

**Management remarks for the periods ended Jun 30, 2020 compared to the same period in 2019.**

Amounts expressed in thousands of reais, (unless otherwise stated)



**1. General Customer Service Data**



The Company operates in Water Supply and Sewage Treatment Systems in the vast majority of the State of Goiás, operating in 226 of the 246 municipalities in the state in which 62 have Program Agreements and 165 have Concession Agreements. It is noteworthy that between March 2019 and March 2020, three agreements were renewed, including Anápolis and Inhumas, which represent approximately 45.55% of the company's revenue

Program and Concession Agreements	Unit	6M2020	6M2019	Revenue Participation %
Total Municipalities Served by Saneago	No.	226	226	100%
Total Municipalities - Program Agreement	No.	62	57	71.68%
Total Municipalities - Concession Agreement	No.	164	169	28.32%

**2. General Customer Service Data**

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

	OPERATIONAL INDICATORS	Unit	6M2020	6M2019	Variation (%)
	Population served	Thousand.	5,781	5,694	1.53%
	Customer Service Index	%	97.20%	97.00%	0.21%
	Connections	Thousand.	2,233	2,177	2.57%
	Measurements	Thousand.	2,434	2,379	2.31%
	Network Extension	Km	30,550	30,399	0.50%
	Population served	Thousand.	3,796	3,578	6.09%
	Sewage Treatment Index	%	63.80%	60.90%	4.76%
	Sewage Treated Handling Index	%	59.50%	56.60%	5.12%
	Connections	Thousand.	1,233	1,158	6.48%
	Measurements	Thousand.	1,400	1,323	5.82%
	Network Extension	Km	13,171	12,881	2.25%

	OPERATIONAL INDICATORS							
	Unit	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %	
	Billed Volume	thousand of m <sup>3</sup>	66,612	64,662	3.02%	131,894	130,046	1.4%
	Produced Volume	thousand of m <sup>3</sup>	95,210	95,417	-0.22%	189,092	188,429	0.4%
	Billed Sewage Volume	thousand of m <sup>3</sup>	40,920	39,070	4.74%	81,357	78,065	4.2%
	Treated Sewage Volume	thousand of m <sup>3</sup>	38,002	36,207	4.96%	75,425	72,279	4.4%

**2.1. Water Supply System**

In 6M020, the company expanded its performance in the provision of water supply services in the state of Goiás in relation to the population served by 1.53%, with service index reaching 97.2% of

the population. There was an increase in the number of billed water connections by the Company by 2.57% while the extension of the water distribution networks was increased by 0.50%.

## 2.2. Sewerage System

Regarding sewerage systems, there was also expansion, the population served increased, representing a growth of 6.09%. This number represents a Sewage Service Index of 63.80% of the total population served in the State (municipalities in which the Company holds a concession) in 6M2020. The number of billed sewage connections represented a growth of 6.48%. In relation to the billed volume of sewage, there was an increase of around 4.2%. The volume of treated sewage grew 4.4% also for 6M2020.

## 3. Performance Indicators

As regards the number of employees, total number decreased, going from 5,867 in 6M2019 to 5,818 in 6M2020, representing a 0.84% reduction. The staff productivity index, measured by the ratio of connections (water + sewage) by number of employees, went from 558 connections/employees for 596 connections/employees evidencing efficiency improvement of 6.81%.

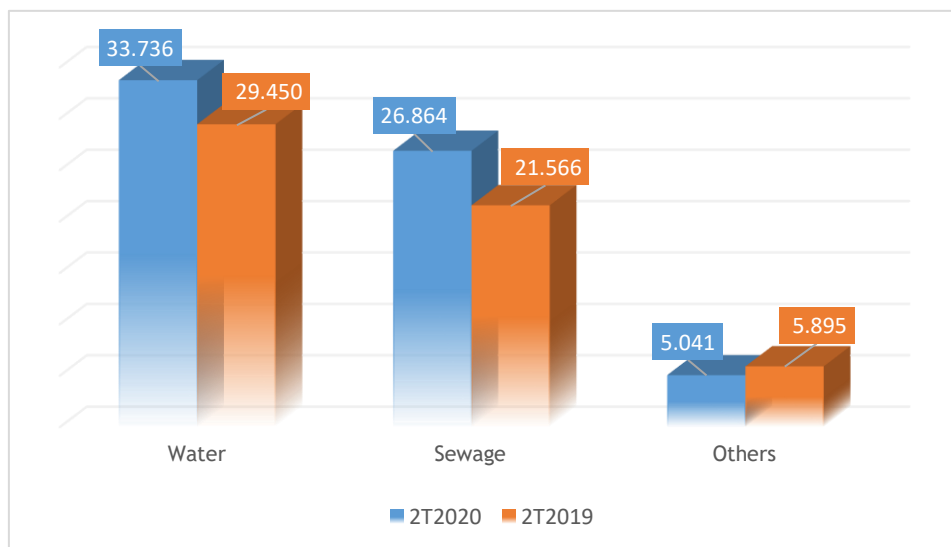
**Table 02- Performance Indicators**

Indicators	6M2020	6M2019	Variation %
Number of employees	5,818	5,867	-0.84%
Connections / Employee	596.00	558.00	6.81%
Savings/Employee	659.00	631.00	4.44%
Water Metering Index (%)	99.73%	99.73%	0.00%
Macro Measurement Index (%)	98.77%	98.65%	0.12%
Loss Index	28.32%	29.33%	-3.44%

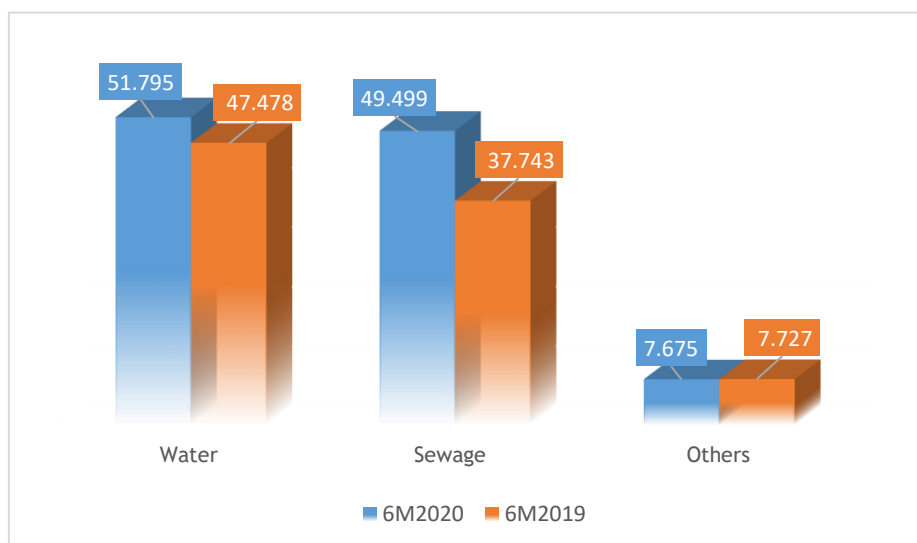
Also noteworthy is the 3.55% reduction in the treated water loss index, reaching a percentage of 28.32% in 6M2020 compared to 29.33% in the same period of 2019.

## 4. Investment

**Chart 1 - Volume of Investments by System in 2T2020**



**Chart 2 - Volume of Investments by System in 6M2020**



The investments made on the 2nd accrued quarter of 2020 (6M2020) totaled BRL 108,968, according to Chart 2, amount 17.24% higher than that of BRL 92,948 for the same period of the prior year. From this amount, 47.53% was invested in water supply systems, while 45.42% was invested in sanitary sewage collection and treatment systems, the remaining 7.05% was invested in operational improvement programs, business development, general purpose goods and others. Within the 'Others' Group is the acquisition of goods not intended for Water and Sewerage Systems such as the acquisition of vehicles, computers, construction of administrative areas and software.

## 5. Financial Result Performance

**Table 3- Financial Result Performance**

FINANCIAL RESULT PERFORMANCE						
Financial Indicators	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
<b>Net Profit</b>	<b>548,808</b>	<b>529,975</b>	<b>3.55%</b>	<b>1,116,407</b>	<b>1,044,190</b>	<b>6.92%</b>
Revenue from Technical Services	417	549	-24.04%	872	1,076	-18.96%
Sub-delegation Grant	2,275	2,275	0.00%	4,550	4,550	0.00%
Services Cost	(264,001)	(273,208)	-3.37%	(517,400)	(562,106)	-7.95%
<b>Gross Financial Result</b>	<b>287,499</b>	<b>259,591</b>	<b>10.75%</b>	<b>604,429</b>	<b>487,710</b>	<b>23.93%</b>
Commercial Expenses	(63,610)	(52,638)	20.84%	(129,969)	(105,374)	23.34%
Administrative Expenses	(89,958)	(97,176)	-7.43%	(186,270)	(186,719)	-0.24%
Other Revenue and Other Expenses Technician	924	(512)	-280.47%	(6,108)	1,077	-667.13%
Depreciation / Amortization	30,057	62,012	-51.53%	58,840	120,004	-50.97%
Provisions / Reversals / Losses and Receivables Cred.	(3,630)	(70,057)	-94.82%	(39,977)	(80,991)	-50.64%
Tax Expenses	(6,836)	(2,906)	135.24%	(11,571)	(7,269)	59.18%
<b>EBITDA</b>	<b>154,446</b>	<b>98,314</b>	<b>57.09%</b>	<b>289,374</b>	<b>228,438</b>	<b>26.68%</b>
<b>EBITDA Margin</b>	<b>28.00%</b>	<b>18.45%</b>	<b>51.77%</b>	<b>25.79%</b>	<b>21.76%</b>	<b>18.54%</b>
<b>Adjusted EBTIDA</b>	<b>158,076</b>	<b>168,371</b>	<b>-6.11%</b>	<b>329,351</b>	<b>309,429</b>	<b>6.44%</b>
<b>Adjusted EBTIDA Margin</b>	<b>28.66%</b>	<b>31.60%</b>	<b>-9.30%</b>	<b>29.36%</b>	<b>29.47%</b>	<b>-0.39%</b>
Depreciation / Amortization	(30,057)	(62,012)	-51.53%	(58,840)	(120,004)	-50.97%
Financial Expenses	(15,834)	(14,482)	9.34%	(50,649)	(29,009)	74.60%

**FINANCIAL RESULT PERFORMANCE**

Financial Indicators	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Deferred IRPJ / CSLL	(13,235)	12,986	-201.92%	(10,910)	8,856	-223.19%
IRPJ/CSLL	(13,708)	(23,885)	-42.61%	(28,844)	(35,200)	-18.06%
<b>Net Profit</b>	<b>81,612</b>	<b>10,921</b>	<b>647.29%</b>	<b>140,131</b>	<b>53,081</b>	<b>163.99%</b>

## 5.1 Income

As regards revenues, the Company recorded a 3.55% growth in net sales in 2Q2020 and a 10.75% increase in gross income, both compared to the same period in the previous year. This variation was of 6.92% in the period accrued (6M2020).

The evolution of the aforementioned results has as main assumptions the expansion of the customer base and increase in the billed volume of sewage, as well as the tariff readjustment authorized by AGR (Agency for Regulation, Control and Inspection of Public Services of Goiás) of 5.79% applied to the customers' accounts as of July 1, 2019.

## 5.2 Costs and Expenses

Regarding costs and expenses, we can subdivide them into 3 (three) structures: Commercial, administrative and service expenses. Commercial expenses rose 20.84% in 2Q2020 compared to 2Q2019 while administrative expenses dropped 7.43% in 2Q2020 in relation to 2Q2019. In the accrued period (6M2020), these variations were of 23.34% for Business and -0.24% for Administrative.

Service costs dropped 3.37% in 2Q2020 and 7.95% in 6M2020 compared to the same period of the previous year, according to the accounting reclassifications realized and detailed in Item 5.5.4.

## 5.3 EBITDA

The company's EBITDA reached BRL 154,446 in 2Q2020 compared to the BRL 98,314 registered in the same period of the previous year, representing a growth of 57.09% in relation to 2Q2019. In 6M2020, EBITDA reached a total of BRL 289,374, increasing 26.68% compared to the previous year. This growth mainly refers to the reduction of Estimated Losses on Doubtful Accounts in the order of 50.64% (see Item 5.8) and also that in 2019 there was a provision for Losses of Works in the amount of BRL 35 million in that period. In addition, there is also a 3.55% increase in net sales. It is also worth mentioning the 135% increase in tax expenses arising from the Annual Regulation Fee of the Goiânia Regulation Agency in the amount of BRL 4,5 million.

### 5.3.1 EBITDA Margin

The ratio between EBITDA on net sales in 2Q2020 was 28.00% compared to 18.45% assessed in the same period last year and 25.79% in 6M2020 compared to 21.76% in the previous year.

## 5.4 Adjusted EBITDA

Adjusted EBITDA, calculated excluding Provisions, Reversals, Losses and Receivables Accounting credits that are proven to have no cash effect as described in table 3 were measured for 2Q2020 in the amount of BRL 158,076, representing a 6.11% reduction compared to the same period of the previous year. In the accrued period (6M2020), the amount was of BRL 329,351, a growth of 6.44% against 2019.

### 5.4.1 Adjusted EBITDA Margin

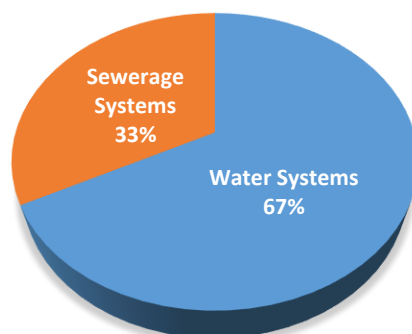
The ratio between Adjusted EBITDA on net income (adjusted EBITDA margin) in 2Q2020 was of

28.66% compared to 31.60% assessed in the same period of the previous year, which represents an increase of 9.30% when compared to the same period of the previous year. In the accrued analysis (6M2020), the percentage was of 29.36%, representing a drop of 0.39%.

#### 5.4.2 Sales Gross Revenue

Currently, approximately 67% of Saneago's Revenues come from the exploitation of Water Systems and 33% from Sewerage Systems, as shown in the following Chart:

Chart 3 - Segmentation by Type of System



The increase in gross sales revenue in 2Q2020 was of BRL 24,397, which represents an increase of 4.20% in relation to the same period of the previous year, representing a total gross revenue of BRL 605,605 in the period, against BRL 581,208 assessed in the same period of the previous year. Reviewing the accrued period (6M2020), the Gross Revenue reached BRL 1,232,349, as it can be observed in table 4 below.

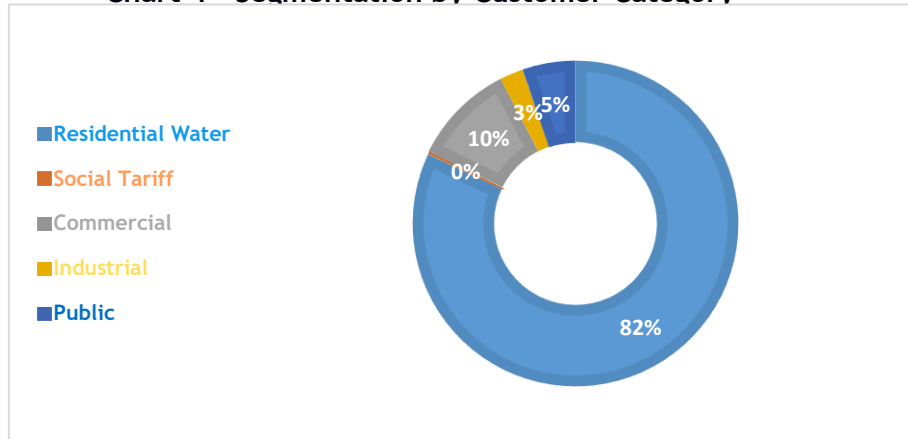
Table 04 - Sales Gross Revenue

Revenue by Type of Service	GROSS SALES REVENUE					
	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Residential Water	286,010	253,945	12.63%	562,690	510,726	10.17%
Social Rate	1,059	1,132	-6.45%	2,136	2,310	-7.53%
Commercial	28,644	35,745	-19.87%	65,904	70,509	-6.53%
Industrial	7,853	8,254	-4.86%	16,540	16,291	1.53%
Public	16,067	21,370	-24.82%	38,057	40,470	-5.96%
Indirect Revenues of Services	2,475	2,013	22.95%	5,768	4,022	43.41%
Minimum Fixed Tariff	66,705	62,226	7.20%	134,761	123,976	8.70%
<b>Total Water</b>	<b>408,813</b>	<b>384,685</b>	<b>6.27%</b>	<b>825,856</b>	<b>768,304</b>	<b>7.49%</b>
Residential Sanitary Sewage	135,438	120,768	12.15%	265,694	241,290	10.11%
Social Housing	477	508	-6.10%	942	1,013	-7.01%
Commercial	23,532	28,192	-16.53%	53,131	55,911	-4.97%
Industrial	4,008	4,139	-3.17%	8,305	8,240	0.79%
Public	10,842	12,524	-13.43%	24,706	23,755	4.00%
Indirect Revenues of Services	1,606	9,979	-83.91%	11,190	19,600	-42.91%
Minimum Fixed Tariff	22,349	20,506	8.99%	44,665	40,712	9.71%
<b>Total Sewage</b>	<b>198,252</b>	<b>196,616</b>	<b>0.83%</b>	<b>408,633</b>	<b>390,521</b>	<b>4.64%</b>
Revenue to invoice for Water/Sewage	(1,460)	(93)	1469.89%	(2,140)	(13,219)	-83.81%
<b>Gross Revenue</b>	<b>605,605</b>	<b>581,208</b>	<b>4.20%</b>	<b>1,232,349</b>	<b>1,145,607</b>	<b>7.57%</b>
Deductions	(56,797)	(51,233)	10.86%	(115,942)	(101,417)	14.32%
<b>Net Revenue</b>	<b>548,808</b>	<b>529,975</b>	<b>3.55%</b>	<b>1,116,407</b>	<b>1,044,190</b>	<b>6.92%</b>

As already mentioned in the text of Table 3 - Financial Result Performance, part of the increase in Revenues reflects the tariff readjustment applied to invoices issued as of July, as well as the measurements of water 2.31% and sewage 5.82%.

Regarding customer segmentation, we highlight that the residential category concentrates the largest share of the company's customers with a 82% share of total operating revenue from services provided. The commercial and public categories represent 10% and 5% respectively.

**Chart 4 - Segmentation by Customer Category**



**Main variations and causes of the observations shown in Table 4 for 2Q2020/6M2020.**

**5.4.3 Water supply revenue** - Total water supply revenue increased by 6.3% in the 2Q2020. As seen in Table 4, there was an increase of 12.63% in Residential consumption in the period of 2Q2020 and 10.17% in the accrued 6M2020. However, Commercial and Public consumption decreased by 19.87% and 24.49% in 2Q2020 and 6.53% and 5.75% in 6M2020. These variations partly reflect the transfer of commercial and public to residential consumption due to the social distancing adopted in the State of Goiás since March and that directly affected commercial activities, public and private schools and industries in the state.

**5.4.4 Sanitary Sewage Revenue** - Revenue from sanitary sewage outflow increased 0.83% for the 2Q2020 and 4.64% in 6M2020. As mentioned in item 5.4.3, the Sewage Revenue shows the reflection of Social Distancing practiced in the State with residential tariff raise before a public and commercial tariff reduction.

**5.4.5 Deductions from Gross Operating Revenue** - Deductions from gross operating revenue refer to PIS, PASEP, COFINS that increased 11.06% in 2Q2020 and 14.43% in the accrued analysis (6M2020). This increase reflects the proportional increase in taxes levied on revenue.

**5.4.6 Net Operating Revenue** - Net operating revenue reached BRL 548,808 in 2Q2020, against BRL 529,975 in the same period of the previous year, a growth of 3.55%. In the accrued period, the Net Revenue reached 1,116,407.

**5.5 Costs of Services Provided** - Costs of services provided excluding construction, formed by expenses with operation, conservation and maintenance of water and sewerage systems totaled BRL 264,001 in Q2/2019, an increase of BRL 517,400, which represents an increase of 7.95%, as shown in the table of cost breakdown of the services provided below:

**Table 05- Breakdown of Costs for Services Provided**

Services Costs	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Personnel	143,120	130,944	9.30%	281,777	269,311	4.63%

Services Costs	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Material	22,747	14,886	52.81%	43,956	29,400	49.51%
Electricity	51,312	55,660	-7.81%	101,416	108,719	-6.72%
Third Party Services	19,205	15,297	25.55%	34,668	41,561	-16.59%
General	1,155	1,864	-38.04%	2,808	4,017	-30.10%
<b>Subtotal</b>	<b>237,539</b>	<b>218,651</b>	<b>8.64%</b>	<b>464,625</b>	<b>453,008</b>	<b>2.56%</b>
Amortization	26,462	54,557	-51.50%	52,775	109,098	-51.63%
<b>Total General</b>	<b>264,001</b>	<b>273,208</b>	<b>-3.37%</b>	<b>517,400</b>	<b>562,106</b>	<b>-7.95%</b>

### Main variations and causes of Service Costs in 2Q2020/6M2020:

**5.5.1 Personnel** - The expense assessed with personnel totaled BRL 143,120 in 2Q2020 and BRL 281,777 in 6M2020, an increase of 9.30% and 4.63%, respectively. This variation partly represents the recomposition of inflation of the category in June 2019 by 4.78% and it remains lower than the percentage of 4.78% in the accrued period due to the dismissals occurred in the company from July 2019 under the Voluntary Resignation Scheme.

**5.5.2 Material** - Expense with materials increased by 52.81% in 2Q2020 and 49.51% in 6M2020. The main factor behind this increase was the increase in the drop in treatment materials in the period. In 2Q2019, the company was using the SAP system and users were being trained on how to use the tool. Further, we outline the raise of acquisitions of IPE's in 2Q2020 that reached BRL 1,9 million against BRL 279 thousand of 2019. This variation derives from Company actions to Fight New Corona Virus mainly with the acquisition of masks for its collaborators' protection.

**5.5.3 Electricity** - Electricity costs totaled BRL 51,312 in 2Q2020 and a total of BRL 101,416 in 6M2020, a reduction of 7.81% and 6.71%, respectively, in relation to the previous period. This reduction is a reflection of the electricity tariff readjustment in 2019 by an average negative percentage of 5.08%.

**5.5.4 Third-party services** - Third-party service expenses increased 25.55% in 2Q2020. In 2Q2020, vehicle maintenance services were BRL 494 thousand higher than in 2Q2019, Vehicle Rental expenses in 2Q2020 were also BRL 1,2 million higher than in 2019, since that year there was a reversal of BRL 520 thousand in this item due to the accounting adjustments to CPC 06. Another impacting factor was that in this period, in 2019, no Acquired Treated water purchased from the Goiás Development Company was billed for the municipality of Anápolis and in this period, in 2020, this amount reached BRL 2,8 million. In addition, in 4Q2019, the nature of the Collection Fee expense was changed, which appeared in the Service Cost and was reclassified as Commercial Expense. This reclassification was in the order of BRL 12 million for 6M2020 causing the accrued reduction of 16.59%.

**5.5.5 - General** -General expenses decreased by 38.04% in 2Q2020 and 30.10% in 6M2020. This variation reflects the reclassification of sidewalk maintenance and asphalt replacement services that were rated as Building Maintenance and Preservation (General) and were reallocated to System Maintenance and Maintenance and Preservation (Third Party Services).

**5.6 - Administrative Expenses** - Expenses with the Company's management structure dropped 7.45% in 2Q2020 when compared to the same period of the previous year. In the accrued analysis (6M2020), this negative variation reached 0.24%, as shown in table 6.

**Table 6 - Breakdown of Administrative Expenses**

Administrative Expenses	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Personnel	73,401	74,255	-1.15%	154,040	143,742	7.16%
Material	1,333	1,033	29.04%	2,810	2,062	36.28%
Electricity	548	457	19.91%	1,154	1,385	-16.68%

Administrative Expenses	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Third Party Services	9,216	11,290	-18.37%	17,888	23,757	-24.70%
General	1,915	2,758	-30.57%	4,433	5,011	-11.53%
<b>Subtotal</b>	<b>86,413</b>	<b>89,793</b>	<b>-3.76%</b>	<b>180,325</b>	<b>175,957</b>	<b>2.48%</b>
Depreciations	3,545	7,384	-51.99%	5,945	10,762	-44.76%
<b>Total General</b>	<b>89,958</b>	<b>97,196</b>	<b>-7.45%</b>	<b>186,270</b>	<b>186,719</b>	<b>-0.24%</b>

**5.6.1 - Personnel** - Administrative personnel expenses increased by 7.16% in 6M2020. This increase reflects the increase in costs with vacation payments in the period, in an amount higher than the previous year and also the increase in costs with overtime. Expenses with Wages and Salaries increased 4.48%, near the 2019 salary recomposition of 4.78%. This difference reflects the wage reduction due to the dismissals made under the 2019 PDV.

**5.6.2 Materials** - Expenses with materials increased by 29.04% in 2Q2020 and fell 49.51% in 6M2020. As in the Costs of Services, an increase of around BRL 750 thousand was recorded in the acquisition of PPE's to fight the New Coronavirus with the acquisition mainly of masks for the employees. In the accrued analysis, the 11.53%-reduction occurred due to the decrease in Fuel expenses, which had gone from BRL 1,5 million in 2019 to BRL 900 thousand in 2020.

**5.6.3 - Third Party Services** - Expenses with third party services fell in 2Q2020 by around 18.37% and 24.70% in 6M2020. As with Services Costs, administrative expenses fell with car rental expenses by approximately BRL 2,10 million due to adjustment to the CPC 06.

**5.6.4 - General expenses** - These expenses fell 30.57% in 2Q2020 and 11.53% in 6M2020. This reduction results from the decrease of expenses with Third Party Indemnifications of around BRL 720 thousand.

**5.7 Business Expenses** - Expenses with the Company's commercial system increased by 20.84% in 2Q2020 and 23.34% in 6M2020.

**Table 7- Breakdown of Commercial Expenses**

Commercial Expenses	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Personnel	28,453	25,457	11.77%	55,512	50,666	9.56%
Material	93	130	-28.46%	357	322	10.87%
Electricity		13	-100.00%	9	62	-85.48%
Third Party Services	16,797	12,417	35.27%	36,620	24,884	47.16%
Concession / Contractual Remuneration	17,875	12,914	38.42%	36,383	26,123	39.28%
General	337	1,635	-79.39%	965	3,173	-69.59%
<b>Subtotal</b>	<b>63,555</b>	<b>52,566</b>	<b>20.91%</b>	<b>129,846</b>	<b>105,230</b>	<b>23.39%</b>
Amortization / Depreciation	55	72	-23.61%	123	144	-14.58%
<b>Total General</b>	<b>63,610</b>	<b>52,638</b>	<b>20.84%</b>	<b>129,969</b>	<b>105,374</b>	<b>23.34%</b>

**Main variations are:**

**5.7.1 - Personnel** - Business personnel expenses increased by 9.56% in 6M2020. Wages and salaries increased 9.51% due to the inflation adjustment in 2019 and mainly to internal transfers between administrative and commercial areas.

**5.7.2 - Third Party Services** - Third party services increased by 47.16% in 6M2020 and 32.27% in 2Q2020., This increase occurred as mentioned in item 5.5.4 due to the allocation of expenses with the Collection Fee for Commercial Expenses.



**5.7.3 - General** - General expenses decreased 79.39% in 2Q2020 and 69.59% in 6M2020. This change was mainly due to the reduction in Third Party Indemnifications going from BRL 2,2 million in 6M2019 to BRL 363 in 6M2020

**5.7.4 - Remuneration Contractual Concession** - The amounts paid to the city halls due to the concession and program agreements were increased due to the new calculation methodology set forth in the Goiânia and Anápolis agreements executed in December and February, respectively.

## 5.8 - Provision / Reversal / Losses / Recovery of Prescribed Credits:

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

Reversals (-) Net provisions	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Prescribed Credits Losses	(21,520)	(14,684)	46.55%	(35,692)	(28,569)	24.93%
Provision for Contingencies	1,164	(27,342)	-	(4,650)	(26,722)	-
Allowance for Doubtful Accounts	7,269	1,848	293.34%	(6,880)	(9,235)	-25.50%
Provision for Loss / Stock	9,457	(763)	-1339.45%	3,495	(763)	-558.06%
Provision for Voluntary Resignation Scheme (PDV)	-	(29,116)	-	-	(35,079)	-
Estimated losses on works	-	-	-	3,750	19,377	-80.65%
Provision for estimated losses from other credits	-	-	-	-	-	-
<b>Provisions, Reversals, Losses and Receivables Cred.</b>	<b>(3,630)</b>	<b>(70,057)</b>	<b>-94.82%</b>	<b>(39,977)</b>	<b>(80,991)</b>	<b>-50.64%</b>

According to the aforementioned Table, there was a decrease of 94.80% in the balance Between Reversals and Provisions in 2Q2020. In the accrued analysis (6M2020), this variation was of 50.64%. As regards the Losses of Credits Prescribed in 6M2020, an increase of 24.93% was recorded while the Estimated Losses of Doubtful Liquidation reduced by 25.505, going down from BRL 9,235, in 2019, to BRL 6,800, in the accrued of 2020. The reduction reflects the partial compliance of its debts of public category. We stress out further that in 2019 an amount of BRL 35,079 was recorded for estimated losses on works that, in the first half of 2020 suffered reversal of around BRL 3,750.

**Table 09 - Net Revenues and Expenses**

Net Financial Revenues and Expenses						
Description	2T2020	2T2019	Variation %	6M2020	6M2019	Variation %
Interests / Fines	10,090	10,952	-7.9%	22,951	21,124	8.6%
Monetary Correction	3,890	4,969	-21.7%	8,504	9,314	-8.7%
Exchange Variation	-	5,002	-100.0%	-	5,002	-
Adjustment to Current Value	441	1,292	-65.9%	664	1,292	-
<b>Total financial revenues</b>	<b>14,421</b>	<b>22,215</b>	<b>-35.1%</b>	<b>32,119</b>	<b>36,732</b>	<b>-12.6%</b>
Interests / Charges and Other Expenses	(23,754)	(32,166)	-26.2%	(51,072)	(61,033)	-16.3%
Monetary Correction	(287)	108	-365.7%	(573)	(251)	128.3%
Exchange Variation	(5,544)	(3,912)	41.7%	(29,629)	(4,457)	564.8%
PIS/COFINS without Financial Revenue	(670)	-	-	(1,494)	-	-
Adjustment to Current Value	-	(727)	-	-	-	-
<b>Total Financial Expenses</b>	<b>(30,255)</b>	<b>(36,697)</b>	<b>-17.6%</b>	<b>(82,768)</b>	<b>(65,741)</b>	<b>25.9%</b>
<b>Financial Result</b>	<b>(15,834)</b>	<b>(14,482)</b>	<b>9.3%</b>	<b>(50,649)</b>	<b>(29,009)</b>	<b>74.6%</b>

They reflect the results related to the income from financial investments, income from monetary variations and other amounts receivable, expenses with interest on loans and financing operations, as well as expenses with fines and arrears and discounts granted. The result presented in 6M2020 increased 74.6%, going from BRL 29,009 to BRL 50,649. Despite the reduction of 16% in interests and charges on loans, there was an increase of 564% of the exchange variation result and consequently adjustment in the amount of accounting of loans quoted in this currency.

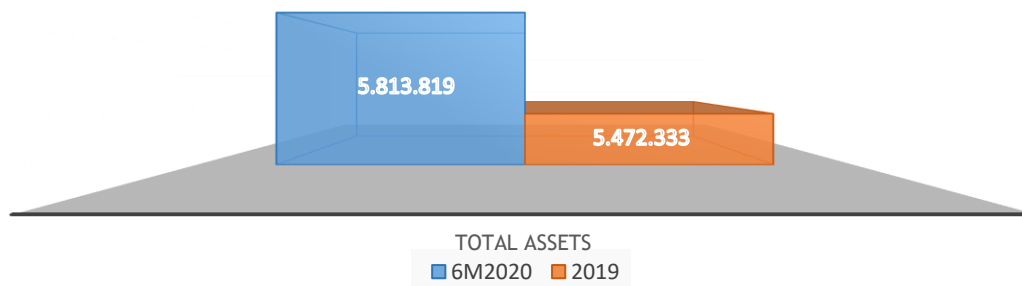
## 6. Result

**6.1 Net Profit/Loss** - The Company recorded profit of BRL 81,612 in this 2Q2020 and, analyzing such accrued period of 6M2020, this profit reached BRL 140,131. This positive result mainly refers to the increase in Net Revenue by 6.92%, the reduction in provision for the period and, also, the reduction in depreciation expenses promoted by the change in the estimated useful life of the assets. The result in 2Q2020 was higher than that of the same period of the prior year that had been a profit of BRL 10,921 million, and in the accrued period (6M2020), the profit was higher in BRL 87,050, an increase of 164%.

## 7. Analysis and Discussion of the Equity Structure

In the following analysis and discussion on the Company's equity, we discuss the items that are considered materially relevant for a suitable justification of the changes to its equity situation in 2Q2020 in comparison to the end of the previous year.

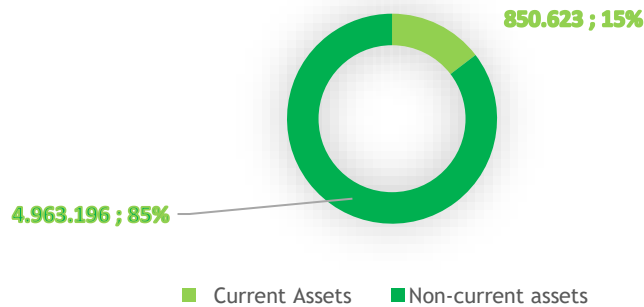
**Chart 5 - Evolution of Total Assets**



In 2020, the main changes to the equity were in the items of current assets and current liabilities that increased by 30.05% and 20.85%, respectively. Thus, there was a decrease in current liquidity, which went from 0.894 at the end of financial year of 2019 to 0.962 at the end of 2Q2020. In addition, the third party capital<sup>1</sup> also rose from 95.34% at the end of 2019 to 97.65% at the end of 2Q2020. This increase was due mainly to the current liability increase, more specifically the labor and fiscal obligations.

## 7.1 Assets

Chart 6 - Asset Structure - 6M2020



### 7.1.1 Current Assets

**7.1.2 Availabilities** - The availabilities showed increased of BRL 108,724 in the closing of this second semester, reaching BRL 278,331 against BRL 169,607 on 12/31/2019. This increase results from the 7th Issuance of debentures and the Contingency Plan adopted by the Company due to the New Coronavirus Pandemic. This plan includes the negotiation of postponement of debits with City Administrations and the Company postponing federal taxes such as PIS/COFINS e FGTS.

**7.1.3 Credits receivable from Users** - The line item credits receivable from Users increased by BRL 80,328, representing an increase of 20.47%. This default increase is the direct result of the Covid-19 pandemic that impacted the capacity of a part of the population to pay their debts.

**7.1.4 Inventory** - The account inventory showed increase of 0.79% reaching BRL 46,082.

## 7.2 Non-Current Assets

**7.2.1 Anticipated Expenses** - This item increased BRL 55,864 in 6M2020, from BRL 142,214 to BRL# 196,252. This variation refers to the anticipated Concession Remuneration of the Municipality of Anápolis due to the early termination of the Concession Contract and the signing of a new Program Contract for a period of 30 years.

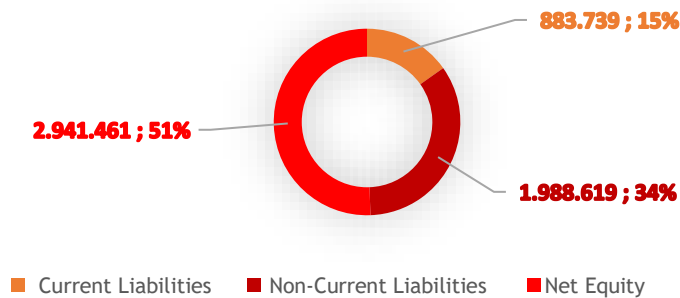
**7.2.2. Intangible** - In accordance with ICPC 01 (R1) - Concession Agreements, the item Intangible was segregated into: Intangible and Contractual Assets. Intangible assets, basically composed of goods used in water and sewerage systems linked to municipal concessions, increased by BRL 19,654, which represents a negative change of 0.73%.

**7.2.3 Contract Assets** - Contract Assets (works in progress) are the right to consideration in exchange for goods or services transferred to the customer. This item presented a positive variation of 4.66% at the end of the 2Q2020, reaching a balance of BRL 659,916.

<sup>1</sup> Third Party Capital Interest (Current Liabilities + Non-Current Liabilities / Equity)

### 7.3 Liabilities

Chart 7 - Breakdown of Liabilities + PL - 6M2020



**7.3.1 Short Term Loans and Financing** - The item presented a balance of BRL 136,341 at the end of 6M2020, against BRL 130,881 at the end of financial year of 2019, a variation of 4.17%.

**7.3.2 Debentures** - Debentures rated as Current showed an increase of BRL 88,920, which reflects the end of the grace period for the 4<sup>th</sup> and 5<sup>th</sup> issuances of debentures.

**7.3.3 Labor Obligations** - The item labor obligations showed the biggest percentage variation in the current liabilities with an increase of BRL 54,203 in 6M2020. This variation, as already mentioned in item 7.1.2, reflects the Contingency Plan adopted by the Company due to the New Coronavirus Pandemic. This plan includes the Company adhesion to the postponement of federal taxes levied on the payroll, such as Employer's INSS and FGTS.

**7.3.4 Labor Obligations** - The item labor obligations showed second biggest percentage variation in the current liabilities with an increase of BRL 61,551 in 6M2020. This variation, as already mentioned in item 7.3.3, reflects the Contingency Plan adopted by the Company due to the New Coronavirus Pandemic. This plan includes the Company adhesion to the postponement of federal taxes levied on revenue, such as PIS and COFINS.

**7.3.5 Contractual Obligations** - This item was created in 2019 with a balance closing at BRL 100,236, which represents the consideration of the Anticipated Expenses accounted in Non-current Assets related to the anticipation of the termination of the Concession Agreement with the Municipality of Goiânia and its conversion into Program Agreement. At the end of the 2Q2020, the balance of this item was 40,385 after the payment of the 2nd installment and a portion of the 3rd installment of the amounts of the Municipality of Goiânia, besides the payment of the 1st installment referring to the anticipation of agreement with the municipality of Anápolis.

### 7.4 Non-current liabilities

**7.4.1 Long-Term Loans and Financing** - This long-term loans and financing account decreased 11.89% in relation to the balance presented at the end of the fiscal year of Dec 31, 2019. The reduction in the account is due to the amortization of debts during 2020.

**7.4.2 Debentures** - Debentures rated as Non-Current showed an increase of BRL 24,089, resulting from the issuance of debentures.

**7.4.3 Leasing** - This item refers to the compatibility of the Company's records with CPC 06, which deals with the accounting of Leasing which, in the case of lease contracts with a term longer than 12 months, must recognize the lease as an Asset-of-Use Right having a Lease Liability as consideration. In the 2<sup>nd</sup> quarter of 2020, a total of BRL 24,381 was recorded in the long term.

**7.5 Shareholders' Equity.** Shareholders' equity, due to the profit recorded in this period, increased by BRL 140,132, that is, a positive variation of 5.00%.

## 8. Risk Rating

Fitch Rating stated on Apr 22, 2020, the National Long-Term Rating of Saneamento de Goiás S.A and its debenture issuances to 'A-(bra)', with steady perspective.

According to Fitch, the *Rating* statement reflects the vision that “Saneago will be able to preserve its credit profile, even before the negative impacts of the coronavirus pandemic on its volumes invoiced and default in 2020”.

The Rating of Investment Fund in Credit Rights (FIDC) of Saneamento de Goiás S.A. - Saneago Infraestrutura IV (FIDC IV), last update was on Aug 2, 2019, raised to 'AA+sf(bra)', with a steady perspective. The FIDC rating reflects the perspective of the corporate Rating and takes into account the operation performance.

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

Table 11. *Ratings* Saneago S.A.

<i>Rating</i>	Fitch Rating	Outlook
Corporate	A-(bra)	Stable
Debentures, 4 <sup>th</sup> Issuance		
Debentures, 5 <sup>th</sup> Issuance		
Debentures, 6 <sup>th</sup> Issuance		
Debentures, 7 <sup>th</sup> Issuance		
FIDC IV	AA+sf(bra)	Stable

## 9. Effects of the pandemic caused by the new Coronavirus (COVID-19)

Due to the world pandemic declared by the World Health Organization (“WHO”), related to the new Coronavirus (“COVID-19”) that has affected Brazil and several countries worldwide, bringing risks to public health and impacts on the world economy, the Company informs that it has taken preventive and risk mitigation measures in line with the guidelines established by national and international health authorities, in order to minimize any impacts on the health and safety of employees, families, partners and communities, and to focus its business management on the financial liquidity preservation and continuity of the operations required to face the crisis.

In this sense, according to the market notices disclosed on Mar 23, 2020, Jun 30, 2020 and Jul 31, 2020, in order to assure the best service provision and minimize the impact on the population caused by the coronavirus pandemic, the company suspended the water disconnections for default clients from 3/19/2020 to 8/31/2020, which increased the risk of higher default and liquidity in short term.

Thus, in order to mitigate the liquidity risk caused by the default increase, the company has implemented a financial management plan that covers the strategic actions intended to ensure the company's financial and economic balance in the short and medium term. Among the main

actions, we highlight the following:

- i) Payment in installments of the 2019 Dividends, as approved at the Extraordinary General Meeting no. 160/2020, of Jun 16, 2020, and Notice to Shareholders of Jun 29, 2020, to be carried out in four (04) equal monthly installments, the first being on Jul 1, 2020
- ii) Postponement of Taxes and Contributions (PIS, COFINS and Employer's Contribution to Social Security [INSS]), as permitted by Ordinance No. 139 of Apr 3, 2020;
- iii) Suspension and division in installments of FGTS of March, April and May of 2020, under the Provisional Measure no. 927/2020;
- iv) Containment of costs and expenses;
- v) Renegotiation with extension of the installment payments related to early renewal of the agreements with the municipalities of Goiânia and Anápolis;

With the implementation of contingency measures, on Jun 30, 2020, the Company reached a position of total liquidity in cash and cash equivalent of BRL 278,3 million, increase of BRL 161,5 million in relation to Mar 31, 2020.

Finally, so far the Company understands that the correction measures implemented have adhered to the default increase mitigation and the short term liquidity risk, assuring thus the liquidity required to cover the contractual obligations, besides protecting the cash flow and financial-economic balance of the company.

#### Management