	08/14/2044	4,221	350	-	350
Goiandira	10/03/2048	1,457	139	-	139
Goiânia	12/17/2049	3,419.897	205,792	-	205,792
Guarani de Goiás	09/15/2040	962	598	-	598
Guarinos	02/16/2048	1,383	143	-	143
Hidrolândia	08/03/2046	9,737	2,566	-	2,566
Indiara	04/30/2044	32,180	1,741	-	1,741
Inhumas	06/17/2050	79,176	4,638	-	4,638
Israelândia	11/24/2039	3,300	120	-	120
Itajá	12/19/2042	2,328	342	-	342
Itapaci	12/28/2048	56,172	807	-	807
Itapuranga	12/28/2048	8,063	7,776	-	7,776
Jataí	11/01/2041	114,116	33,571	112,401	145,972
Jussara	12/26/2046	5,759	825	-	825
Luziânia	12/01/2045	366,853	29,824	-	29,824
Mambai	03/07/2046	1,689	429	-	429
Minaçu	02/06/2044	57,857	9,973	-	9,973
Morrinhos	11/30/2040	46,917	18,183	-	18,183
Morro Agudo de Goiás	05/02/2046	1,198	403	-	403
Mozarlândia	12/28/2046	1,894	1,136	-	1,136
Nazário	05/04/2048	2,280	241	-	241
Novo Gama	11/16/2048	253,055	3,398	-	3,398
Palmelo	10/29/2042	1,039	164	-	164
Perolândia	12/21/2048	499	182	-	182
Petrolina de Goiás	10/20/2041	6,797	7,607	-	7,607
Pires do Rio	11/03/2038	10,529	23,730	-	23,730
Posse	06/12/2047	19,945	9,609	-	9,609
Rio Verde	11/01/2041	249,889	57,247	202,345	259,592
Santa Cruz de Goiás	06/28/2043	1,497	306	-	306
Santo Antônio da Barra	12/29/2045	3,977	408	-	408
Santo Antônio de Goiás	12/02/2045	15,868	791	-	791
Santo Antônio do Descoberto	06/10/2046	55,686	22,807	-	22,807
São Domingos	12/28/2048	1,334	292	-	292
São João D'aliança	05/31/2049	3,033	1,605	-	1,605

São Luís de Montes Belos	12/19/2042	41,928	5,829	-	5,829
São Miguel do Passa Quatro	12/18/2049	8,686	298	-	298
Trindade	11/01/2041	169,222	21,333	138,933	160,266
Uirapuru	12/28/2048	699	63	-	63
Uruaçu	12/28/2048	44,341	2,769	-	2,769
Valparaíso de Goiás	11/16/2048	389,652	3,374	-	3,374
		<u>7,816,131</u>	<u>786,618</u>	<u>1,111,322</u>	<u>1,897,940</u>

38. Insurance

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

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

39. Related-party transactions

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

39.1 State of Goiás

a) Non-dependent relation

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

b) Participation in financing operations

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

c) Rendering of services

The Company provides water supply and sewage services to direct and indirect public administration agencies of the state of Goiás. In the fourth quarter of 2021, the gross revenue the Company received from that State was R\$ 55,054 totaling R\$ 227,712 in the accumulated amount (R\$ 54,255 in the fourth quarter of 2020 and R\$ 228,493 in the accumulated amount). The balances of debt due and not yet due of those agencies are the following:

	12/31/2021	12/31/2020
Amounts billed not yet due	5,522	4,730
Falling due in more than 30 days	4,435	1,030
Overdue for up to 30 days	1,615	1,614
Overdue from 31 to 60 days	358	1,135
Overdue from 61 to 90 days	376	1,158
Overdue from 91 to 120 days	364	364
Overdue from 121 to 180 days	481	915
Overdue from 181 to 360 days	3,222	2,566
Overdue from 361 days to 5 years	6,375	85,245
Overdue for more than 5 years	2,435	8,303
Estimate of amounts to be billed	3,254	2,718
(-) Discount to present value of receivables	(27)	(51)
(-) Allowance for doubtful accounts	(14,459)	(106,201)
Subtotal	<u>13,951</u>	<u>3,526</u>
Amounts receivable (noncurrent)	2,115	1,697
(-) Discount to present value of receivables	(279)	(226)
(-) Allowance for doubtful accounts	(1,251)	-
Subtotal	<u>585</u>	<u>1,471</u>
Total	<u>14,536</u>	<u>4,997</u>

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

On December 22, 2021, an Agreement for Settlement of Debts was entered into, in which the state of Goiás negotiated the debt amounting to R\$ 147,929 thousand arising from services rendered by Saneago. After discounts were applied for interest and default, the debt amounted to R\$ 109,206 thousand, of which R\$ 98,286 thousand were paid in December 2021 (90%) and the rest in February 2022. Thus, there was a significant variation in amounts receivable from the state.

39.2 Operations with municipalities

a) The program contract with the municipality of Goiânia was executed on December 17, 2019, to be in effect until December 17, 2049. The contract establishes monthly payment of 5% of gross revenue into the Municipal Sanitation Fund. Until December 31, 2021, gross revenue in the municipality of Goiânia corresponded to R\$ 1,021,609 and an amount of R\$ 51,080 was deposited into the Fund.

b) As at December 31, 2021, 23 out of the 226 contracts had as compensation a percentage ranging from 2% to 5% of the amounts collected in the municipality.

c) Rendering of accounts have been prepared and debt settled through services provided by local governments to the Company. As at December 31, 2021, the balance of accounts receivable overdue and not yet due regarding the debt of municipalities with the Company was R\$ 83,892. An amount of R\$ 1,124 was settled after 31 rendering of account reports were prepared. (December 31, 2020 - R\$72,165, and 17 reports, with settlement of R\$609).

40. Compensation of Management, Fiscal Council and Statutory Committee

As at December 31, 2021, the expenses related to the compensation of members of the Board of Directors, Executive Board, Fiscal Council and Statutory Audit Committee totaled R\$ 6,502 (R\$ 6,162 as at December 31, 2020).

a) Board of Directors

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

b) Executive Board

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

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

c) Fiscal Council

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

d) Statutory Audit Committee

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

41. Supplementary cash flow information

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

ASSETS	Note	12/31/2021	LIABILITIES	Note	12/31/2021
Receivables from consumers		9,709	Consortiums	25	(46,336)
Provisions/Reversals - Allowance for doubtful accounts	7	93,265	Transfers within equity	17.1	46,080
Discount to present value - Receivables		(751)			(256)
		<u>102,223</u>			
Other accounts receivable		(9,327)			
Auction Credit - sales of NC Asset held for sales to rec.	12	4,631			
Transfer of intangible assets	19	847			
		<u>(3,850)</u>			
Inventories	8	(4,128)			
Transfer of contract assets	18	16,277			
Estimated losses on inventory/Reversals	8	11,046			
		<u>23,195</u>			
Contract assets	18	(41,881)			
Capitalization of interest	21.c	451			
		<u>(41,430)</u>			

42. 'Operação Decantação'

Current situation:

The complaint brought by the Public Prosecution Office was rejected by the Federal Judge of the 11th Court of Goiânia (proceeding no. 0020618-15.2016.4.01.3500), given the lack of exposure of the criminal fact and the elements of conviction required to file a criminal suit against those then investigated.

The Public Prosecution Office filed an appeal against the decision issued, with a request for reform, for receipt of the complaint and consequent filing of the criminal suit. The parties presented counterarguments and, until 03/10/2022, the court has issued no decision contrary to the prior one.

Chronological description of events and Management's response:

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

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

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

The investigation was divided into two stages:

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

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

As per a federal court order at the time of the investigation, all executive officers of the Company were dismissed. On August 24, 2016, Saneago's Board of Directors adopted strict measures of permanent recomposition of its Management, providing administrative and legal security to its shareholders, the market and the population.

The members of the Permanent Bidding Committee mentioned in the official investigation were removed from their positions according to Decision no. 123/2016 of September 6, 2016, and new members were appointed.

An independent audit firm was hired to internally investigate the irregularities mentioned in the Official Investigation, and they concluded that the bidding procedures are lawful and no breach exists that could invalidate them.

On the other hand, noncompliance was detected in the execution of construction work, what led to the adoption of measures to solve the non-compliance.

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

Description			In Brazilian reais
Sample (Period from 2007 to 2017)			
Amount paid in priority contracts (EY's Report)		A	1,166,017,570
Amount of difference described on EY's Report in Priority Contracts		B	74,426,982
% ratio of difference to priority payments	(B*100/A)	C	6.383 %
Extrapolation of the sample to the universe of the construction work contracts (Period 2007 - 2017) Total amount paid in all contracts mentioned in the "Operação Decantação"		D	1,709,805,620
Total amount paid in contracts of companies listed for Background Check		E	75,306,360
	Subtotal	(D+E)	1,785,111,980
Estimated provision for contracts listed in "Operação Decantação"		F	113,943,821
Amount accrued for as at December 31, 2017		G	64,785,432
	Subtotal	(F+G)	49,158,389
Tax effects to contracts entered in the statement of income		H	4,550,663
Supplementary provision restated on January 1, 2018		I	53,709,052
		(I+L)	
		K	

Besides, considering the facts occurred on March 28, 2019 ("Operação Decantação 2") and April 4, 2019 ("Operação Decantação 2"), where the Federal Police executed the first investigation actions, the Company released an official letter to the market stating that:

- In relation to the facts occurred in the period from 2012 to 2016, Saneago highlights that the current Management of the Company has been prioritizing the implantation of governance and compliance practices to assure the lawfulness of all processes;
- Among the actions implemented, there was the creation of a Governance Superintendency, responsible for the implantation of a series of strategic policies, such as Responsibility Limits, a document that standardized the making of decisions by the Executive Board, Policies for Prevention of Conflict of Interests, a Code of Conduct, Policies for Transactions with Related Parties and Policies for Prevention of Corrupt Acts;

It is also important to point out that there is mention in "Operação Decantação" 3 that some companies mentioned in the 1st Phase of the Operation still have contracts in effect with Saneago.

However, the Company trusts in the governance measures adopted after 2016, mainly by means of preparation of risk matrixes for the companies mentioned in “*Operação Decantação*” 1, 2 and 3 in order to diagnose the intrinsic risk, as well as to make Management aware of risk to Saneago from the performance of those contracts and mitigation measures have been established for the risk. For more information, see item 4.7 (Other relevant contingencies) of the Saneago Reference Form.

43. Virtual Storeroom

After news published in January 2022 regarding the existence of accusations related to the Virtual Storeroom contract, the Board of Directors requested the Internal Audit Committee for the conclusion of the audit procedure that had already been initiated by determination of the Executive Board, and for the preliminary report to be delivered to the Statutory Audit Committee, for deliberation and measures by the Board of Directors.

Similarly, the CGE had already been engaged by the Executive Board to perform the analysis on the execution of the contract. That caused the suspension of the requests through the Virtual Storeroom platform since August 2021, and the procedure for suspension of the contract was effectively concluded in December 2021.

With the delivery of the preliminary Internal Audit report to the Economic Affairs Commission (CAE), and the conclusion of the work by CGE, Saneago’s Executive Board collectively deliberated on the necessary corrective actions, deciding by withholding the last contractual payment and also the filing of a proceeding for calculation of liability, aiming to terminate the contract, with due respect to the right to adversary system and full defense of the company hired, a proceeding which is currently in progress. It was also decided to inform the CGE regarding the acceptance of the request for corrective actions recommended by the agency and forwarding of the matter to the CAE.

The contract, amounting to R\$ 86 million for a period of 30 months, had total revenue of R\$ 20 million. The Company adopted all governance practices regarding the matter, the contract is suspended and the services halted until the termination is formalized.

The procedure for hiring of the Virtual Storeroom is being revisited by the Legal Department in order to further improve the compliance and risk management practices, collaborating on the procedure for possible changes and improvement of the standards for hiring and execution of contracts, as well as their management and monitoring.

The Board of Directors adopted the proposal by the CAE, to hire of a firm with sound reputation to perform procedures on the facts related to the “Virtual Storeroom” contract, in accordance with the independent audit guidelines.

It is also important to point out that, regarding the bidding process for the Virtual Storeroom, all the observations and technical recommendations of the CGE and other regulatory agencies regarding the first hiring initiative, which was unsuccessful, were complied with, and that there was a legal opinion and monitoring of the bidding process with no irregularity found, and that the phase of contractual execution lasted only 8 months, and was then suspended to avoid losses to the Company.

44. Subsequent Events

Voluntary Redundancy Program (PDV)

In December 2021, there was the approval and launch of the Company's Voluntary Redundancy Program (PDV), with enrollment opened in January 2022, for a period of 1 month. Initially, 410 employees enrolled, causing an estimated impact of R\$ 131,228, of which R\$ 112,665 were in benefits of incentive to dismissal and the rest in remuneration owed during the employment term. The initial period for enrollment was reopened in February 2022 during one day, with 45 new adhesions, which are in process of validation of the plan requirements, formalization and calculation of the amounts. All dismissals are expected until March 2022.

Rating

On March 04, 2022, the Company had its Rating 'A+(bra)', with a stable outlook, assigned by the credit risk classification agency Fitch.

Ricardo José Soavinski
Chairman

Hugo Cunha Goldfeld
Sales Officer

Edson Sales de Azevedo Souza
Corporate Management Officer

Paulo Rogério Bragatto Battiston
Financial and Investor Relation Officer

Mauro Aparecido Lessa de Souza
Production Officer

Fernando Cozzetti Bertoldi de Souza
Expansion Officer

Ariana Garcia do Nascimento Teles
Legal Officer

Elias Evangelista Silva
Accountant CRC/GO 13.330