

**Intermediate Accounting Information
On March 31, 2021**

SUMMARY

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MANAGEMENT REPORT

1Q2021

Management's Report for the period ended March 31, 2021, in comparison to the same period of 2020.
In thousands of Brazilian Reais (unless otherwise stated)

General Service Data

1. General service data

The Company provides water supply and sewage services in almost all the State of Goiás working in 226 of the 246 municipalities of that state, where it has 62 Program Contracts and 164 Concession Contracts.

Concession Program Contracts	1Q 2021	1Q 2020	Revenue Perc. %
Municipalities Contemplated	226	226	100%
Municipalities with Program Contracts	62	61	71.68%
Municipalities with Concession Contracts	164	165	28.32%

Water - Operating indexes	Unit	1Q 2021	1Q 2020	Var. (%)
Population with Access to the service	Thousand	5,851	5,761	1.56%
Service Index	%	97.50%	97.20%	0.31%
Connections	Thousand	2,285	2,222	2.84%
Savings	Thousand	2,485	2,424	2.52%
Expansion of the pipeline network	Km	31,386	30,599	2.57%

Sewage - Operating indexes	Unit	1Q 2021	1Q 2020	Var. (%)
Population with Access to the service	Thousand	3,932	3,763	4.49%
Service Index	%	65.50%	63.50%	3.15%
Service index (Treated Sewage)	%	61.10%	59.10%	3.38%
Connections	Thousand	1,283	1,222	4.99%
Savings	Thousand	1,450	1,388	4.47%
Expansion of the pipeline network	Km	13,662	13,170	3.74%

Water - Operating indexes	Unit	1Q 2021	1Q 2020	Var. %
Volume Billed	Thousand m ³	68,176	65,282	4.43%
Volume Produced	Thousand m ³	95,552	93,882	1.78%
Sewage – Operating indexes	Thousand m ³	1Q 2021	1Q 2020	Var.%
Volume billed	thousand m ³	42,562	40,437	5.26%
Volume treated	thousand m ³	39,552	37,472	5.26%

Table 01 - General Data on Services Provided

General Service Data

2.1 Water supply System

In 1Q 2021, the number of people with access to water supply services in the state of Goiás increased 1.56% and the service reached 97.5% of the population. There was an expansion in the number of charged water connections of 2.84%, while the water distribution pipelines were expanded by 2.57%.

2.2 Sewage System

In relation to sewage systems, there was also expansion, the number of people with access to that service grew 4.49%. In 1Q 2021, such number represented a sewage service index of 65.5% of total population in the State (in municipalities where that the Company holds a concession) and the number of charged sewage connections had a 4.99% growth. In relation to the sewage volume billed, there was an increase of approximately 5.26%. As for the volume of sewage treatment, that also increased 5.69% in 1Q 2021.

3. Performance Indicators

In relation to the number of employees, there was a reduction, going from 5,841 in 1Q 2020 to 5,831 in 1Q 2021, representing a reduction of 0.17%. The productivity index, measured as the ratio of the number of connections (water + sewage) to the number of employees, went from 589.6 connection/employee to 601.4 connections/employee, making evident an improvement in efficiency of 2%.

Indicators	1Q 2021	1Q 2020	Var. %
Number of employees	5,831	5,841	-0.17%
Connection/Employee	601.40	589.60	2.00%
Savings/Employee	674.83	652.64	3.40%
Water Measurement Index	99.74%	99.73%	0.01%
Macromasurement Index	98.69%	97.59%	1.13%
Loss Index	26.72%	28.77%	-7.13%

Table 2 – Performance Indicators

We also highlight the 7.13% reduction in the index of Treated Water Losses, which reached a percentage of 26.72% in 1Q 2021 in comparison to 28.77% in 1Q 2020. A task force was organized in 2020 to avoid losses, what include the search for leaks through a sound detection system and replacement of damaged pipes. The project of implementation of volumetric meters and renewal of water meters in use is classified as an improvement in the quality of measurements and decrease in losses.

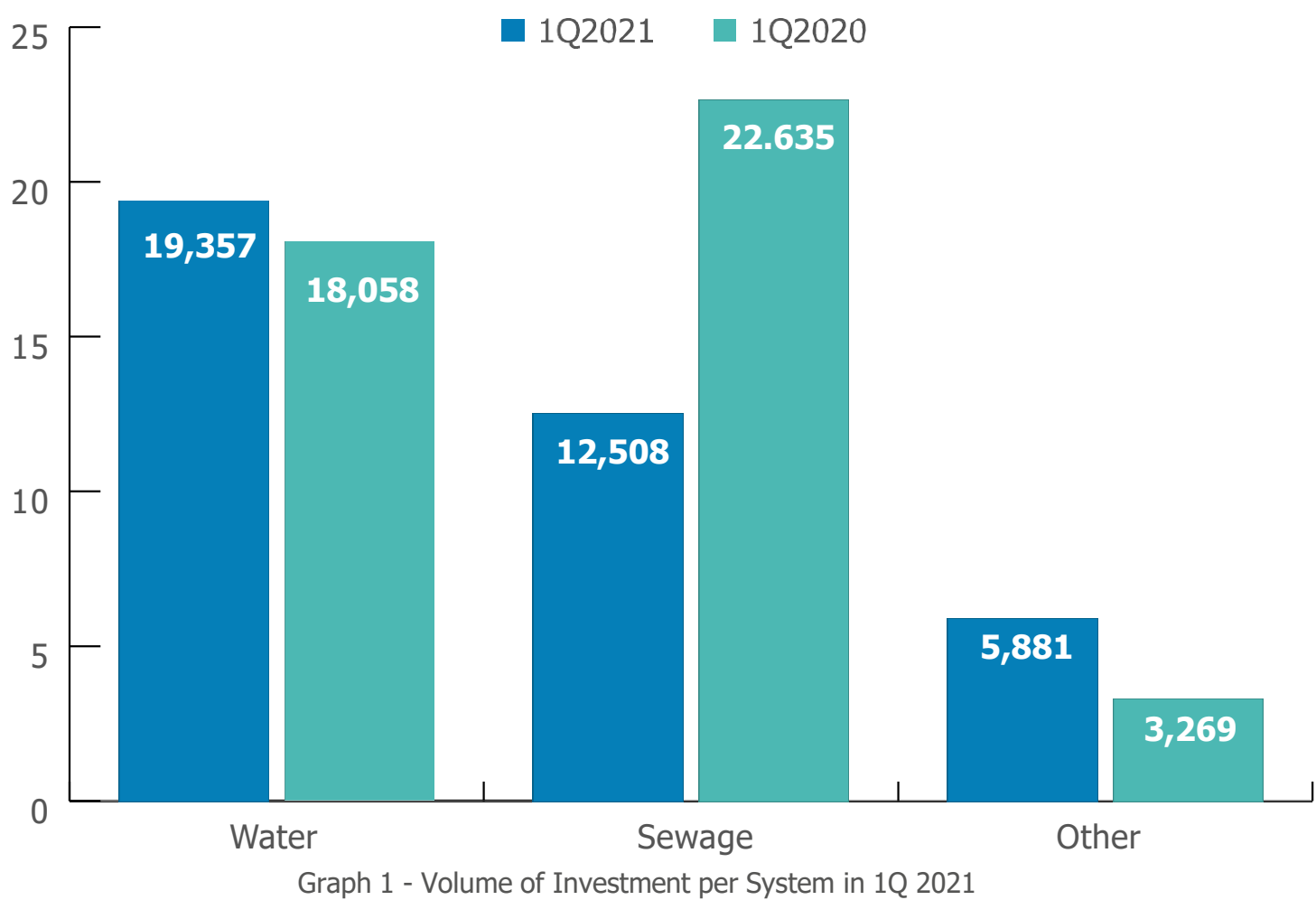
General Service Data

The project of implementation of volumetric meters and renewal of water meters in use is classified as an improvement in the quality of measurements and decrease in losses. From March 2020 to March 2021, 221 thousand water meters were replaced, representing 9.7% of the Company's meters, mainly in the municipalities of Anápolis and Goiânia.

Investments

4. Investments

As seen in Graph 1, the investment made in the 1st quarter of 2021 totaled R\$37,746. From that amount, 51.28% was invested in water supply systems, while 33.13% was destined for the sewage collection and treatment systems and the remaining 15.59% was invested in operational improvement programs, as well as in business development, general use assets and others. The reduction in the volume of investment was caused by the failure of bidding operations in the 2nd half of 2020, caused mainly by the high prices of building materials, one of the effects of Coronavirus pandemic. The group "Others" includes the assets purchased that are not destined for water supply or sewage systems, such as vehicles, computers, construction of administrative areas, software and construction work inventory.



Financial Income Performance

Financial Indicators	1Q 2021	1Q 2020	Var. in R\$	Var. %
Net revenue	566,573	567,599	(1,026)	-0.18%
Revenue from Technical Services	483	455	28	6.15%
Outsourcing	2,275	2,275	-	0.00%
Costs of services	(275,530)	(253,399)	(22,131)	8.73%
Gross revenue	293,801	316,930	(23,129)	7.30%
Selling expenses	(65,390)	(66,359)	969	-1.46%
Administrative expenses	(96,538)	(96,312)	(226)	0.23%
Other operating revenues and expenses	(1,235)	(7,033)	5,798	-82.44%
Depreciation/amortization	29,726	28,782	944	3.28%
Provisions/Reversals/Losses and Credit Rec.	(105,531)	(36,347)	(69,184)	190.34%
Tax expenses	(5,721)	(4,735)	(986)	20.82%
EBITDA	49,112	134,926	(85,814)	-63.60%
EBITDA Margin	8.63%	23.66%	-15.03%	-63.54%
Adjusted EBITDA	154,643	171,273	(16,630)	-9.71%
Adjusted EBITDA Margin	27.16%	30.03%	-2.87%	-9.55%
Depreciation/amortization	(29,726)	(28,782)	(944)	3.28%
Net financial income (loss)	(4,943)	(34,815)	29,872	-85.80%
Deferred IRPJ/CSLL	12,790	(7,919)	20,709	-261.51%
IRPJ/CSLL	(17,382)	(15,135)	(2,247)	14.85%
Net income	9,851	48,275	(38,424)	-79.59%

Table 03 – Financial Performance

5.1 Billings

In relation to revenue, in 1Q 2021, the Company had a decrease of 0.18% in net revenue, what took place due to lack of adjustment of tariffs in 2020 and a decrease in the consumption of Governmental and Legal entity categories, compensated by a higher consumption of residential consumers in comparison to the same period of 2020.

5.2 Costs and expenses

In relation to the costs and expenses, we can divide them into 3 three categories: Selling expenses, administrative expenses and service costs. There was a reduction in selling expenses of 1.46% in 1Q 2021 in relation to 1Q 2020, whereas administrative expenses had an increase of 0.23% in 1Q 2021 in relation to 1Q 2020.

Services costs grew 8.73% in 1Q 2021 when compared to the same period of the previous year, as detailed in Item 5.5.4 including an increase in the amounts of third-party services.

Financial Income Performance

5.3 EBITDA

The Company's EBITDA reached R\$49,112 in 1Q 2021 in comparison to R\$134,926 recorded in the same period of the previous year, totaling a reduction of 63.60% in relation to 1Q 2020, essentially impacted by the recognition of a provision for civil contingencies of approximately R\$106 million, as detailed in item 5.8.

5.3.1 EBITDA margin

The EBITDA on net revenue in 1Q 2021 was 8.63% in comparison to 23.66% in the same period of the previous year, representing a reduction of 63.54% when compared to the same corresponding period of the previous year.

5.4 Adjusted EBITDA

The adjusted EBITDA measured for 1Q 2021, whose calculation do not take into account Provision/Reversals/Losses and Credit Recovery not affecting cash and described in table 3, resulted in

an amount of R\$154,643, representing a reduction of 9.71% in comparison to the same period of the previous year.

Financial Indicators	1Q 2021	1Q 2020	Var. in R\$	Var. %
Net revenue	566,573	567,599	(1,026)	-0.18%
Revenue from Technical Services	483	455	28	6.15%
Outsourcing	2,275	2,275	-	0.00%
Costs of services	(275,530)	(253,399)	(22,131)	8.73%
Gross revenue	293,801	316,930	(23,129)	-7.30%
Selling expenses	(65,390)	(66,359)	969	-1.46%
Administrative expenses	(96,538)	(96,312)	(226)	0.23%
Other operating revenues and expenses	(1,235)	(7,033)	5,798	-82.44%
Depreciation/amortization	29,726	28,782	944	3.28%
Provisions/Reversals/Losses and Credit Rec.	(105,531)	(36,347)	(69,184)	190.34%
Tax expenses	(5,721)	(4,735)	(986)	20.82%
A - EBITDA	49,112	134,926	(85,814)	-63.60%
EBITDA Margin	8.63%	23.66%	-15.03%	-63.54%
B - Provisions/Reversals/Losses and Credit Rec.	(105,531)	(36,347)	(69,184)	190.34%
(A + B) Adjusted EBITDA	154,643	171,273	(16,630)	-9.71%
Adjusted EBITDA margin	27.16%	30.03%	-2.87%	-9.55%

Table 04 - Reconciliation of Adjusted EBITDA:

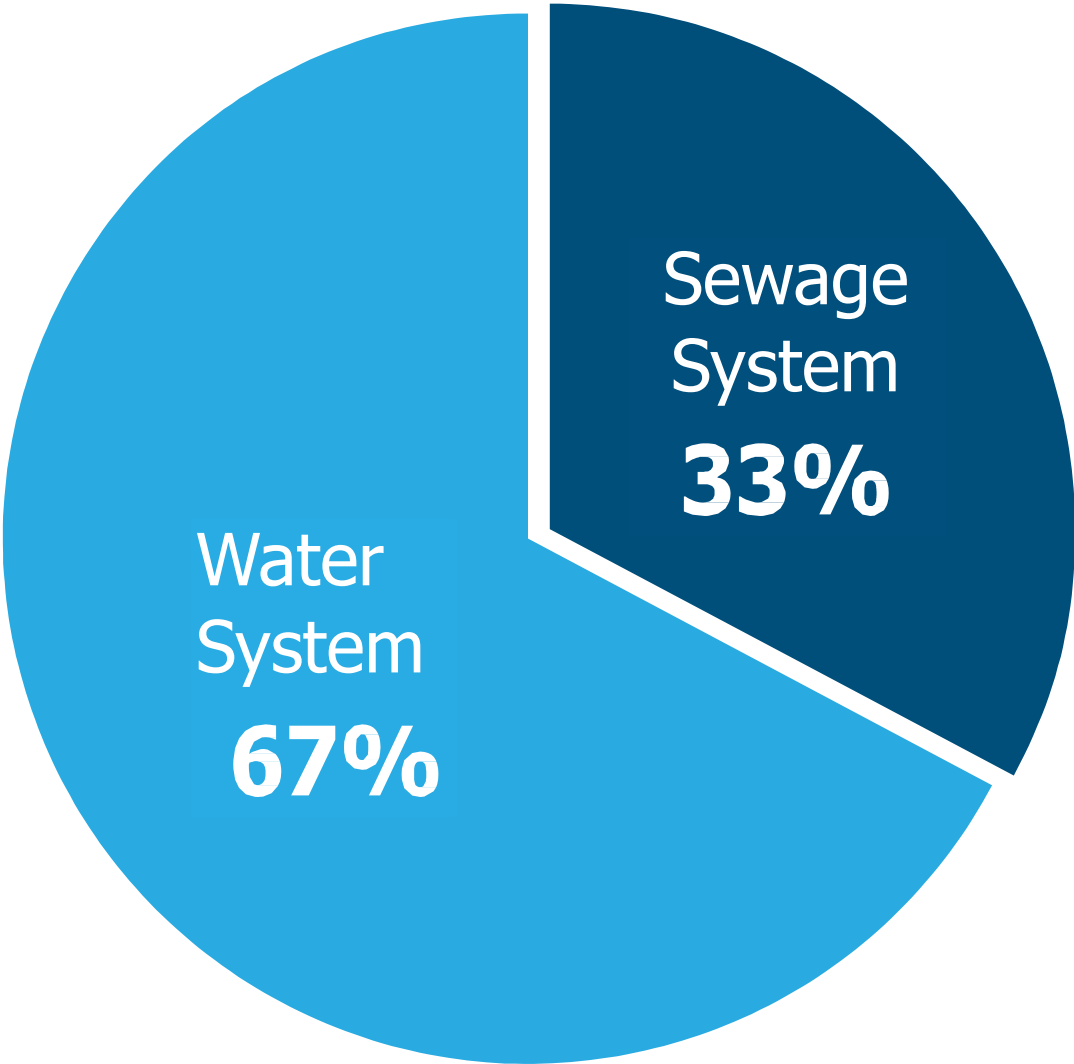
Financial Income Performance

5.4.1 Adjusted EBITDA margin

The EBITDA on net revenue (adjusted EBITDA margin) in 1Q 2021 was 27.16% in comparison to 30.03% in the same period of the previous year, representing a reduction of 9.55% when compared to the same corresponding period of the previous year.

5.4.2 Gross sales

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



Graph 3 - Segmentation Per Type of System

Financial Income Performance

The reduction in gross sales in 1Q 2021 was R\$1,624, which represents a decrease of 0.26% in relation to the same period of the previous years, totaling a gross revenue of R\$625,120 in the period, against R\$626,744 obtained in the previous year, as demonstrated in table 5.

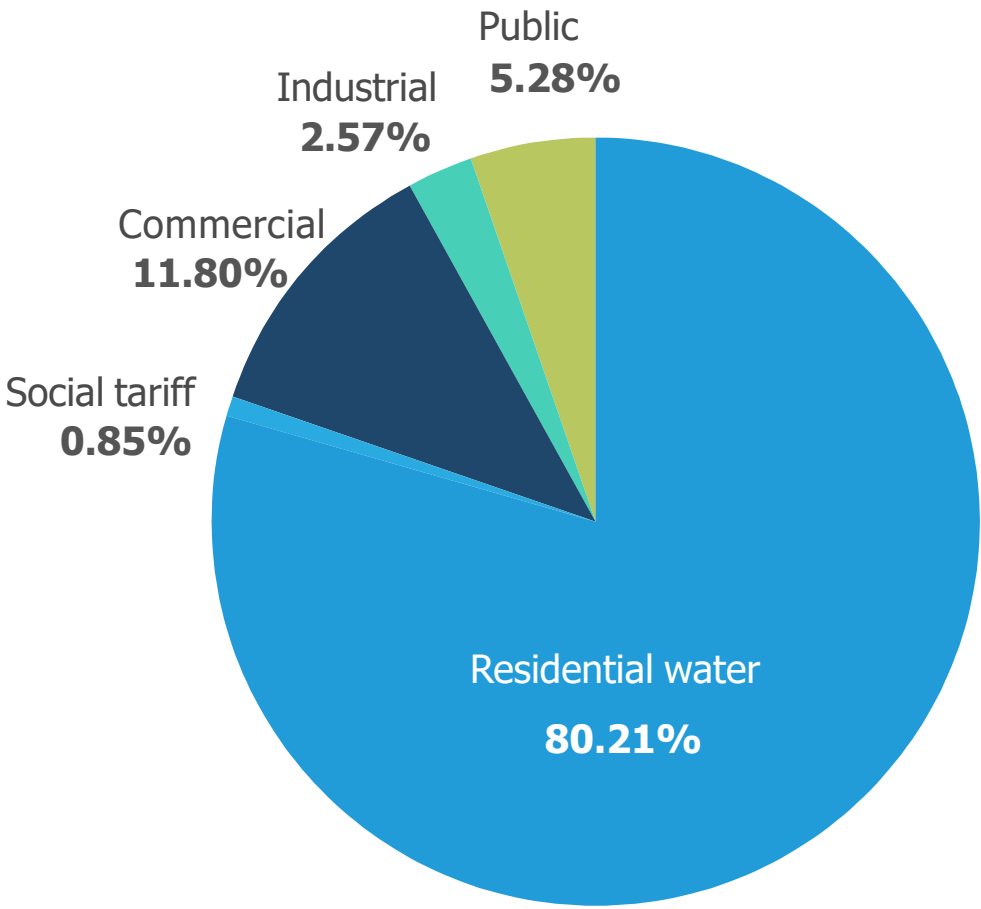
Revenue by Type of Service	1Q 2021	1Q 2020	Var. in R\$	Var. %
Residential Water	290,540	276,680	13,860	5.01%
Social Tariff	1,007	1,007	(70)	-6.50%
Commercial	35,452	37,260	(1,808)	-4.85%
Industrial	8,824	8,687	137	1.58%
Public	16,919	21,990	(5,071)	-23.06%
Indirect Serv. Revenues	2,736	3,294	(588)	-16.94%
Minimum Fixed Rate	67,623	68,056	(433)	-0.64%
Total Water	423,101	417,044	6,057	1.45%
Residential Sewage	139,962	130,256	9,706	7.45%
Residential Social Tariff	465	466	(1)	-0.21%
Commercial	27,876	29,599	(1,723)	-5.82%
Industrial	4,235	4,289	(63)	-1.47%
Public	11,439	13,864	(2,425)	-17.49%
Indirect Serv. Revenues	2,704	9,583	(6,879)	-71.78%
Minimum Fixed Rate	22,993	22,316	677	3.03%
Total Sewage	209,674	210,382	(708)	-0.34%
Revenue from Water/Sewage to be Billed	(7,655)	(682)	(6,973)	1022.43%
Gross revenue	625,120	626,744	(1,624)	-0.26%
Deductions	(58,547)	(59,145)	598	-1.01%
Net revenue	566,573	567,599	(1,026)	-0.18%

Table 05 - Gross Sales

Financial Income Performance

As mentioned in Table 3 – Financial Income Performance, there was reduction in gross and net revenue as a result of lack of adjustment of tariffs in 2020. Despite the increase seen in the consumption of residential consumers, there was a decrease in the consumption of Governmental and Legal entity categories, resulting in a lower amount in relation to 2020.

As for the segmentation of customers, we highlight that residential consumers concentrate the largest slice of the Company’s customers, representing 80.21% of total operating revenue from services. Governmental and legal entity customers represent 11.80% and 5.28%, respectively. We can infer from that analysis that there was a migration of consumption from the governmental and legal entity customers to residential consumers due to the effects of the pandemic.



Graph 4 - Segmentation Per Category of Customer

Main causes for the changes in 1Q 2021 described in Table 4.

5.4.3 Revenue from water supply services
Total revenue from water supply services presented a growth of 1.45% in 1Q 2021. Such variation is a reflex of the 2.84% expansion in the number of customers.

5.4.4 Revenue from sewage services
Such revenue had a decrease of 0.34% in 1Q 2021. Despite of 7.45% increase in residential tariffs, there was a lower amount in indirect revenue from connection services of 71.78%.

5.4.5 Deductions from gross operating revenue
Deductions from gross operating revenue refers to contributions for the Social Integration Program (PIS/PASEP) and Contributions for Social Security Funding (COFINS) were reduced by 1.01% in 1Q 2021. The reduction proportionally reflects the variation in taxes applicable to revenue.

Financial Income Performance

5.4.6 Net operating revenue

Net operating revenue was R\$566,573 in 1Q 2021, against R\$567,599 in the same period of the previous year, a decrease of 0.18%.

5.5 Costs of services rendered

The cost of services rendered, except for construction work, which include expenses on operations, conservation and maintenance of water and sewage systems, totaled R\$275,530 in 1Q 2021, presenting an increase of R\$22,131 in relation to the same period of the previous year, a growth of 8.73%, as demonstrated in the following table:

Cost of services	1Q 2021	1Q 2020	Var. in R\$	Var. %
Personnel	150,415	138,657	11,758	9.92%
Materials	20,120	21,209	(1,089)	-5.13%
Electricity	51,901	50,103	1,798	3.59%
Third-party services	29,109	15,464	13,645	88.24%
General	1,004	1,653	(649)	-39.26%
Subtotal	252,549	227,086	25,463	11.21%
Amortization	26,461	26,313	148	0.56%
PIS/COFINS credits on deprec./amort.	(3,480)	-	(3,480)	-
Total geral	275,530	253,399	22,131	8.73%

Table 06 - Composition of Costs of Services Rendered

Financial Income Performance

Main changes in service costs in 1Q 2021:

5.5.1 Personnel

The expenses on personnel totaled R\$150,415, representing an 8.48% increase in relation to the same period of 2020. Such growth reflects the approximate 2.05% increase in wages in September 2020, in addition to career progression. Additionally, there was accounting re-classification of the costs with employees' health assistance program between the accounts of administrative and selling expenses.

5.5.2 Materials

The expenses on materials presented a 5.13% reduction in 1Q 2021. That was due to a lower volume of write-offs of treatment material in the period.

5.5.3 Electricity

Electric power cost in 1Q 2021 totaled R\$51,901, presenting an increase of 3.59% in relation to the previous period. That change is a reflex of the electric power tariff adjustment in October 2020 at an average percentage of 4.28%.

5.5.4 Third-party services

Expenses on third-party services presented an increase of 88% in the period. The main change is the account of system maintenance that went from R\$4,875 million in 1Q 2020 to R\$12,523 in 1Q 2021. That growth refers to the R\$2,205 million spent in replacement of asphalt in other months. Additionally, there was a provision in the amount

of R\$6,210 referring replacement of asphalt in the municipality of Goiânia, referring to maintenance of the pipeline network, as well as increase in the maintenance of vehicles of the Company's fleet corresponding to R\$1,310 million. We highlight that in the same period of 2020, expenses on those services were lower than the historical average.

5.5.5 General

General expenses had reduction of 39%. Such variation took place mainly due to a R\$562 thousand decrease in expenses on daily commuting costs. That variation is associated with the Contingency Plan implanted during the pandemic that resulted in a reduction in the number of meetings and trainings in person.

Financial Income Performance

5.6 Administrative expenses

Expenses on the management of the Company presented an increase of R\$226 thousand in 1Q 2021 when compared to the same period of the previous year, representing a variation of 0.23% in the period, as demonstrated in table 07.

Administrative expenses	1Q 2021	1Q2020	Var. in R\$	Var. %
Personnel	76,118	80,638	(4,520)	-5.61%
Materials	901	1,477	(576)	-39.00%
Electricity	638	606	32	5.28%
Third-party services	9,768	8,672	1,096	12.64%
General	2,418	2,518	(100)	-3.97%
Subtotal	89,843	93,911	(4,068)	-4.33%
Depreciation	6,695	2,401	4,294	178.84%
Grand total	96,538	96,312	226	0.23%

Table 07 – Breakdown of Administrative Expenses

5.6.1 Personnel

The expenses on personnel totaled R\$76,118, representing a 5.61% reduction in relation to the same period of 2020. Despite the increase in employees' compensation in September 2020 at the rate of 2.05%, in addition to career progression, there was an accounting re-classification of the costs with employees' health assistance program in the accounts of administrative and selling expenses, giving rise to this reduction in the administrative group.

5.6.2 Materials

The expenses on materials presented reduction of 39% in 1Q 2021, mainly caused by a decrease in the expenditure on fuel in the period. Despite the increase in the price of gasoline, there was a reduced number of on-site meetings as a result of the pandemic.

Financial Income Performance

5.6.3 Third-party services

They presented an increase in 1Q 2021 of approximately R\$1,095. That increase occurred mainly due to the service of reassessment of Regulatory Assets that is in progress at the Company, resulting in an increase of R\$897 thousand. That work is in its final phase and has as purpose to be used in the adjustment/review of the service tariffs the Company charges.

5.7 Selling expenses

They presented a reduction of 1.46% in 1Q 2021.

Selling expenses	1Q 2021	1Q 2020	Var. in R\$	Var. %
Personnel	33,057	30,462	3,848	14.22%
Materials	129	264	(135)	-51.14%
Electricity		9	(9)	-100.00%
Third-party services	15,577	19,823	(4,246)	-21.42%
Concession/contract-related compensation	17,870	18,508	(638)	-3.45%
General	857	628	229	36.46%
Subtotal	65,340	66,291	(951)	-1.43%
Amortization/Depreciation	55	68	(13)	-19.12%
PIS/COFINS Credits on Deprec./Amort.	(5)	-	(5)	-
Grand total	65,390	66,359	(969)	-1.46%

Table 08 – Breakdown of Selling Expenses

Financial Income Performance

The main changes are the following:

5.7.1 Personnel

The expenses on personnel totaled R\$30,908, representing a 14.22% increase in relation to the same period of 2020. Such growth reflects the approximate 2.05% increase in wages in September 2020, in addition to career progressions.

Additionally, there was accounting re-classification of the costs of employees' health assistance program between the accounts of administrative and selling expenses.

5.7.2 Third-party services

Third-party services had a reduction of 21.42%. The main factor for that reduction was resuming in January 2021 of supply cuts of customers in default. Because cuts were suspended for some time, the rhythm of execution was still slow in comparison to the period before the pandemic in 2020. In 1Q 2020, the cost of supply cuts was R\$2,273 and in 1Q 2021 the amount was R\$450 thousand.

Additionally, we also highlight the reduction in the expenses on the Company's call centers, which in 1Q 2020 was R\$4,184, whereas in 1Q 2021 it was R\$2,539, a reflex of a new service provider contracted in the 2nd half of 2020.

3. General

General expenses had an increase of 36.31% in 1Q 2021. That change took place mainly due to a growth in the compensation paid to third parties, which went from R\$275 thousand in 2019 to R\$ 396 thousand in 2021.

4. Concession/contract-related compensation

The amounts paid to municipal governments that are related to concession and program contracts now have a new calculation methodology.

5.8 Provision/Reversal/Losses/ barred credits:

Reversals (-) Provisions, net	1Q 2021	1Q 2020	Var. in R\$	Var. %
Losses from expired credits	(15,318)	(14,172)	(1,146)	8.09%
Provision for contingencies	(111,501)	(5,814)	(105,687)	1817.80%
Allowance for doubtful accounts	5,001	(14,149)	19,150	-135.35%
Inventory valuation allowance	16,286	(5,962)	22,248	-373.16%
Estimated losses on construction work	-	3,750	(3,750)	-100.00%
Provisions/Reversals/Losses and Credit Rec.	(105,532)	(36,347)	(69,185)	190.35%

Table 09 - Provisions/Reversals/Losses and Credit Rec.

Financial Income Performance

According to the table above, we can see an increase of 190.35% in the balance between reversals and provisions in 1Q 2021. The main changes were:

a) Increase in the provision for civil contingencies in the municipality of Minaçu regarding an environmental action and other labor actions totaling about R\$106 million, both detailed in item 25 of the notes to the financial statements;

b) reversal of the inventory valuation allowance in the amount of R\$16,286 due to the Company's inventory policy and the rules for obsolescence of assets;

c) reversal of the estimated allowance for doubtful accounts that in 2020 went from negative R\$14,149 to positive R\$5,001 in 1Q 2021. That variation was caused by the resuming of the supply cuts of customers in default in January 2021, causing an increase in negotiations for settlement of debts with the Company.

Description	1Q2021	1Q2020	Var. in R\$	Var. %
Interest / fines	20,464	12,860	7,604	59.1%
Monetary adjustment	7,694	4,614	3,080	66.8%
Discount to present value	(294)	224	-	-
Total financial revenue	27,864	17,698		57.4%
Interest/charges and other expenses	(22,087)	(27,318)	5,231	-19.1%
Monetary adjustment	(391)	(286)	(105)	36.7%
Exchange rate gains (losses)	(9,033)	(24,086)	15,053	-62.5%
PIS/COFINS on financial revenue	(1,296)	(823)	(473)	-
Total financial expenses	(32,807)	(52,513)	19,706	-37.5%
Financial income (loss)	(4,943)	(34,815)	29,872	-85.8%

Table 10 – Net Financial Revenues and Expenses

Income (loss)

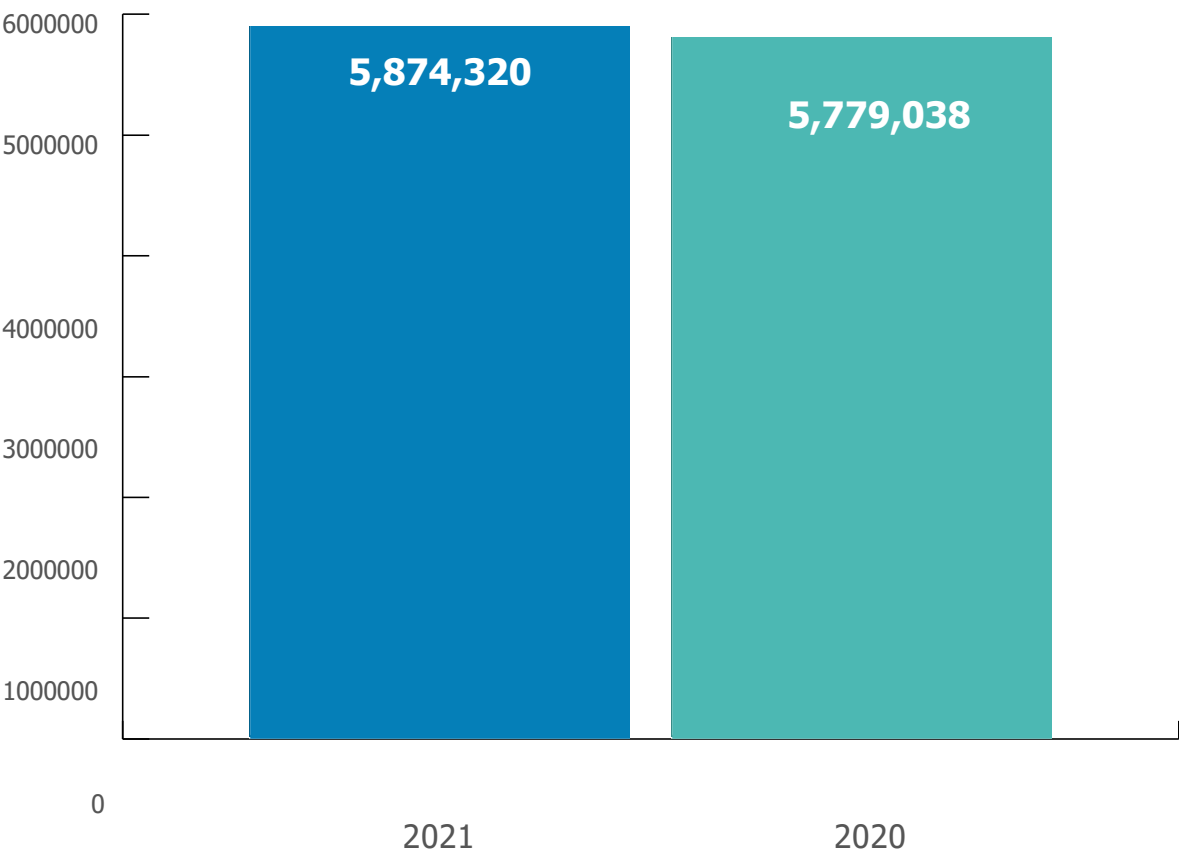
6.1 Net income/Loss

The Company had R\$9,851 income in 1Q 2021, a lower result in relation to the R\$48,275 mil ion income in the same period of the previous year. The reduction was caused mainly by the provision recognized for the lawsuits mentioned in item 5.8 - Provisions.

7. Analysis 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 1Q 2021 in comparison with the closing of the previous year.

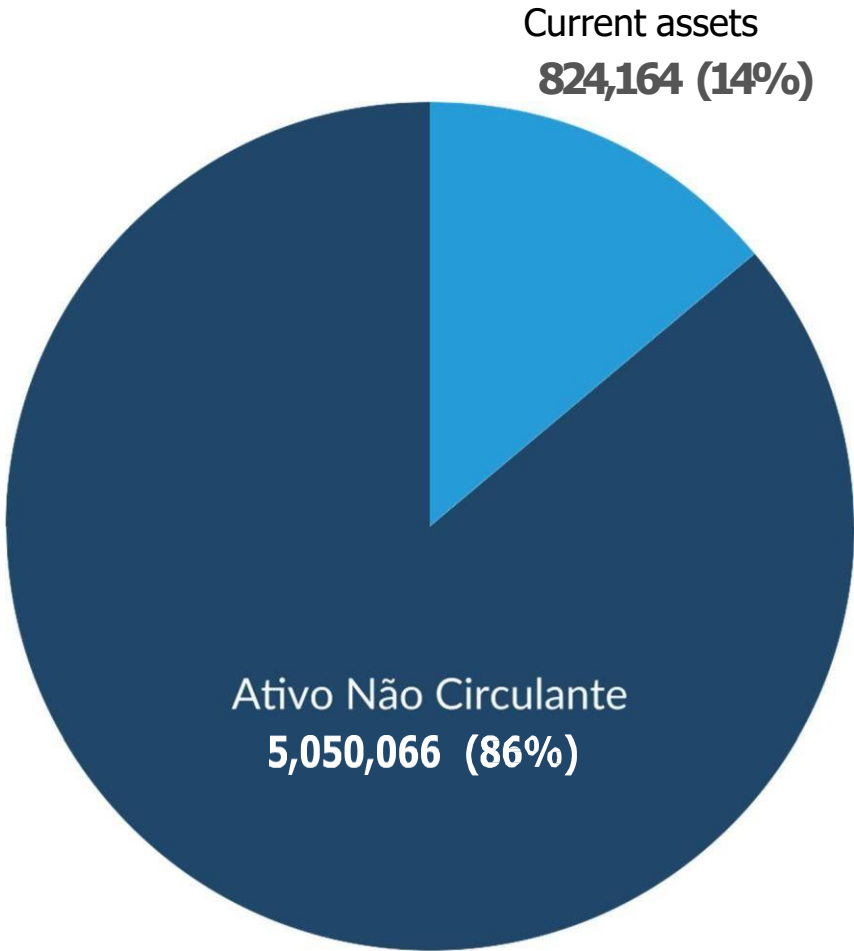
In 2021, the main changes occurred in the current assets, which increased 7.19%, while current liabilities presented a reduction of approximately 0.21%.Thus, there was an increase in current liquidity, which went up from 1,101 at the closing of the year 2020 to 1,182 at the closing of 1Q 2021. Additionally, there was an increase in the 87.77% third-party capital at the closing of the year 2020 in comparison with 90.25% at the closing of 1Q 2021. That rise took place mainly in view of the increase in the Provisions for legal claims.



Graph 5 - Change in Total Assets

Analysis and Discussion about the Structure

7.1 Assets



Graph 6 - Structure of Assets - 1Q 2021

1. Current assets

2. Cash and cash equivalents

They presented an increase of R\$34,773, going from approximately R\$168,144 at the closing of the year 2020 to R\$202,917 at the closing of Q1 2021.

That increase reflects mainly refunds received from Caixa Econômica Federal (CEF) relating investment made in 2020 and amounts collected from customers above the monthly average in the quarter.

7.1.3 Inventories

The account of inventories presented an increase of R\$12,519, resulting in an increase of 24.79%. Such growth is in part a reflex of the R\$16 million reversal occurred in this quarter in view of an adjustment in the asset obsolescence policy.

2. Noncurrent assets

1. Prepaid expenses

That account presented a decrease of R\$1,725 in 1Q 2021, going from R\$192,803 at the closing of the year 2020 to R\$191,078.

7.2.2. Intangible assets

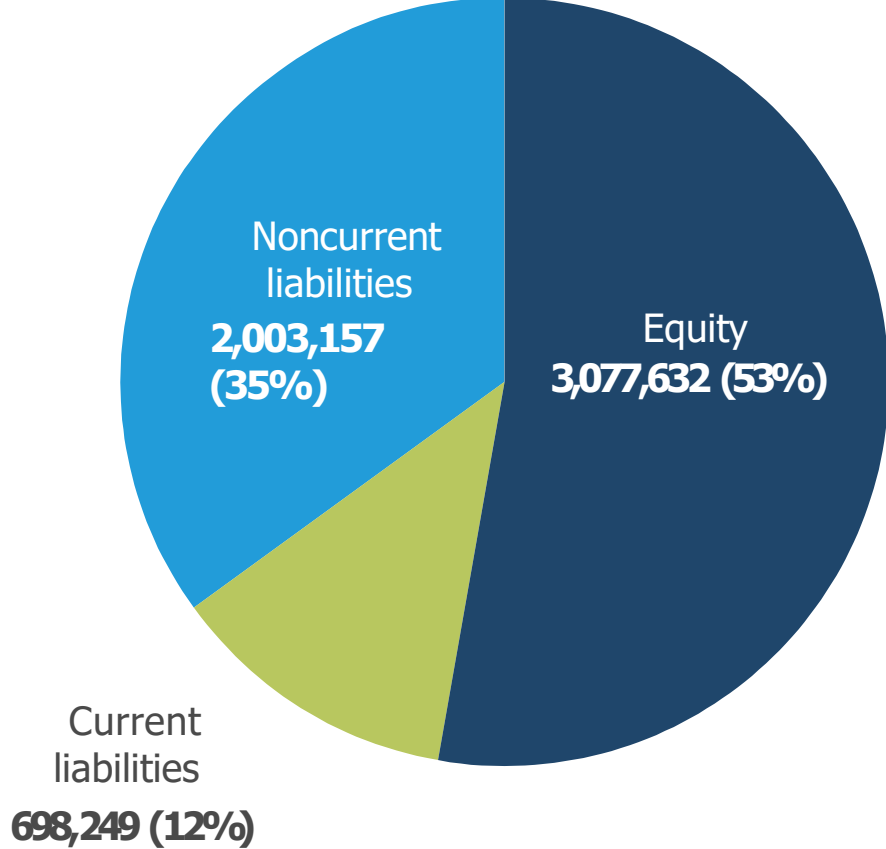
According to ICPC 01 (R1) – Concession Contracts, the account of Intangible assets is divided into: Intangible and Contract-related assets. The intangible assets, which include the assets used in the water and sewage systems and linked to municipal concessions, had a reduction of R\$9,078, representing a negative variation of 0.33%.

7.2.3 Construction contract assets

A construction contract asset (work in progress) is the right to receive consideration for goods or services transferred to customers. That account presented a variation of 1% at the closing of the 1st quarter of 2021 reaching a balance of R\$737,433.

Analysis and Discussion about the Structure

7.3 Liabilities



Graph 7 – Breakdown of Liabilities + Equity - 1Q 2021

7.3.1 Short-term loans and financing

That account presented a balance of R\$137,560 at the closing of 1Q 2021, against R\$134,637 at the closing of 2020, a variation of 2.17%.

7.3.2 Debentures

Debentures classified as current presented a reduction of R\$860 as a result of amortizations in the period.

7.3.3 Lease

That account refers to adjustment of the Company's records to the 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 1Q 2021, a total amount of R\$ 15,617 was recognized in the short term.

4. Noncurrent liabilities

1. Long-term loans and financing

That account presented a reduction of 9.82% in relation to the balances presented at the closing of the year December 31, 2020. The reduction of the account is caused by amortization of debt during 1Q 2021.

7.4.2 Debentures

Debentures classified as noncurrent presented a reduction of R\$28,445, an amount transferred to short-term amortization.

7.4.3 Lease

That account refers to adjustment of the Company's records to the 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 1Q 2021, a total amount of R\$13,204 was recognized in the long term.

7.4.4 Provisions for legal claims

That account presented an increase of 76%, reaching R\$257,096. That growth occurred mainly due to civil contingencies, one refers to the municipality of Minaçu regarding environmental matter and other labor matters, totaling about R\$106 million, as discussed in item 5.8 above and described in note 25 to the financial statements.

7.5 Equity

Equity, due to the income determined in the period, presented an increase of approximately R\$316,972, or in other words, a positive variation of 11.48%.

Risk Rating

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

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

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

The complete list of ratings is provided in Table 11.

Rating	Fitch’s Rating	Perspective
Corporate	A+(bra)	Stable
Debentures 4th Issue		
Debentures 5th Issue		
Debentures 6th Issue		
Debentures 8th Issue	AAAsf(bra)	Stable
FIDC IV		

Table 11- Saneago S.A. Ratings

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, Company has been working to reduce the environmental impacts of the Company's main activities and developing social-environmental and governance projects to promote public health and well-being of people, among other actions aiming to maintain processes and impacts under control and being characterized as a sustainable Company.

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

Among the actions and initiatives adopted, we highlight:

- Creation of a Sustainability Committee;
- Creation of the Committee for Women-Related and Diversity Matters;
- Inclusion of environmental and social clauses in contracts with suppliers;
- Preparation 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;
- Hiring of a company specialized in consulting service to prepare Sustainability Reports;

- 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);

- Creation of an Innovation Management Program.

Aiming to confirm its action towards a sustainable world and the conduction of day-to-day activities in compliance with 2030 Agenda (SDO), the Company enrolled with the Global Pact of the United Nations.

Saneago is more prepared to meet market demands, confirming its goal of contributing for a sustainable economy, prioritizing the prosperity of environment and the creation of value shared with investors, employees, business partners and society.

Effects of the Coronavirus (COVID-19) pandemic

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

With the purpose of assuring better services and minimizing the impacts of the COVID-19 pandemic to people, water supply cuts of customers in default were suspended from March 19, 2020, to January 3, 2021, what increased the risk of default in the short-term period. Cuts were resumed starting January 4, 2021.

Thus, to mitigate the liquidity risk caused by a possible higher default level, a financial management plan has been implemented, including strategic actions that aimed to assure an economic and financial balance in the short and mid-term periods. Among those actions, we highlight:

- Suspension of the payment and payment in installments of contributions for the Severance Pay Fund (FGTS) referring the months of April, May, June and July 2022, as allowed by Provisional Executive Order No. 1.046/2021;

So far, we understand that the measures implemented against default of customers, as well as to ensure short-term liquidity were effective, assuring the necessary liquidity to cover contract obligations, the generation of cash and the Company’s economic and financial stability.

Management



Saneamento de Goiás S. A
May/2021



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INDEPENDENT AUDITOR’S REPORT ON THE INTERIM FINANCIAL INFORMATION

To the shareholders, Directors and Managers of
Saneamento de Goiás S.A - Saneago
Goiânia - GO

Introduction

We have reviewed the interim financial information of **Saneamento de Goiás S.A.** (the “**Company**”), included in the Quarterly Information for the quarter ended March 31, 2021, which comprises the statement of financial position as at March 31, 2021 and the respective statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, including a summary of the significant accounting practices and other notes.

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

Scope of the review

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

Conclusion about the interim financial information

Based on our review, we are not aware of any fact that leads us to believe that the interim financial information included in the quarterly information referred to above have not been prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).



Other matters

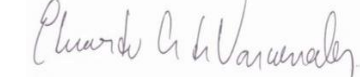
Interim statement of value added

The statements referred to above include an interim statement of value added for the three-month period ended March 31, 2021, prepared under the responsibility of the Company’s Management and presented as supplementary information for the purposes of IAS 34. These statements were submitted to review procedures executed with the review of the interim financial information, with the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether its form and contents meet the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, we are not aware of any fact that would lead us to believe that these interim statements of value added were not prepared, in all material respects, in accordance with the criteria established in that technical pronouncement and consistently with the interim financial information taken as a whole.

Goiânia, May 13, 2021.



BDO RCS Auditores Independentes SS
CRC2GO001837/F-4


Eduardo Affonso de Vasconcelos
Accountant CRC 1 SP 166001/O-3-S-GO

STATEMENT OF FINANCIAL POSITION
(In thousands of Brazilian reais)

	Note #	03/31/2021	12/31/2020
Assets			
Current assets			
Cash and cash equivalents	4	202,917	168,144
Securities	5	1,476	-
Receivable from consumers	6	492,782	490,455
Inventories	7	63,015	50,496
Recoverable taxes	8	18,694	18,550
Prepaid expenses and advances	9	30,917	30,309
Outsourcing	10	13,961	10,450
Other receivables	11	402	414
		824,164	768,818
Noncurrent assets			
Securities	5	14,120	13,146
Receivable from consumers	6	20,992	18,674
Prepaid expenses	9	191,078	192,803
Outsourcing	10	866,656	839,500
Deposits into court	12	21,108	16,069
Deferred tax assets	13	128,191	115,401
		1,242,145	1,195,593
Investment			
Investment	14	9	9
Property, plant and equipment	15	355,674	360,583
Contract-related assets	16	737,433	730,152
Intangible assets	17	2,714,805	2,723,883
		3,807,921	3,814,627
Total assets			
		5,874,230	5,779,038

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

ENDEREÇO Av. Fúed José Sebba, nº 1245, Jardim Goiás.
CEP: 74805-100 - Goiânia - GO.

	Note #	03/31/2021	12/31/2020
Liabilities			
Current liabilities			
Trade accounts payable	-	100,895	118,057
Loans and financing	18.a	137,560	134,637
Bonds	18.b	132,549	133,409
Leases	18.d	15,617	14,837
Employees' pay and related charges	19	152,822	143,801
Taxes payable	20	31,941	33,813
Items to be paid in installments	21	2,134	5,252
Contract obligations	21.1	15,220	15,220
Contract-related advance	23	1,994	1,994
Other payables	24	25,647	15,729
Outsourcing	10	526	1,616
Dividends and interest on equity capital payabl	27.f	79,884	79,884
		696,789	698,249
Noncurrent liabilities			
Loans and financing	18.a	199,518	221,249
Bonds	18.b	447,753	476,198
Leases	18.d	13,204	17,254
Taxes payable	20	7,087	7,314
Items to be paid in installments	21	14,715	14,931
Purchase consortium	22	48,472	48,480
Contract-related advance	23	332	831
Provision for lawsuits	25	257,096	145,596
Outsourcing	10	866,656	839,500
PAC subsidies	17.1	197,923	194,602
Actuarial obligations	26	37,202	37,202
		2,089,958	2,003,157
Equity			
Capital	27.a	2,515,546	2,515,546
Legal reserve	27.c	40,837	40,837
Investment reserve	27.d	522,338	512,487
Asset and liability valuation adjustment	27.e	33,315	33,315
Other comprehensive income		(24,553)	(24,553)
		3,087,483	3,077,632
Total liabilities			
		5,874,230	5,779,038

STATEMENT OF INCOME
(In thousands of Brazilian reais)

	Note #	03/31/2021	Restated 03/31/2020
Net revenue			
Revenue from water and sewage services		566,573	567,599
Construction work revenue		22,519	29,290
Revenue from technical services		483	455
Outsourcing		2,275	2,275
	28	591,850	599,619
Costs			
Cost of services		(275,530)	(253,399)
Construction work costs		(22,519)	(29,290)
	29	(298,049)	(282,689)
Gross income		293,801	316,930
Administrative expenses	29	(96,538)	(96,312)
Selling expenses	29	(65,390)	(66,359)
Tax expenses		(5,721)	(4,735)
Provision/reversal - losses/recovery of receivables	30	(105,531)	(36,347)
Other operating revenue/expenses		(1,235)	(7,033)
		(274,415)	(210,786)
Income (loss) before financial revenue (expenses)		19,386	106,144
Net financial revenue (expenses)	31	(4,943)	(34,815)
Income (loss) before income taxation		14,443	71,329
Current income and social contribution taxes		(17,382)	(15,135)
Deferred income and social contribution taxes	13	12,790	(7,919)
Net income		9,851	48,275
Earnings per share	27.g	0,00392	0,01919

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



STATEMENT OF COMPREHENSIVE INCOME
(In thousands of Brazilian reais)

	03/31/2021	Restated 03/31/2020
Net income (loss)		
Net income	9,851	48,275
Other comprehensive income		
Realization of deemed cost, net of deferred taxes	-	3
Comprehensive income of the period	9,851	48,278

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

ENDEREÇO Av. Fued José Sebba, nº 1245, Jardim Goiás.
CEP: 74805-100 - Goiânia - GO.

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Saneamento de Goiás S.A.

STATEMENT OF CHANGE IN EQUITY
(In thousands of Brazilian reais)

	Capital	Legal reserve	Investment reserve	Asset and liability valuation adjustment	Other comprehensive income	Retained earnings/accumulated losses	Total equity
Balances as at January 1, 2020	<u>2,515,546</u>	<u>24,020</u>	<u>272,836</u>	<u>33,319</u>	<u>(85,061)</u>	<u>-</u>	<u>2,760,660</u>
Net income	-	-	-	-	-	48,275	48,275
Realization of deemed cost	-	-	-	(2)	-	3	1
Realization of deferred income and social contribution taxes - deemed c	-	-	-	1	-	-	1
Recognition of a reserve for investment	-	-	48,278	-	-	(48,278)	-
Balances as at March 31, 2020 (restated)	<u>2,515,546</u>	<u>24,020</u>	<u>321,114</u>	<u>33,318</u>	<u>(85,061)</u>	<u>-</u>	<u>2,808,937</u>
Balances as at January 1, 2021	<u>2,515,546</u>	<u>40,837</u>	<u>512,487</u>	<u>33,315</u>	<u>(24,553)</u>	<u>-</u>	<u>3,077,632</u>
Net income	-	-	-	-	-	9,851	9,851
Realization of deemed cost	-	-	-	(1)	-	-	(1)
Deferred taxes on deemed cost	-	-	-	1	-	-	1
Recognition of a reserve for investment	-	-	9,851	-	-	(9,851)	-
Balances as at March 31, 2021	<u>2,515,546</u>	<u>40,837</u>	<u>522,338</u>	<u>33,315</u>	<u>(24,553)</u>	<u>-</u>	<u>3,087,483</u>

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

STATEMENT OF CASH FLOWS
(In thousands of Brazilian reais)

	Note #	03/31/2021	Restated 03/31/2020
Net cash provided by operating activities		142,642	46,070
Funds provided by operations		199,294	189,932
Net income		9,851	48,275
Adjustments to reconcile net income			
Depreciation and amortization	29	33,212	32,205
Write-offs, investment, property, plant and equipment and intangible assets		920	3,295
Discount to present value of receivables	31	294	(224)
Deferred income and social contribution taxes	13	(12,790)	7,919
Charges and monetary and foreign currency exchange variation, net	18.c	28,153	47,747
Capitalized interest	18.c	213	463
Losses and recognition/reversal of allowance for doubtful accounts, net		44,226	38,476
Provision/reversal of contingencies and other		95,215	11,776
Change in assets and liabilities		(66,582)	(148,608)
Receivable from consumers	36	(49,165)	(59,239)
Recoverable taxes	8	(144)	(362)
Inventories	36	4,513	(2,294)
Prepaid expenses and advances to employees	9	1,117	(63,503)
Deposits into court		(5,040)	(293)
Trade accounts payable	-	(17,162)	(12,657)
Consortium-related amounts	36	812	(2,310)
Employees' pay and related charges	19	9,020	(11,861)
Taxes payable	20	(2,099)	10,514
Items to be paid in installments	21	(3,334)	41
Contract-related obligations	21.1	-	(3,088)
Outsourcing	10	(4,601)	(3,057)
Contract-related advances	23	(499)	(499)
Other		9,930	4,746
Other receivables	11	12	(43)
Other payables	24	9,918	4,789
Net funds used in investing activities		(40,277)	(43,328)
Purchase of property, plant and equipment	15.1	(1,799)	(2,832)
Contract-related assets	16	(12,459)	(19,123)
Purchase of intangible assets	17	(23,487)	(21,373)
Securities		(2,405)	-
Purchase of inventories for construction work	16	(127)	-
Net funds provided by/(used in) financing activities		(67,592)	(55,611)
Amortization of loans and financing	18.c	(60,802)	(43,323)
Payments of financial charges on the contracting of loans and financing	18.c	(14,979)	(20,133)
Leases	19.d	(4,014)	(3,963)
Subsidies	17.1	12,203	11,808
Net increase/(decrease) in cash and cash equivalents		34,773	(52,869)
Cash and cash equivalents at beginning of year	4	168,144	169,607
Cash and cash equivalents at end of year	4	202,917	116,738

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

STATEMENT OF VALUE ADDED

(In thousands of Brazilian reais)

	Note #	03/31/2021	Restated 03/31/2020
Revenue			
Sales of goods, products and services	28	624,706	625,775
Revenue from construction work	28	22,519	29,290
Recognition/reversal of allowance for doubtful accounts	30	5,002	(14,149)
Expiration/recovery of credit	30	(15,318)	(14,172)
Outsourcing	28	2,275	2,275
Revenue from technical services	28	483	455
Other revenue		1,187	567
		640,854	630,041
Inputs acquired from third parties			
Cost of goods and services sold		(101,264)	(87,765)
Raw material consumed		(1,030)	(1,741)
Electric power and third party services		(46,297)	(49,819)
Construction work costs		(22,519)	(29,290)
Recognition/(reversal) of inventory losses		16,286	(5,962)
Other expenses		(2,422)	(7,599)
		(157,246)	(182,176)
Gross value added		483,608	447,865
Deductions			
Depreciation/Amortization	29	(33,212)	(28,783)
Recognition/reversal	30	(111,501)	(2,064)
		(144,713)	(30,847)
Net value added		338,895	417,018
Value added received through transference			
Financial revenue	31	27,864	17,698
		27,864	17,698
Total value added to be distributed		366,759	434,716
Distribution of value added		366,759	434,716
Personnel and related charges			
Direct compensation		160,854	151,891
Severance Pay Fund (FGTS)		12,934	12,164
Benefits		38,376	39,928
		212,164	203,983
Taxation			
Federal taxes		117,375	115,824
Federal taxes - deferred income and social contribution taxes	13	(12,790)	7,919
State taxes		1,910	1,308
Local taxes		3,744	3,286
		110,239	128,337
Compensation of third party capital			
Interest	31	32,807	52,513
Rental		1,698	1,608
		34,505	54,121
Compensation of equity capital		9,851	48,275
Net income		9,851	48,275

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

Management’s notes to the interim financial statements as at March 31, 2021
(In thousands of Brazilian reais, except where otherwise indicated)

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9. Prepaid expenses and advances
10. Outsourcing
11. Other receivables
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13. Deferred taxes
14. Investment
15. Property, plant and equipment
16. Contract-related assets
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18. Loans and financing
19. Employees’ pay and related charges
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21. Items to be paid in installments and contract-related obligations
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35. Compensation of Management, Tax Board and Statutory Committee
36. Supplementary cash flow information
37. ‘*Operação Decantação*’ (an investigation process)

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 provides basic sanitation services in the State of Goiás, through a governmental concession and, as established in the law, is jointly managed. The Company is responsible for preparing studies and projects, execute the work, operate and exploit water supply and sewage services, treated as one set of services, in addition to keeping infrastructure and operating facilities for the supply of drinkable water, sanitation services, urban cleaning and handling of solid residues, as well as drainage and management of urban rainwater.

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 governmental-controlled enterprises and their subsidiaries, the following actions have been implemented at the Company: (i) adjustment of the articles or 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.

Program contracts and concession contracts:

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

144 in effect, from which 82 are concession contracts and 62 are program contracts, representing an average percentage of 85.66% of revenue. There are 82 expired contracts that represent 14.34% of revenue, for which the Company has corresponding intangible assets at a total value of R\$646,077, from a total amount of R\$2,174,805 according to note 17, whose realization depends on approval of the part of the National Water Agency (ANA) as described below.

The average term of concession contracts and program contracts in effect is 23 and 30 years, respectively, counted from execution date. The contracts present the following maturities: 82 are expired, 75 contracts mature within the next 15 years, 11 mature from 15 to 20 years and 58 mature in more than 20 years.

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

Municipality	Status	Maturity date	% of revenue Q1 2021	Type of contract	Term (years)
Goiânia	In effect	12/17/2049	37.00%	Program	30
Anápolis	In effect	2/27/2050	7.23%	Program	30
Aparecida De Goiânia	In effect	11/1/2041	4.55%	Program	30
Valparaíso De Goiás	In effect	11/16/2048	2.60%	Program	30
Rio Verde	In effect	11/1/2041	2.45%	Program	30
Luziânia	In effect	12/1/2045	2.12%	Program	30
Formosa	In effect	3/14/2025	2.01%	Concession	25
Itumbiara	In effect	2/23/2025	1.72%	Concession	20
Jataí	In effect	11/1/2041	1.48%	Program	30
Planaltina	In effect	4/1/2030	1.36%	Concession	25
Trindade	In effect	11/1/2041	1.31%	Program	30
Águas Lindas De Goiás	In effect	12/28/2048	1.23%	Program	30
Novo Gama	In effect	11/16/2048	1.18%	Program	30
Cidade Ocidental	In effect	11/1/2041	1.15%	Program	30
Goianésia	Expired	6/15/2020	1.12%	Concession	25
Iporá	In effect	6/25/2024	0.97%	Concession	20
Inhumas	In effect	6/17/2050	0.94%	Program	30
Maturing from 1 - 15 years			7.50%		
Maturing from 16 - 30 years			8.86%		
Expired ones			13.22%		
			100.00%		

The operations of the Company are concentrated in the Municipality of Goiânia, which, as at March 31, 2021, represented 37% of gross revenue and 32.04% of intangible assets (36% of gross revenue and 31.91% of intangible assets as at December 31, 2020).

On July 15, 2020, Law 14.026/2020 was enacted amending the Brazilian basic sanitation regulatory framework. The main points changed were: I) Regulation: the National Water Agency (ANA) is now responsible for establishing general regulatory guidelines to the industry; II) Competition: the principle of competitive selection of service providers was established, so that, as a rule, state companies are not allowed to execute program contracts; III) Regionalization: preference to regional provision of services and not to global ones. States have a period until July 15, 2021 to prepare regionalization bills, otherwise the federal government might do it. IV) Universalization Goals: demand 99% universalization of water supply services and 90% for sewage services until the year 2033, otherwise the contract may be terminated. Contracts that do not establish those goals must be amended until March 31, 2022. Besides, service providers must prove their financial capacity of performing the contracts, according to a methodology to be defined by the Federal Government (that should be edited 90 days after enactment of law 14.026/2020 of July 15, 2020).

The Company has been adapted to this new scenario. We highlight the creation of an area that specializes in coordinating actions to qualify the entity to take part in bidding processes, as well as execute its obligations more efficiently; prepare addenda to contracts adjusting them to the new goals; and amend the law that created the Company (Law 6.680/1967) in order to guarantee new business arrangements and expand its competitive capacity and efficiency, in addition to obtaining partnerships and organizing local specific purpose entities, subsidiaries and funds.

However, Saneago is not able to fully operate because the Company still depends on standards the Government of the State of Goiás has to establish in relation to the regionalization requirements (the deadline is July 15, 2021). It also depends on the ones to be established by the federal government in relation to the economic and financial capacity (deadline: 90 days after July 15, 2020) and regulatory norms of ANA (still pending, such as methodology for calculation of compensation receivable for investment made and not yet amortized or depreciated, whose publication is scheduled for the 2nd half of 2021, as informed in ANA’s website on March 8, 2021 - “Compensation for water and sewage assets made available”).

As provided in article 36 of the Concession Law, even after the expiration of a concession contract, due to the "principle of continuity" and for being an essential service for the population, Saneago is still responsible for supplying treated water and sewage services until new concessions are established by municipal governments and there is compensation for assets not yet amortized. In those municipalities, Saneago has made investment directly into "environmental defense actions" (article 170, VI, of Letter 198) and aiming compliance with the duty of rendering "appropriate, efficient and secure services" (article 22 of federal law 8.078/1990). Concession contracts in effect at the date of publication of federal law 14.026/2020, whether related to a bidding processes or not, "will "remain in effect until expiration," as provided in article 17 of the mentioned law.

Saneago's Management has been participating in discussions about regionalization, regulations and other state and national changes and already has started an internal process to amend the contracts. Management believes that the Company will keep its market share within the next years in the state of Goiás, despite the current lack of definition resulting from the amendment to the regulatory framework.

Price adjustment:

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

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

The Board of Directors authorized the issuance of these interim financial statements on May 13, 2021.

1.1 Covid-19

The COVID-19 pandemic declared by the World Health Organization ("WHO") has been affecting Brazil and several other countries, bringing risks to public health and impacts to the world economy. At the Company, all preventive measures have been put in place to mitigate risks according to guidelines established by local and international authorities. They aim to minimize effects to the health of employees, their families, partners and community and at the same time maintain operations and businesses. Starting December 14, 2020, according to State Decree 9.751/2020, employees who had been working remotely resumed work at the offices of the Company and only specific groups continue working from home. As at March 31, 2021, the Company had 5,831 active employees hired under the standards of the Consolidation of Labor Laws (CLT), from which 1,329 are workers of the administrative area and 318 continue working remotely, what represents 23.93% of the that group.

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

Seeing the cut activity is an important collection tool, after the resuming, a default level of 3.65% was observed in the first quarter of 2021, what represents a reduction of 50.87% in relation to one of the same period of 2020.

In view of that scenario, the following estimates have been prepared and introduced in the interim financial 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. Considering the resuming of water cuts in January 2021, the Company had a reversal of losses of approximately R\$5,002. Receivables as at March 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. 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.

2. Basis of preparation and summary of main accounting practices

1. Declaration of compliance

The interim financial statements have been prepared according to Brazilian accounting practices. They encompass Laws 6.404/76 and 11.638/07, the 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 interim 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 individual and consolidated interim financial statements and that it corresponds to the one used in running the Company.

2. Functional currency

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

2.3 Summary of main accounting practices

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

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

a) Allowance for doubtful accounts

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

A provision is recognized for invoices overdue for more than 180 days in relation to private consumers and overdue for more than 90 days in relation to federal and local governmental 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 level of default of the previous year.

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 13.

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 25.

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 March 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 mounts will be received.

b) Revenue from construction work

Provided all applicable conditions are met, revenue from construction work is recognized according to the percentage of completion method and standards ICPC 01 (R1)/IFRIC 12 - Concession contracts and CPC 17 (R1)/IAS 11 - Construction contracts.

At the Company, revenue and costs relating construction services or infrastructure improvements to water supply and sewage services are accounted for. 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.

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 and with maturities in less than 3 months, 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.

7. Receivable 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.

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.

9. Other current assets

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

10. Property, plant and equipment

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

Depreciation starts when assets are available for use at the locations and under the necessary conditions. They are calculated on a straight-line basis and realized along their economic

useful lives, which are based on a report of an independent appraisal firm. Determining depreciation on a straight-line basis results in constant debit along the useful lives of assets, if their residual values do not change.

2.11 Intangible assets

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

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

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

The useful lives of assets are described below:

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

*Economic useful lives - weighted average

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

a) Concession contracts

The infrastructure linked to concession contracts is governed by standard ICPC 01 - Concessions - when: (I) the municipal government (grantor) controls or regulates which services the operator must supply, who must receive them and at what price; (II) the grantor holds residual participation in the infrastructure at the end of the concession period and as for certain infrastructure items used in the concession of public services to private entities along all their

useful lives; (III) infrastructure operated according to contracts, built or acquired from third parties with the exclusive purpose of providing the services; (IV) the Company is entitled to receive cash or other financial asset in the event of termination, retaking and/or non-renewal of the contract; (V) the Company is entitled to collect the amounts from the users of the public services.

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

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

The Brazilian sanitation regulatory framework (Law 11.445/2007, amended by law 14.026/2020) indicates in item of article 29 that the economic and financial sustainability of public basic sanitation services has to be assured through the amounts charged for the services, preferably in the form of tariffs. Thus, investment made and not recovered through services within the original term of the contract are recorded as intangible assets and amortized along their useful lives, considering the expectation and history of renewal of the contracts.

b) Governmental subsidies

When governmental grants related to assets are received, but not all condition have been fulfilled yet, they are recognized in the statement of income as assets. When all requirements established are met, they are reclassified by deducting the carrying amounts of the respective assets.

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

c) Software use licenses

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

2.12 Impairment of non-financial assets

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

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

Construction work stopped for more than one year and without expectation of cash generation is also tested for impairment and direct and indirect costs fully accrued for. In the event of

resuming of the work, losses incurred are determined and recognized in the statement of income. As at March 31, 2021, the amount of provision for impairment related to stopped work was R\$128,347 (R\$128,347 as at December 31, 2020).

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 after 12 months from reporting date, being then presented as noncurrent ones. 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.

14. Employees’ pay and related charges

Wages, including provisions for vacations, 13th salaries, amounts negotiated in collective bargaining agreements and corresponding payroll-related costs are carried under the accrual basis of accounting.

15. Profit sharing

Saneago’s employees are entitled to profit sharing according to article 75, paragraph 3 of the Company’s articles of incorporation. The amount is defined by an internal policy and entered in the statement of income of the period after the provisions of articles 189 and 190 of the Brazilian Corporate Law are satisfied.

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.

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) item12.

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 at reporting date are close to market values, even those classified as noncurrent ones.

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

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).

20. Provisions, legal obligations, deposits into court 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.

21. Other current and noncurrent liabilities

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

22. Benefits and defined contribution plans granted to employees

In a defined benefit pension plan: (a) the obligation of the sponsoring entity is supplying the benefits agreed upon to current and former employees; and (b) actuarial risks (that is, benefits costing more than what was expected) are mostly a responsibility of the sponsor. If the actuarial amount or results of investment are worse than what was projected, the entity's obligation may be increased. 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.

23. Segment reporting

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

24. Statement of value added

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

25. Restatement of comparative balances as at March 31, 2020

In the 4th quarter of 2020, the Company recognized the accumulated effects of the year (1st to 4th quarter) of deferred taxes on temporary differences between the accounting carrying amounts and the tax base of depreciation/amortization of property, plant, equipment and intangible assets.

According to technical guidelines of standard CPC 23 - Accounting Policies, Changes in Estimates and Errors, the financial statements of the quarter ended March 31, 2020 were restated for comparison purposes. The adjustments introduced are demonstrated below:

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

	3/31/2020	Adjustment	Restated 3/31/2020
Net revenue	599,619	-	599,619
Operating costs	(282,689)	-	(282,689)
Gross income	316,930	-	316,930
Operating expenses	(210,786)	-	(210,786)
Income (loss) before financial revenue (expenses)	106,144	-	106,144
Net financial revenue (expenses)	(34,815)	-	(34,815)
Income (loss) before income tax	71,329	-	71,329
Current income and social contribution taxes	(15,135)	-	(15,135)
Deferred income and social contribution taxes	2,325	(10,244)	(7,919)
Net income	58,519	(10,244)	48,275
Earnings per share	0.02326		0.01919

3. Risk management and financial instruments

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 Long-term Interest Rate (TJLP), the CDI rate (Certificates of Interbank Deposit) or inflation indexes, such as IPCA (National Consumer Price Index).

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

Debt Sensitivity

In determining the sensitivity to interest rate risk, the following rates were analyzed: IPCA, CDI, dollar rate, TJLP and TR. Thus, based on market projections for 2020, 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	Sensitivity of Debt - 3/31/2021				Scenario II		Scenario III	
	Exposure	Probable scenario		Rate			Value	
		Rate	Value	Rate	Value	Rate	Value	
IPCA (FIDC IV)	189,311	4.92%	198,625	6.15%	200,954	7.38%	203,282	
CDI (Banks + Bonds)	600,491	2.65%	616,403	3.31%	620,382	3.98%	624,360	
Dollar (BID)	104,386	5,4	97,438	6.75	121,797	8,1	146,156	
TJLP (BNDES)	405	4.61%	424	5.76%	428	6.92%	433	
TR (a) (Caixa Econômica Federal)	123,009	0.00%	123,009	0.00%	123,009	0.00%	123,009	
Subtotal	1,017,602		1,035,899		1,066,570		1,097,240	
Subordinated shares	(87,255)							
Transaction costs	(18,016)							
	912,331							
Not subject to risk								
FCO - Cezarina e Silvânia (b)	5,049							
	917,380							

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

Foreign currency 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 variation and optimizing cash, hedge instruments may be contracted, such as swap contracts or currency forward contracts (NDF). The contracting of those instruments depends on the ratio of cost to expected benefit of the instrument used.

Sensitivity of the debt in foreign currency with IBD

In relation to contract 1414/OC executed between Saneago and the Inter-American Development Bank (BID), no currency forward mechanisms have been adopted against oscillations in exchange variation. However, Management has evaluated the possibility of using hedge for it due to current and probable changes in the world economic scenario. Until March 31, 2021, the conclusion was that it was not necessary.

The sensitivity analysis prepared as at March 31, 2021 indicates a slight increase in the expected amount of future debt as a result of appreciation of foreign currencies in relation to the Brazilian real, mainly due to the Covid-19 pandemic, which has been significantly affecting Brazilian and international economy. Abroad, the global economy has been slowing down and economic and geopolitical uncertainties exist, in particular some commercial disputes that may contribute to less global growth. Domestic factors relate to whether the Brazilian economy is able to absorb problems in the international market and if internal structural changes are possible, in special in relation to taxation, which would allow resuming economic growth. The dollar exchange rate used for the payment due in April 2020 was R\$5.42. As for the one due in October 2020, the rate was R\$5.59. The projection of exchange rate for 2021 is R\$5.40.

The dollar rates of the scenarios were based on data the Brazilian Central Bank published in the FOCUS Market Report (Market Expectations) on April 16, 2021.

(b) Credit risk

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

(c) Liquidity risk

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

The Company's liquidity risk associates mainly with its capacity of generating cash and borrowing funds from federal, state and private financial institutions. Besides, liquidity is affected by shortages of water, which have significant impact to the Company's revenue, as

well as lower tariffs ordered by courts, reduction in demand, increase in default level and costs and expenses above projected limits, besides realization of non-recurrent expenses not accrued for.

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

(d) Risks associated with concession/program contracts

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

3.2 Capital management

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

Net Financial Position	3/31/2021	12/31/2020
Total loans	917,380	965,493
(-) Cash and cash equivalents.	(202,917)	(168,144)
(=) Net debt	714,463	797,349
(+) Total equity	3,087,483	3,077,632
(=) Total capital	3,801,946	3,874,981
Financial leverage ratio	18.79%	20.58%

4. Cash and cash equivalents

	3/31/2021	12/31/2020
Petty cash	111	12
Bank checking accounts /billing	11,171	21,907
Banks - Accounts linked to construction work	1,595	3,089
Banks - Billing not yet released (a)	7,381	14,225
Short-term financial investment (b)	182,659	128,911
	202,917	168,144

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

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

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

3/31/2021				12/31/2020			
Bank name	Account #	Balance	Yield	Bank name	Account	Balance	Yield
Itaú	140956	284	14.12% of CDI rate	Itaú	14095-6	259	5.38% of CDI rate
Itaú	2989-4	2,863	14.12% of CDI rate	Itaú	2989-4	6,646	5.38% of CDI rate
Itaú	2989-4	60,870	74.85% of CDI rate	Itaú	2989-4	-	145.16% of CDI rate
Itaú	14094-9	156	14.12% of CDI rate	Itaú	14094-9	153	5.38% of CDI rate
Santander	63-000013-7	107,860	103.00% of CDI rate	Santander	63-000013-7	111,324	103.00% of CDI rate
B. Brasil	6013-5	566	92% of CDI rate	B. Brasil	6013-5	563	92% of CDI rate
B. Brasil	6544-7	548	92% of CDI rate	B. Brasil	6544-7	546	92% of CDI rate
BBM	701742-7	4,375	100% of CDI rate	BBM	701742-7	4,396	100% of CDI rate
BBM	701866-0	4,463	100% of CDI rate	BBM	701866-0	4,655	100% of CDI rate
Safra	23190-0	10	12.93% of CDI rate	Safra	23190-0	10	346.1% of CDI rate
Bradesco	1368	445	9.07% of CDI rate	Bradesco	1368	359	6.32% of CDI rate
B. Brasil	105334-5	1	99.25% of CDI rate	B. Brasil	105334-5	-	96% of CDI rate
Bradesco	1371-4	218	40.96% of CDI rate				
		<u>182,659</u>				<u>128,911</u>	

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

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

The increase in cash and cash equivalents at the end of the 1st quarter of 2021 is a result of the resuming of water supply cuts and an increase in amounts collected.

5. Securities

Financial institution	Account	Investment type	Yield	3/31/2021	12/31/2020
Current portion					
Caixa Econômica Federal	various	CDB/FIC fund	41% of CDI rate	<u>1,476</u>	<u>-</u>
				<u>1,476</u>	<u>-</u>
Noncurrent portion					
Caixa Econômica Federal	various	CDB/FIC fund	44.45% of CDI rate	<u>14,120</u>	<u>13,146</u>
				<u>14,120</u>	<u>13,146</u>
Total				<u>15,596</u>	<u>13,146</u>

Such investment is a contract demand. Guarantee reserves maturing after 12 months are 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.

6. Receivable from consumers

	3/31/2021			12/31/2020		
	Individuals	Legal entities and governmental customers	Total	Individuals	Legal entities and governmental customers	Total
Amounts billed and not yet due	105,699	14,522	120,221	108,915	10,664	119,579
Becoming due in more than 30 days	32,737	5,850	38,587	29,106	6,040	35,146
Overdue up to 30 days	92,661	6,803	99,464	91,509	3,873	95,382
Overdue from 31 to 60 days	48,839	5,919	54,758	45,241	2,770	48,011
Overdue from 61 to 90 days	27,414	316	27,730	29,739	2,475	32,214
Overdue from 91 to 120 days	22,186	2,806	24,992	21,514	1,546	23,060
Overdue from 121 to 180 days	37,734	4,533	42,267	32,940	2,808	35,748
Overdue from 181 to 360 days	5,614	4,650	10,264	5,274	5,382	10,656
Overdue from 361 days to 5 years	19,772	72,254	92,026	18,636	85,252	103,888
Overdue for more than 5 years	760	8,331	9,091	762	8,331	9,093
Collection to be identified	(607)	-	(607)	(704)	-	(704)
Estimate of amounts to be billed	82,337	4,939	87,276	89,410	5,521	94,931
(-) Discount to present value of receivables	(1,301)	(285)	(1,586)	(1,011)	(296)	(1,307)
(-) Allowance for doubtful accounts	(7,710)	(103,991)	(111,701)	(10,480)	(104,762)	(115,242)
Subtotal	466,135	26,647	492,782	460,851	29,604	490,455
Amounts receivable (noncurrent ones)	18,879	16,824	35,703	16,916	17,915	34,831
(-) Discount to present value of receivables	(3,474)	(3,955)	(7,429)	(3,127)	(4,288)	(7,415)
(-) Allowance for doubtful accounts	(1,054)	(6,228)	(7,282)	(1,379)	(7,363)	(8,742)
Subtotal	14,351	6,641	20,992	12,410	6,264	18,674
Total	480,486	33,288	513,774	473,261	35,868	509,129

During recognition, the amounts demonstrated above were equal to their respective fair values and do not consider fines, interest or any form of monetary adjustment payable on overdue amounts. In the statement of income as at March 31, 2021, non-collectible credit written-off corresponded to R\$43,131 (R\$24,328 as at 3/31/2020).

According to article 9 of Law 9.430/96, for tax purposes, credit amounts with the Government of Goiás are added when they are written-off as loss and excluded when they are recovered. In the first quarter of 2021, the exclusions of recovered amounts exceed additions by R\$1,884 (In the first quarter of 2020, an amount of R\$1,527 was added).

The change in the allowance for doubtful accounts is as follows:

Balance as at 12/31/2020	(123,984)
Recognition/reversal of allowance for doubtful accounts (note 30)	5,001
Balance as at 3/31/2021	(118,983)

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.

7. Inventories

	3/31/2021	12/31/2020
Materials to be used in treatment stations	5,935	6,984
Materials to be used in pipelines	15	24
Electric materials and equipment	3,515	4,003
Tubes and connections for pipelines and water mains	34,312	34,381
Materials to be used in building pipelines	1,815	1,634
Water meters	9,159	11,872
Valves	7,798	7,297
Pumps	1,862	2,009
Sundry materials	3,997	3,970
(-) Provision for inventory losses	(5,393)	(21,678)
	63,015	50,496

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

Balance as at 12/31/2020	(21,678)
Recognition/reversal of provision for inventory losses (note 30)	16,285
Balance as at 3/31/2021	(5,393)

8. Recoverable taxes

Corporate Income Tax (IRPJ) (a)	9,813	9,813
Social Contribution Tax (CSLL) (a)	2,574	2,574
Withholding Income Tax (IRRF)	2,291	2,148
Refund request made to the Brazilian Internal Revenue Service (b)	4,016	4,015
	18,694	18,550

- (a) Refers to income and social contribution tax negative balance (overpayment);
- (b) Refers to a refund request relating an installment debt payment plan (PAES) and undue payment of social security contribution debt.

9. Prepaid expenses and advances

	3/31/2021	12/31/2020
Current portion		
Insurance premium	77	154
Investment fund in receivables - FIDC IV (a)	11,510	11,478
Advances for payment of post-graduation courses	29	29
Advances for travels	565	536
Vacations advance	4	8,521
13th salary advances	9,140	4
Contract-related indemnities	6,898	6,898
Share issuance expenses	2,694	2,689
	30,917	30,309
Noncurrent portion		
Contract-related indemnities (b)	191,078	192,803
	191,078	192,803

- (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).

10. Outsourcing

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

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

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

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

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

Granting fees are recorded in current assets proportionally to the contract term and adjusted according to the IPCA rate, with a corresponding item to the statement of income. The amortized investment made by the outsourced service supplier is booked in noncurrent assets, representing a right of Saneago with a corresponding item to noncurrent liabilities. It represents the obligation Saneago has in relation to the outsourced service provider.

Outsourcing	Cur rent assets		Current liabilities	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Granting fees	13,961	10,450	526	1,616
	Noncur rent assets		Noncurrent liabilities	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Investment in the sewage system	866,656	839,500	866,656	839,500
Total	880,617	849,950	867,182	841,116

11. Other receivables

Current portion	3/31/2021	12/31/2020
Collateral deposits	18	18
Consortium-related amounts	375	375
Sundry advances	384	396
(-) Provision for losses	(375)	(375)
	402	414
Noncurrent portion		
Contracts without concession (a)	32,765	32,765
(-) Estimated credit losses	(32,765)	(32,765)
	-	-

(a) Contracts without concession

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

Caldas Novas

Seeing the government of that municipality took back the control over systems on June 27, 1995, Saneago’s Management filed an action for damages (Case # 0033803.68.1995.8.09.0051). In April 2020, the proceedings were sent to the Superior Court of Justice (STJ) for judgment of a special appeal Saneago’s lawyers had filed. On May 6, 2020 the appeal was sent to the STJ’s

Chairman for judgment. On October 2, 2020, that court agreed to hear the special appeal, but upheld the ruling of the court of Goiás. The process went back to the original court, but the responsible judge has not received back the proceedings yet.

Catalão

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

12. Deposits into court

	3/31/2021	12/31/2020
Deposits into court	21,108	16,069
	21,108	16,069

The change in the balance of deposits made into court refers mainly to a labor complaint filed by STIUEG, (an employees’ union of the State of Goiás), proceedings # 0011549-64,2017.5,18.0008 and an expropriation action Saneago filed through case # 0269050-3,2011.8,09.0137. The amounts deposited were R\$1,871 and R\$1,723, respectively.

13. Deferred taxes

	3/31/2021				12/31/2020			
	Tax base	IRPJ (25%)	CSLL (9%)	Total	Tax base	IRPJ (25%)	CSLL (9%)	Total
Deferred tax assets								
Allowance for doubtful accounts	118,981	29,745	10,708	40,453	123,983	30,995	11,158	42,153
Provision for inventory impairment	5,393	1,348	485	1,833	21,679	5,420	1,951	7,371
Provision for losses incurred wit investment	564	141	51	192	564	141	51	192
Provision for contingencies	257,097	64,274	23,139	87,413	145,596	36,399	13,104	49,503
Provision for losses with other receivables	375	94	34	128	375	94	34	128
Provision of contracts without concession	32,765	8,191	2,949	11,140	32,765	8,191	2,949	11,140
Provision for losses to be incurred with construction work	128,347	32,087	11,551	43,638	128,347	32,087	11,550	43,637
Actuarial obligations	37,202	9,300	3,348	12,648	37,202	9,300	3,348	12,648
Provision for profit sharing	33,635	8,409	3,027	11,436	33,635	8,409	3,027	11,436
Income tax losses (a)	19,872	4,962	-	4,962	41,823	10,432	-	10,432
Social contribution tax losses (a)	264,303	-	23,787	23,787	286,131	-	25,752	25,752
Total	898,534	158,551	79,079	237,630	852,100	141,468	72,924	214,392
Deferred tax loss								
Tax vs. accounting depreciation	271,404	67,851	24,426	92,277	240,675	60,169	21,660	81,829
Asset and liability valuation adjustment	50,477	12,619	4,543	17,162	50,477	12,619	4,543	17,162
	321,881	80,470	28,969	109,439	291,152	72,788	26,203	98,991
Total deferred taxes, net				128,191				115,401

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

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

Year	Realization Estimate		Sum
	IRPJ	CSLL	
2021	10,432	25,572	36,004

Change in deferred taxes in the period		
Balance kept in deferred tax assets on 12/31/2020		115,401
(+) Realization of deferred tax assets - Statement of income		23,238
(+) Realization of deferred tax assets - Equity		
(-) Realization of deferred tax liabilities - Equity		(10,488)
Balance kept in deferred tax assets on 3/31/2021		128,191
Reversal in the statement of income on 3/31/2021		
Income (loss) before taxes		14,444
Combined rate 34%		4,911
(+ / -) IRPJ/CSLL on permanent/temporary additions and exclusions and tax losses		7,879
Reversal in the statement of income		12,790

14.Investment

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

Description	3/31/2021	12/31/2020
Comurg	515	515
Metrobus	46	46
Other		12
	1	
	2	
	573	573
Provision for impairment	(564)	(564) -
	9	9

15. Property, plant and equipment

	3/31/2021	
General use assets	172,281	171,898
General use assets in construction (a)	162,105	160,765
Deemed cost of assets	64,820	64,839
General use assets - Lease-purchase operations	7,242	7,241
Contributions to realize - Corumbá Consortium	46,624	47,303
Land-title regularization	222	222
Right-of-use - vehicles (note 15.2)	57,142	57,142
Accumulated depreciation - Right-of-use assets (note 15.2)	(30,001)	(26,238)
Accumulated Depreciation - General	(105,210)	(103,199)
Accumulated depreciation - Deemed cost	(14,361)	(14,379)
Accumulated Depreciation - Lease-purchase operations	= (5,190)	(5,011)
	355,674	360,583

(a) Breakdown of general use assets in construction:	3/31/2021	12/31/2020
General use assets in construction	102,228	100,948
General use assets in construction - Growth Acceleration Program (PAC)	59,877	59,817
	162,105	160,765

15.1 Technical assets

The change in assets is as follows:

Technical assets	Balance on 12/31/2020	Additions	Write-offs	Deprec.	Change in the period	Balance on 3/31/2021
General use assets	171,898	459	(76)	-	-	172,281
General use assets in construction	160,765	1,340	-	-	-	162,105
Deemed cost of assets	64,839	-	(19)	-	-	64,820
General use assets - Lease-purchase operations	7,241	-	-	-	-	7,241
Contributions to realize - Corumbá Consortium	47,302	-	-	-	(678)	46,624
Land-title regularization	223	-	-	-	-	223
Accumulated depreciation - general	(103,199)	-	72	(2,082)	-	(105,209)
Accumulated depreciation - deemed cost	(14,379)	-	19	(1)	-	(14,361)
Accumulated depreciation - lease-purchase operations	(5,011)	-	-	(180)	-	(5,191)
	329,679	1,799	(4)	(2,263)	(678)	328,533

15.2 Right-of-use assets - Leases

The requirements of standard CPC06 (R2)/IFRS16 have been applied starting January 1, 2019, as described in note 18d.

	3/31/2021	12/31/2020
Right-of-use assets - vehicles	57,142	57,142
Accumulated depreciation- Right-of-use assets	(30,001)	(26,238)
	27,141	30,904

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

Right-of-use assets	Balance on 12/31/2020	Depreciation/amortization	Change in the period	Balance on 3/31/2021
Right-of-use assets - vehicles	57,142	-	-	57,142
Accumulated depreciation - right-of-use assets	(26,238)	(3,763)	-	(30,001)
Total	30,904	(3,763)	-	27,141

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

16. **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-related assets	Balance on 12/31/2012	Additions	Write-offs	Change in the period	Transference to intangible assets	Purchase of inventories	Use of inventories to make	Balance on 12.31.2021	additions
Water systems	253,634					6,797	-	(954)	259,477
Sewage systems	427,600					5,662	-	(3,606)	429,656
Construction work in progress	48,918					-	(745)	1,766	(1,639)
	730,152					12,459	(745)	(4,560)	737,433

17. Intangible assets

	3/31/2021	12/31/2020
Water systems	2,579.000	2,572.495
Sewage systems	2,805.910	2,801.866
General use assets	8,391	7,834
Software (licenses)	37,528	34,189
Accumulated amortization	(2,699,267)	(2,675,421)
Contributions to realize - Águas Lindas	55,401	55,544
Provision for impairment	(128,347)	(128,347)
“Operação Decantação” (Note 37)	(118,494)	(118,494)
Land-title regularization	39,859	38,427
Non onerous assets - water supply	48,402	46,611
Non-onerous assets - sewage	86,422	89,179
	<u>2,714.805</u>	<u>2,723.883</u>

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

	Balance on 12/31/2020	Additions	Write-offs	Depreciation/	Change in the period	Balance on 3/31/2021
Intangible assets in use	2,572,495	8,172	(2,671)	-	1,004	2,579,000
Water systems	2,801,865	438	-	-	3,606	2,805,910
Sewage systems	7,834	556	-	-	-	8,390
General use assets	(2,675,421)	-	1,756	(25,602)	-	(2,699,267)
Accumulate amortization	42,746	4,923	-	-	-	47,669
Software (licenses)	(8,557)	-	-	(1,584)	-	(10,141)
Amortization of software (licenses)	55,544	-	-	-	(143)	55,401
Contributions to realize - Águas Lindas	(128,347)	-	-	-	-	(128,347)
Provision for impairment						
“Operação Decantação” (Note 37)	(118,494)	-	-	-	-	(118,494)
Land-title regularization	38,427	1,482	-	-	(50)	39,859
Non-onerous intangible assets - Water supply	113	-	-	-	8,881	8,994
(-) Governmental subsidies/grants	(110)	-	-	22	(8,881)	(8,969)
Amortization of non-onerous assets	(3)	-	-	(22)	-	(25)
Total	2,588,093	15,571	(915)	(27,186)	4,417	2,579,981
Intangible assets in progress - Non-onerous ones						
Non onerous assets - water supply	46,611	1,792	-	-	-	48,403
Non-onerous assets - sewage	89,179	6,123	-	-	(8,881)	86,421
Total	135,790	7,915	-	-	(8,881)	134,824
Total intangible assets	2,723,883	23,486	(915)	(27,186)	(4,463)	2,714,805

17.1) Governmental subsidies

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

As at December 19, 2007, fund-transference 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-Transference Contracts and the Guidelines of the Growth Acceleration Program (PAC) provide refund in the following cases:
a) When the purpose agreed upon in the contract has not been achieved;
b)When a report on the rendering of accounts is not presented within the required time limit, whether a partial or final one;
c) When the funds are used for other purposes and not the one established in the contract;

d) 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	PA C program	Conclu ded work/Other	3/31/2021
Formosa	0218016-87	7,689	-	-	7,689
Stº Antônio do Descoberto	0218331-07	388	-	-	388
Cristalina	0226017-65	308	-	-	308
Goiânia - Meia Ponte	0226025-62	3,873	-	-	3,873
Valparaíso	0218021-51	-	-	-	-
Luziânia	0218328-52	1,465	-	-	1,465
Planaltina	0218330-94	63	-	-	63
Valparaíso	0218343-40	44	-	-	44
Novo Gama	0226015-46	129	-	-	129
Novo Gama	0226018-79	971	-	-	971
Goiânia - Vila Adélia	0226024-57	7,294	-	-	7,294
Luziânia	0226026-76	68,824	728	-	69,552
Luziânia	0231460-45	57	-	-	57
Trindade	0237772-43	1,189	-	-	1,189
Goiânia	0350788-10	40,315	-	-	40,315
Stº Antônio do Descoberto	0350796-17	2,687	-	-	2,687
Pirenópolis	0350884-88	1,422	-	-	1,422
Aparecida de Goiânia	0351738-28	3,094	3,252	-	6,346
Goiânia Jd Petrópolis SES	0408678-27	23,463	8,222	-	31,685
Anápolis SES	0408691-99	21,133	-	(8,881)	12,252
Total PAC		184,408	12,202	(8,881)	187,729
Other Programs					
Adutora João Leite	1524/01	729	-	-	729
Adutora 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	1,975	-	-	1,975
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
Total Other Programs		10,194	-	-	10,194
Grand Total		194,602	12,202	(8,881)	197,923

18. Loans and financing

IDB (Inter-American Development Bank)

Interest is paid every six months in April and October at the rate IDB establishes. The rate on April 8, 2021 was 0.96% for that half-year period and 1.93% per annum. Amortization is also half-yearly made. It began on October 11, 2008 and will end on October 11, 2027.

Bonds - 4th Issuance

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

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

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

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

The financial index to be annually achieved and established for the 4th issuance of bonds is a ratio between net debt and adjusted EBITDA lower or equal to 3.0. As at March 31, 2021 the ratio had been reached.

Bonds - 5th Issuance

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

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

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

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

The financial index to be annually fulfilled is a ratio between net debt and adjusted EBITDA lower or equal to 3.0. As at March 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 an adjusted annual EBITDA lower or equal to 3.0. As at March 31, 2021 the ratio had been reached.

Bonds - 8th Issuance

In November 2020, in compliance with article 59 of Law 6404 of December 15, 1976 and CVM instruction 476 of January 16, 2009, there was the 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 429th Meeting of Saneago’s Board of Directors on November 26, 2020.

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

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

The financial index to be annually reached and established for the 8th Issuance is an adjusted annual EBITDA lower or equal to 3.0 to be annually checked by the Issuer and followed up by the Trustee starting December 2020.

In compliance with article 157, paragraph 4 of Law 6.404/1976 and of CVM Instruction 358/2002, according to a report to the market published on December 11, 2020, Fitch Rating Brasil Ltda. reviewed and confirmed Saneago’s Long-Term ‘A-(bra)’ (A minus) Rating and its issuances of bonds were rated as Stable.

As at March 31, 2021 the debt coverage ratio had been achieved.

BNDES

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

FIDC IV (Fund of Investment in Receivables)

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

As at March 31, 2021, the ratio had been reached

Banco do Brasil

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

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



18.a Loans and financing

Bank name	Type	Contract	Commencement date	Maturity	Annual rate	Transaction Costs	Transaction cost to be recognized	Amount borrowed	Collateral	3/31/2021	12/31/2020
BRASIL	Loan	330701235	27/12/2017	06/01/2026	2.9% + CDI rate	940	124	30,000	a)	15,678	17,559
IBM	Loan	Lease-purchase agreement	28/07/2016	27/07/2021	3.48% + CDI rate	-	-	-	c)	232	404
FIDC IV	Loan	FIDC	15/12/2015	15/12/2022	**	47,828	13,614	600,000	j)	189,311	216,176
Subordinated shares FIDC IV	Loan	Subordinated shares				-	-	-		(87,255)	(86,711)
CEF	Financing	Various		2024	5.73% + TR	-	-	-	d)	5,360	5,753
CEF	Financing	410461-57	31/12/2013	14/05/2037	8.5% + TR	-	-	132,760	e)	4,805	4,849
CEF	Financing	0410526-20	31/12/2013	14/04/2037	8.5% + TR	-	-	36,410	e)	26,116	26,356
CEF	Financing	0410517-19	14/02/2014	14/05/2037	8.5% + TR	-	-	18,265	e)	5,408	5,446
CEF	Financing	0410538-64	27/03/2015	14/05/2037	8.5% + TR	-	-	51,544	e)	40,775	41,188
CEF	Financing	26340190232-94	29/06/2006	30/04/2028	12% + TR	-	-	3,185	c)	1,961	1,916
CEF	Financing	26340190233-07	29/06/2006	30/06/2030	12% + TR	-	-	39,214	c)	23,452	22,820
CEF	Financing	2635248557-66	30/06/2008	12/11/2030	8.5% + TR	-	-	6,600	c)	3,678	3,748
CEF	Financing	2634248555-47	09/10/2009	14/06/2031	9% + TR	-	-	10,000	c)	6,039	6,222
CEF	Financing	2634248548-42	30/12/2009	14/06/2031	9% + TR	-	-	11,882	c)	5,416	5,582
IDB (Inter-American Development Bank)	Financing	1414/OC	11/12/2002	11/10/2027	5.82% + VC	-	-	\$ 47,000	k)	104,386	94,448
BNDES	Financing	11208021	14/12/2011	15/12/2021	2.51% + TJLP	-	-	31,154	f)	405	540
BRASIL	Financing	40/01033-3	10/09/2012	01/04/2022	10.00%	-	-	2,360	g)	320	414
BRASIL	Financing	40/00984-x	20/12/2012	01/01/2028	2.94%	-	-	6,846	g)	4,729	4,896
Transaction costs	Loan	Transaction costs				-	-	-		(13,738)	(15,720)
						48,768	13,738	1,027,220		337,078	355,886
								Current portion		137,560	134,637
								Noncurrent one		199,518	221,249

* The increase in the debt with IBD refers to exchange variation as described in note 3.1 a.

**3% + CDI or IPCA + 8.9



18.b Bonds

Bonds	Beginning	Maturity	Annual rate	Transaction costs	Transaction cost to be recognized	Amount obtained	Collateral	3/31/2021	12/31/2020
Bonds - 4th Issuance	28/12/2017	15/12/2021	2.95% p.a. + CDI rate	1,448	84	130,000	b)	37,835	50,438
Bonds - 5th Issuance	15/11/2018	16/11/2023	2.5% p.a. + CDI rate	4,296	1,548	250,000	h)	186,465	203,910
Bonds - 6th Issuance	23/09/2019	23/09/2024	1.2% p.a. + CDI rate	3,226	1,802	140,000	i)	140,148	140,103
Bonds - 8th Issuance	27/11/2020	27/11/2025	2.45% p.a. + CDI rate	1,254	844	-	i)	220,132	220,150
Transaction costs of bonds								(4,278)	(4,994)
				10,224	4,278	520,000		580,302	609,607

Current portion 132,549 133,409
Noncurrent one 447,753 476,198

Description	Balance
Loans and financing	337,078
Bonds	580,302
	917,380

- 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) 2.2% of the amount collected;
- e) A reserve corresponding to 3 times the monthly debt-service coverage ratio.
- f) R\$ 2 million from the amount collected + adjustment;
- g) 10% of the debt amount collected at the end of each month;
- h) 120% of the amount collected of each installment not yet due;
- i) 110% of the amount collected of each installment not yet due;
- j) 45% of the amount collected;
- k) Suretyship of the State of Goiás.

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Statement of noncurrent amounts per maturity		3/31/2021
2022		259,640
2023		207,181
2024		130,591
After 2025		155,130
Subordinated shares FIDC IV		(87,255)
Transaction costs		(18,016)
		647.271

18.c Change in loans and financing

	0/1/21 to 3/31/21			1/1/20 to 3/31/20		
	Amount obtained	Repayments and charges	Depreciation of the period	Amount obtained	Repayments and charges	Charge in the period
Internal financing	-	(5,387)	1,981	-	(5,616)	2,270
Inter-American Development Bank - IDB	-	-	9,938	-	-	25,141
Banco IBM - Lease-purchase operation	-	(240)	68	-	(233)	70
Fundo Inv. Dir.Cred. Saneago INFR. IV	-	(33,434)	6,569	-	(36,499)	9,691
Subordinated shares FIDC IV	-	-	(543)	-	-	(978)
Agreements	-	(755)	1,013	-	(984)	969
Bonds	-	(35,965)	5,945	-	(20,124)	7,560
Transaction costs	-	-	2,698	-	-	2,629
Subtotal	-	(75,781)	27,669	-	(63,456)	47,352
Lease of vehicles	-	(4,014)	744	-	(3,963)	1,065
Yield from short-term financial investment	-	-	(45)	-	-	(207)
Total	-	(79,795)	28,368	-	(67,419)	48,210
Capitalized interest			(213)			(463)

18.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 SNC\SEP 02/19 and CVM Letter SNC/SEP/ 01/2020, that is, inclusion of inflation in the projection of future contractual cash flows.

Starting January 1, 2019, Saneago recognized the following leases:

Vehicles	Future payments	Effect of the discount rate	Right-of-use assets	Lease liabilities
1557/2017	6,256	(629)	5,627	5,627
97/2018	11,822	(1,346)	10,476	10,476
104/2018	1,081	(123)	958	958
119/2018	10,560	(1,245)	9,315	9,315
273/2018	12,802	(1,536)	11,266	11,266
309/2018	21,349	(2,499)	18,850	18,850
Total	63,870	(7,378)	56,492	56,492

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

Description	Balance on 12/31/2020	Recognition of interest	Payments	3/31/2021	12/31/2020
Vehicles	32,091	744	(4,014)	28,821	32,091
			Current portion	15,617	14,837
			Noncurrent one	13,204	17,254
				28,821	32,091

19. Employees’ pay and related charges

Current portion	3/31/2021	12/31/2020
Alimony and contract termination amounts	134	169
PREVSAN (Private pension plan)	-	24
CAESAN (Health Assistance Program)	6	6
Payroll-backed loans (“ <i>Empréstimos consignados</i> ”)	-	9
Contributions for Sesi and SENAI	2,454	2,472
Vacations payable	58,286	59,541
13th salaries payable	11,455	617
FGTS on vacations and 13th salaries	9,300	10,525
Contribution for the Brazilian Social Security Institute (INSS) applicable to salaries	16,067	17,164
Provision for INSS on vacations and 13th salaries	20,085	17,147
Voluntary Resignation Program (a)	1,264	1,967
Profit sharing	33,771	34,160
	152,822	143,801

a) Refers to the amounts of meal tickets and medical assistance assured by the Voluntary Resignation Program.

20. Taxes payable

Current portion	3/31/2021	12/31/2020
Contribution for Social Security Funding (COFINS)	12,727	13,119
Social contribution tax	1,648	-
INSS payable on services	1,736	2,414
Corporate Income Tax (IRPJ)	4,600	-
Withholding Income Tax (IRRF) applicable to payroll and services.	6,432	13,037
Services Tax (ISS)	770	1,036
Federal tax debt to be paid in installments (a)	870	870
Contribution for the Social Integration Program (PIS)	2,736	2,833
Withholding of Federal Contributions	422	504
	31,941	33,813
Noncurrent portion		
Federal tax debt to be paid in installments (a)	7,087	7,314

(a) Debt with the Brazilian Federal Revenue Service

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 Dev./2005 resulting from the lack of registration with the Workers’ Meal Program (PAT), the amount was included and will be paid from Sep./2017 to Jan./2030:

	Principal	Multa	Juros	Encargos/ Honorários	Total
Payment plan in installments	6,928	3,769	3,589	3,591	17,877

21. Amounts to be paid in installments

	Description	Beginning	End	Number of installments	Adjustment	3/31/2021	12/31/2020
I	AGR - Control and Inspection Council T.A.0255/15	10/12/2015	10/12/2030	180	a)	11,279	11,432
II	AGR - Control and Inspection Council T.A.054/18	10/05/2018	10/04/2033	180	a)	4,262	4,301
III	Government of the Municipality of Goiânia	23/06/2018	21/09/2021	20	-	1,065	1,574
IV	STIUEG - Sindicato dos Trabalhadores (union of workers)	06/08/2020	08/03/2021	8	-	-	1,594
V	Prosul Projetos Supervisão e Planejamento	03/01/2021	03/05/2021	5	-	225	1,127
	Other					18	155
						16,849	20,183
	Current portion					2,134	5,252
	Noncurrent one					14,715	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	133
	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, from which R\$12,484 is consideration for the concession of services and R\$3,605 regards 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, 13th salaries, vacations and contributions for 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.

21.1 Contract-related obligations

Description		Beginning	End	# of installments	3/31/2021	12/31/2020
I	Municipality of Águas Lindas	12/28/2018	10/11/2019	4	15,220	15,220
					15,220	15,320

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 March 31, 2021, in compliance with the stage of completion of the work, only the first installment was paid.

22. Jointly controlled enterprises - Consortium

Noncurrent liabilities		
Águas Lindas Consortium (a)	978	619
Corumbá Consortium (b)	47,494	47,861
	48,472	48,480

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, município de Águas Lindas de Goiás, CEP 72,910-000. It is set to run for thirty one (31) years, renewable for an equal period and relates to the existing concession contracts between the municipal government and the consortium members.

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

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

It is classified as a joint operation. According to items 14 and 15 of standard CPC 19, the parties that hold joint control have rights on assets and obligations in relation to liabilities. According to the articles of organization, the participation of the member companies is 50% each. However, in practice it is not proportional. On February 28, 2021, Caesb held 50.05% and Saneago 49.95%, (on December 31, 2020 Caesb held 52.82% and Saneago 47.18%) and the difference is recognized in Saneago’s noncurrent liabilities.



Statement of Financial Position - Aguas Lindas Consortium					
	28/02/202	12/31/202		28/02/2021	12/31/2020
	1	0			
Assets			Liabilities		
Current assets			Current liabilities		
Cash and cash equivalents	1,339	1,495	Contributions to be realized - Suppliers	3,155	2,312
Receivable from consumers	14,509	14,716	Employees' pay and related charges	480	464
Prepaid expenses and advances	677	677	Other payables	16,550	16,550
Storeroom	314	410		20,185	19,326
	16,839	17,298			
Noncurrent assets			Noncurrent liabilities		
Long-term assets			Provision for lawsuits	370	370
Receivable from consumers	975	861		370	370
Deposits into court	225	225			
Prepaid expenses	18,151	18,264			
	19,351	19,350			
Property, plant and equipment and intangible assets			Equity		
Property, plant and equipment	111	115	Participation Fund - SANEAGO	86,526	88,791
Intangible assets	88,361	88,695	Participation Fund CAESB	87,064	89,802
Contract-related assets	72,838	72,831	Income reserve	3,355	-
	161,310	161,641		176,945	178,593
Total assets	197,500	198,289	Total liabilities	197,500	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 February 28, 2021, Caesb held 61.11% and Saneago 38.89% interest in it, (on December 31, 2020, Caesb held 61.12% and Saneago 38.88%). The difference is recognized in Saneago's noncurrent liabilities.

Statement of Financial Position - Corumbá Consortium					
	28/02/2021	12/31/2020		28/02/2021	12/31/2020
Assets			Liabilities		
Current assets			Current liabilities		
			Contributions to be realized - Suppliers	1,403	1,414
-	-	-		1,403	1,414
Noncurrent assets					
Long-term assets					
Property, plant and equipment					
General use assets	13,207	13,207	Equity		
Construction work in progress	384,536	383,140	Participation Fund - SANEAGO	166,921	166,212
Construction work in progress - PAC	32,584	32,525	Participation Fund - CAESB	262,260	261,246
	430,327	428,872	Loss of the period	(257)	-
				428,924	427,458
Total assets	430,327	428,872	Total liabilities	430,327	428,872

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23. 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.

24. Other payables

Current liabilities	3/31/2021	12/31/2020
Guarantees	799	810
Other payables (a)	24,848	14,919
	25,647	15,729

(a) Refers mostly to contract compensation expenses (as described in note 34.2b), replacement of asphalt payable to the municipality of Goiânia and treated water purchased, whose services were rendered until March 31, 2021.

25. Provision for lawsuits

	3/31/2021	12/31/2020
Civil actions	139,510	55,385
Tax-related court cases	16,983	7,137
Labor complaints	100,031	81,984
AGR - Control and Inspection Council of the State of Goiânia	572	1,090
	257,096	145,596

Change in provisions

	Balance on 12/31/2020	Recognition/reversal of provisions	Balance on 3/31/2021
Civil actions a)	55,385	84,125	139,510
Tax-related court cases	7,137	9,846	16,983
Labor complaints b)	81,984	18,047	100,031
AGR - Control and Inspection Council of the State of Goiânia	1,090	(518)	572
Total	145,596	111,500	257,096

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 in the fact that the appeal was denied in January 15, 2021 and the low likelihood of success.

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 is studying procedures to avoid future litigation in similar situations.

Civil, tax and labor lawsuits

The Company is a party of various civil, tax and labor court cases classified as probable losses and duly accrued for according to CVM Decision 594/09 and standard CPC25.

Main civil, tax and labor actions are the following ones:

Type	Proceeding #	Description	Plaintiff	Estimate d amount
Civil action	0421373-37,2007.8.09.0103	Execution of an enforceable tax debt certificate	Government of Minaçu	75,123
Civil action	0215530-65,2004.8.09.0011	Execution of TAC Aquifero Quartzitico Serra Areas	Prosecution Office of Goiás	11,847
Civil action	0378681-38,2014.8.09.0051	Tax foreclosure	Prosecution Office of Goiás	10,000
Civil action	5532023-46,2019.8.09.0103	Provisionary performance of motion to stay	Government of Minaçu	7,186
Labor complaint	0010242-85,2016.5.18.0016	Class action claiming the payment of rest time between working days	STIUEG	31,050
Labor complaint	0011614-8,2016.5.18.0004	Class action claiming the payment of rest time between working days	STIUEG	23,000
Labor complaint	0010341-76,2021.5.18.0017	Class action claiming the payment of rest time between working days	STIUEG	17,250
Labor complaint	0010242-39,2021.5.18.0007	Class action claiming the payment of rest time between working days	STIUEG	8,800
Labor complaint	0010243-24,2021.5.18.0007	Class action claiming the payment of rest time between working days	STIUEG	5,500
Labor complaint	0011549-64,2017.5.18.0008	Class action claiming the payment of rest time between working days	STIUEG	4,743
Labor complaint	0011237-62,2015.5.18.0007	Pain and suffering damages for employees of sewage treatment stations	STIUEG	3,450
Labor complaint	0026826-44,2018.4.01.3500	Tax foreclosure	Conselho Reg. de Química	11,455
Labor complaint	5377963-81,2018.8.09.0158	Public civil action due to undue reading of water meters	Government of Santo Ant. Do Descoberto	9,473
				<u>218,877</u>

Causes rated as possible

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

	3/31/2021		12/31/2020	
	Estimated value	Qty	Estimated value	Qty
Administrative actions	13,705	220	2,434	36
Environmental-related actions	30,456	24	-	-
Civil actions	97,902	924	181,019	1,260
Criminal actions	-	2	-	1
Regulatory action	25	12	335	10
Labor complaints	8,226	20	4,467	11
Tax-related actions	764,105	12	552,226	10
<u>914,419</u>		<u>1,214</u>	<u>740,481</u>	<u>1,328</u>

The main actions rated as possible losses are the following ones:

Proceeding #	Plaintiff	Value
0400750-30,2015.8.09.0051	Associação Amigos Res. Aldeia Do Vale	9,000
5248830-79,2019.8.09.0051	Construtora Gilberti Ltda	3,000
0251149-53,2009.8.09.0117	ECO Engenharia Ltda.	14,194
0407844-63,2014.8.09.0051	Estal Limpeza E Servicos Gerais	5,000
5182910-61,2019.8.09.0051	Prosecution Office of the State of Goiás	25,050
0250140-93,2009.8.09.0137	Prosecution Office of the State of Goiás	4,000
0390363-53,2015.8.09.0051	Prosecution Office of the State of Goiás	3,000
5272466-11,2018.8.09.0051	Prosecution Office of the State of Goiás	3,000
0057557-58,2003.8.09.0051	Municipal Government of Goiânia	367,300
0281694-13,2009.8.09.0051	Municipal Government of Goiânia	241,870
0241645-61,2008.8.09.0051	Municipal Government of Goiânia	4,164
0279704-45,2015.8.09.0093	Municipal Government of Jatai	3,092
0350138-73,2008.8.09.0103	Government of Minaçu	65,966
0350155-12,2008.8.09.0103	Government of Minaçu	22,122
10120005927/2003-84	Brazilian Internal Revenue Service	63,605
10120005929/2003-73	Brazilian Internal Revenue Service	20,663
10120,734564/2018	Brazilian Internal Revenue Service	7,309
10120,734566/2018	Brazilian Internal Revenue Service	5,548
5379008-22,2018.8.09.0126	Sobrado Construção Ltda	4,000
0010290-17,2020.5.18.0012	STIUEG	3,957
0010348-13,2021.5.18.0003	STIUEG	3,000
		<u>878,840</u>

26 Employee benefits

26.a - Defined benefit pension plan

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

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

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

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

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

Assumptions used in the calculation of liabilities and projections

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

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

26.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.

26.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 March 31, 2021, they corresponded to R\$4,532 (R\$2,267 as at March 31, 2020), not being necessary to calculate actuarial liabilities.

27. Equity

a) According to the prevailing law, capital may be increased upon decision of the Board of Directors, regardless of amendment to the articles of incorporation, up to the lime of three billion, one hundred and twenty five million Brazilian reais (R\$3,125,000,000.00), provided the proportion established in paragraph 4 below is respected. (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	3/31/2021					
	# of ordinary shares	%	# of preferred shares	%	Total # of shares	%
Estado de Goiás	1,336,135,801	71.5695%	354,992,364	54.7287%	1,691,128,165	67.2271%
Fundo de Prev. Estadual	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%

Shareholder	12/31/2020					
	# of ordinary shares	%	# of preferred shares	%	Total # of shares	%
Estado de Goiás	1,336,135,801	71.5695%	354,992,364	54.7287%	1,691,128,165	67.2271%
Fundo de Prev. Estadual	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 March 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 legal reserve is no longer recognized in the year where the balance of the reserve exceeds 30% of capital. The legal 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, legal 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	3/31/2021	12/31/2020
Asset and liability valuation adjustment	50,477	50,477
Deferred taxes on deemed cost (note 13)	(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. During an ordinary general meeting on April 29, 2021, Management approved the distribution of an amount of R\$79,884 referring 2020. As approved

during meeting # 431/2021 on Dec. 17, 2020, the payment has to be made in up to 60 days after the date of the meeting in the form of interest on equity capital.

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 of the period	Earnings per share
Ordinary shares	1,866,906,374	74.21%	7,310	0.0039
Preferred shares	648,639,993	25.79%	2,540	0.0039
	2,515,546,367		9,850	

28. Net operating revenue (expenses)

Gross revenue	3/31/2021	3/31/2020
Water supply and sewage services	625,120	626,744
Technical services	483	455
Outsourcing	2,275	2,275
Revenue from construction work	22,519	29,290
Total	650,397	658,764
Taxes and returned items		
Contribution for the Social Integration Program (PIS)	(10,369)	(10,377)
Contribution for Social Security Funding (COFINS)	(47,765)	(47,799)
Products returned and rebates	(413)	(969)
	(58,547)	(59,145)
Net operating revenue (expenses)	591,850	599,619

29. Costs and expenses

	3/31/2021			3/31/2020		
	Cost	Administrative expenses	Selling expenses	Cost	Administrative expenses	Selling expenses
Personnel	(150,415)	(76,118)	(30,907)	(138,657)	(80,638)	(27,059)
Materials	(20,120)	(901)	(129)	(21,209)	(1,477)	(264)
Electric power	(51,901)	(638)	-	(50,103)	(606)	(9)
Third party services	(29,109)	(9,768)	(15,577)	(15,464)	(8,672)	(19,823)
Concession compensation	-	-	(17,870)	-	-	(18,508)
General expenses	(1,004)	(2,418)	(857)	(1,653)	(2,518)	(628)
Amortization	(25,477)	(1,702)	(6)	(25,242)	2,393	(10)
Depreciation	(960)	(4,855)	(31)	(1,046)	(4,655)	(40)
Depreciation of deemed cost	-	-	-	(1)	(2)	-
Depreciation of lease-purchase operations	(24)	(138)	(19)	(24)	(137)	(18)
PIS and COFINS credit on depreciation and amortization	3,480	-	6	-	-	-
	(275,530)	(96,538)	(65,390)	(253,399)	(96,312)	(66,359)
Construction costs	(22,519)			(29,290)		
	(298,049)			(282,689)		

30. Net provisions/reversals

	3/31/2021	
Losses/recovery of expired credit	(15,318)	(14,172)
Provision for/reversal of contingencies	(111,500)	(5,814)
Net provision/reversals of allowance for doubtful accounts	5,001	(14,149)
Provision/reversal of losses incurred with construction work	-	3,750
Provision/reversal of inventory losses	16,286	(5,962)
	<u>(105,531)</u>	<u>(36,347)</u>

31. Net financial revenue (expenses)

Financial revenue		
Interest and fine received (a)	20,464	12,860
Monetary variation	7,694	4,614
Discount to present value	(294)	224
	<u>27,864</u>	<u>17,698</u>
Financial expenses		
Interest/fine/charges and other expenses	(23,383)	(28,141)
Monetary variation	(391)	(286)
Foreign currency exchange rate variation (b)	(9,033)	(24,086)
	<u>(32,807)</u>	<u>(52,513)</u>
Net financial revenue (expenses)	<u><u>(4,943)</u></u>	<u><u>(34,815)</u></u>

- (a) The variation in revenue is the result of an increase in receivables collected with addition of fines and interest on late payment. Such recovery is associated with the resuming of supply cuts, after suspension in 2020 due to COVID-19 (note 1).
- (b) The Variation seen in the expenses with exchange rate variation refers to contract 1414/OC executed with in 2002 and is a reflex of the current scenario of exchange instability. In the 1st quarter of 2020, there was an increase in the exchange rate of dollar in relation to the Brazilian real of 18.45% going up from R\$4.109 to R\$4.894. In the 1st quarter of 2021, there was a smaller increase of 9.70%, going up from R\$5.142 to R\$5.641.

32. Obligations undertaken

In compliance with Law 11.445/2007, Concession Contracts have been changed into Program Contracts. Currently, 62 contracts were renewed with municipalities of the State of Goiás, 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 the Program Contract	Amount to be invested	Amount invested until 3/31/2021 - Saneago	Amount invested until 3/31/2021 - BRK Ambiental	Total amount invested
Adelândia	1/16/2048	525	78	-	78
Águas Lindas de Goiás	12/28/2048	309,022	1,133	-	1,133
Anápolis	2/27/2050	525,925	18,293	-	18,293
Anicuns	4/10/2048	42,785	2,839	-	2,839
Aparecida de Goiânia	11/1/2041	988,848	187,808	528,687	716,495
Aporé	4/6/2048	7,682	237	-	237
Aragoiânia	12/26/2042	27,926	1,247	-	1,247
Araguapaz	3/16/2048	5,210	886	-	886
Avelinópolis	1/22/2046	1,724	242	-	242
Barro Alto	12/26/2042	32,703	1,828	-	1,828
Brazabrantes	2/6/2044	8,056	1,291	-	1,291

Cachoeira Alta	7/27/2045	26,167	899	-	899
Caldazinha	8/2/2048	1,070	153	-	153
Campestre de Goiás	1/6/2046	645	309	-	309
Campinaçu	8/12/2045	13,146	9,735	-	9,735
Cavalcante	12/28/2048	1,612	2,108	-	2,108
Cezarina	12/17/2042	23,352	15,036	-	15,036
Cidade Ocidental	11/1/2041	243,394	17,663	-	17,663
Cristalina	2/7/2044	58,952	19,947	-	19,947
Davinópolis	5/4/2048	506	34	-	34
Diorama	7/24/2047	1,091	27	-	27
Divinópolis	10/5/2047	675	155	-	155
Flores de Goiás	8/14/2044	4,221	183	-	183
Goiandira	10/3/2048	1,457	134	-	134
Goiânia	12/17/2049	3,419.897	122,086	-	122,086
Guarani de Goiás	9/15/2040	962	596	-	596
Guarinos	2/16/2048	1,383	143	-	143
Hidrolândia	8/3/2046	9,737	2,405	-	2,405
Indiara	4/30/2044	32,180	1,729	-	1,729
Inhumas	6/17/2050	79,176	4,073	-	4,073
Israelândia	11/24/2039	3,300	109	-	109
Itajá	12/19/2042	2,328	335	-	335
Itapaci	12/28/2048	56,172	756	-	756
Itapuranga	12/28/2048	8,063	7,068	-	7,068
Jataí	11/1/2041	114,116	33,443	88,264	121,707
Jussara	12/26/2046	5,759	757	-	757
Luziânia	12/1/2045	366,853	27,593	-	27,593
Mambáí	3/7/2046	1,689	378	-	378
Minaçu	2/6/2044	57,857	9,823	-	9,823
Morrinhos	11/30/2040	46,917	17,469	-	17,469
Morro Agudo de Goiás	5/2/2046	1,198	386	-	386
Mozarlândia	12/28/2046	1,894	1,036	-	1,036
Nazário	5/4/2048	2,280	229	-	229
Novo Gama	11/16/2048	253,055	1,952	-	1,952
Palmelo	10/29/2042	1,039	161	-	161
Perolândia	12/21/2048	499	171	-	171
Petrolina de Goiás	10/20/2041	6,797	7,093	-	7,093
Pires do Rio	11/3/2038	10,529	23,252	-	23,252
Posse	6/12/2047	19,945	9,453	-	9,453
Rio Verde	11/1/2041	249,889	56,318	180,743	237,061
Santa Cruz de Goiás	6/28/2043	1,497	291	-	291
Santo Antônio da Barra	12/29/2045	3,977	404	-	404
Santo Antônio de Goiás	12/2/2045	15,868	673	-	673
Santo Antônio do Descoberto	6/10/2046	55,686	22,138	-	22,138
São Domingos	12/28/2048	1,334	275	-	275
São João D’aliança	5/31/2049	3,033	1,253	-	1,253
São Luís de Montes Belos	12/19/2042	41,928	5,054	-	5,054
São Miguel do Passa Quatro	12/18/2049	8,686	271	-	271
Trindade	11/1/2041	169,222	20,926	68,961	89,887
Uirapuru	12/28/2048	699	59	-	59
Uruaçu	12/28/2048	44,341	780	-	780
Valparaíso de Goiás	11/16/2048	389,652	2,756	-	2,756
		7,816,131	665,959	866,655	1,532,614

33. Insurance (unaudited)

On July 05, 2020, 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 payable is 307 thousand.

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.

34. 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.

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 first quarter of 2021, the gross revenue the Company received from that State was R\$35,535 (in the first quarter of 2020, it was R\$46,550). The balances of debt due and not yet due of those agencies are the following:

Amounts billed and not yet due	8,987	4,730
Becoming due in more than 30 days	892	1,030
Overdue up to 30 days	3,720	1,614
Overdue from 31 to 60 days	3,291	1,135
Overdue from 61 to 90 days	-	1,158
Overdue from 91 to 120 days	1,525	364
Overdue from 121 to 180 days	2,243	915
Overdue from 181 to 360 days	1,894	2,566
Overdue from 361 days to 5 years	72,074	85,245
Overdue for more than 5 years	8,301	8,303
Estimate of amounts to be billed	2,496	2,718
(-) Discount to present value of receivables	(39)	(51)
(-) Allowance for doubtful accounts	(101,097)	(106,201)
Subtotal	4,287	3,526
Amounts receivable (noncurrent ones)	1,557	1,697
(-) Discount to present value of receivables	(197)	(226)
(-) Allowance for doubtful accounts	-	-
Subtotal	1,360	1,471
Total	5,647	4,997

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.

34.2 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 Fund of Basic Sanitation. Until 3/31/2021, gross revenue in the municipality of Goiânia corresponded to R\$242,329 and an amount of R\$12,116 was deposited into the Fund.

b)As at March 31, 2021, 22 out of the 144 contracts in effect 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 March 31, 2021 the balance of accounts receivable overdue and not yet due regarding the debt of municipalities with the Company was R\$74,172. An amount of R\$106 was settled after 7 rendering of account reports were prepared. (December 31, 2020 - R\$72,165, and 17 reports, with settlement of R\$609).

35. Compensation of Management, Tax Board and Statutory Committee

As at March 31, 2021, the expenses related to the compensation of members of the Board of Directors, Executive Board, Internal Audit Committee and Statutory Audit Committee was R\$1,428 (R\$ 1,453 as at March 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) Internal Audit Committee

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

d) Statutory Audit Committee

It is a Committee that reports directly to the Board of Directors, with operating autonomy to conduct or determine the execution of consultations, evaluations and investigations. It is

composed of at least three (3) and five (5) members at maximum and, according to Law 13.303/2016, the appointment of substitutes is not allowed. The Board of Directors chooses the members and determines their monthly fees, which correspond to eighteen percent (18%) of the average compensation paid to the Officers of the Company.

36. Supplementary cash flow information

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

Assets	3/31/2021	Liabilities	12/31/2020
Receivable from consumers	(4,645)	Consortium-related amounts	(8)
Allowance for doubtful accounts/ reversals/ discount to present value	<u>(44,520)</u>	Transferences of property, plant and equipment/intangible assets	<u>820</u>
	<u>(49,165)</u>		<u>812</u>
Inventories	(12,519)		
Transferences of property, plant and equipment/intangible assets	<u>746</u>		
Estimated inventory losses/reversals	<u>16,286</u>		
	<u>4,513</u>		

37. ‘Operação Decantação’

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

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

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

The investigation was divided into two stages:

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

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

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

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

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

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

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

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

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

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

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

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

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

Management, aiming to improve the standing of the Company in relation to shareholders, market and society, detected the need of hiring the service of an Expert in Forensic Services in addition to the report of Maciel Auditors S/S and also to support the audit opinion on the financial statements as at December 31, 2017. Thus, the firm Ernst & Young (EY) was hired through Decisions # 20,734/2017 and # 2,474/2018. Contracts were executed on December 15, 2017 and February 16, 2018 for the provision of “Specialized Forensic Technical Services.” A Statutory Audit Committee was also organized, which among its attributions, tracked and adjusted the investigation plans together with Ernst & Young.”

The following procedures were executed:

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

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

The report indicated the following:

i)quantifiable findings in relation to financial, accounting, managerial and engineering matters referring the period from 2007-2017, determined by means of analysis of finances, contracts, comparative prices, evaluation in unit prices and other transactions;

ii)data research and personal and corporate history, aiming to identify relationships and possible conflicts of interests (background check).

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

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

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

•Saneago does not tolerate corruption or any illegal business practices on the part of suppliers, employees or service providers, nor involvement of employees, management or anyone that, internally or externally, holding managerial position could cause damage to the assets of the Company or to its image;

•Internal audit procedures are in progress to qualify and quantify all losses directly or indirectly caused and included in the EY’s Report and Management has been adopting all necessary measures to repair such losses;

•It is not practicable to quantify the amount of the supposed overpayment of all contracts executed at the Company in the period, being possible only to establish estimates based on the sample available in the EY’s Report;

•No amounts of overpayment accrued for have been recovered yet and no reliable estimate of recoverable amounts can be made at this moment. Such estimation will be prepared when amounts are received or when their realization becomes almost certain.

The Final Forensic Audit Report points some possible irregularities. From the contracts analyzed, forty eight (48) were considered as priority and correspond to R\$1.166.017.569,00 (one billion, one hundred and sixty six million, seventeen thousand and five hundred and sixty nine Brazilian reais). The sample was selected from payments made to certain companies in the period from 2007 to 2017.

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

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

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

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

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

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

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

- In relation to the facts occurred in the period from 2012 to 2016, Saneago highlights that the current Management of the Company has been prioritizing the implantation of governance and compliance practices to assure the lawfulness of all processes;

- Among the actions implemented, there was the creation of a Governance Superintendency, responsible for the implantation of a series of strategic policies, such as Responsibility Limits, a document that standardized the making of decisions by the Executive Board, Policies for Prevention of Conflict of Interests, a Code of Conduct, Policies for Transactions with Related Parties and Policies for Prevention of Corrupt Acts;

- Saneago’s Management informs that although they remain providing all the necessary assistance to the investigation, the Company is protected against the actions taken seeing it is not a party to the action. Saneago is entirely at disposal of authorities to render any explanations that may be necessary and will keep the market timely informed.

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

1.The Committees of Compliance and Risks Management are working in the preparation of risk matrixes in all operations contracted with the companies mentioned in “**Operação Decantação**” 1, 2 and 3, with the purpose of determining the risks to the which Saneago would be exposed in those contracts, as well as to establish mitigation actions against those risks;

2.According to a decision of the Executive Board, the Compliance Management is restructuring the appointment of people to managerial positions with the Company;

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

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

It is also important to report that the Judge conducting the criminal proceedings associated with the so-called “Operação Decantação” investigation - Phase 1” (Proceeding 0020618-15,2016.4,01.3500), being processed at the 11th Federal Court of Goiás rendered a ruling rejecting the accusation presented by the Federal Public Prosecution Office, as he understood that the initial complaint did not meet the requirements established in the Criminal Code. It is also important to highlight that, considering the reason for the rejection, he did not judge the merit of the complaint. An appellate court will still judge such decision.

In January 2020, the Federal Prosecution Office filed an appeal questioning that decision and



requesting resuming of the case. The judge agreed to hear the appeal, but has not rendered a ruling yet. If the first decision is kept, the proceedings will go to a higher court, the Regional Federal Court for judgment.

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

Ricardo José Soavinski
Chairman

Hugo Cunha Goldfeld
Sales Officer

Silvana Canuto Medeiros
Corporate Management Officer

Paulo Rogério Bragatto Battiston
Financial and Investor Relation Officer

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