



Explanatory notes of the Administration to the intermediate accounting information as of Jun 30, 2020

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

Notes Index:

1. General information
2. Basis for the preparation of the financial statements and Summary of the Main Accounting Practices
3. Financial risk management and financial instruments
4. New accounting standards, changes and interpretations
5. Cash and cash equivalents of Cash
6. Securities
7. Credits Receivable from Users
8. Stocks
9. Taxes Recoverable
10. Advanced Expenses and Advanced Payments
11. Sub-delegation
12. Other Accounts Receivable
13. Judicial Deposits
14. Deferred Taxes
15. Investments
16. Fixed asset
17. Agreement's Asset
18. Intangible Asset
19. Loans and Financing
20. Labor obligations
21. Tax Obligations
22. Installments and Contractual Obligations
23. Jointly Controlled Businesses - Consortiums
24. Contractual Advance
25. Other Accounts Payable
26. Provision for judicial claims
27. Employee Benefits
28. Net Equity
29. Net Operating Revenue
30. Costs and Expenses
31. Net provisions / reversals
32. Net Financial Result
33. Commitments made
34. Insurances
35. Operation and Negotiation with Related Parties
36. Officers' Compensation
37. Supplementary Information to Cash Flows
38. Decanting operation
39. Subsequent Events



1. General information

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

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

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

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

State Decree No. 9.406/19 was recently published, which institutes the public compliance program, defined as a set of procedures and structures aimed at ensuring the compliance of management acts with moral and legal standards, as well as ensuring the achievement of the results of public policies and citizen satisfaction, fostering the axes of ethics, transparency, accountability and risk management. The aforementioned decree revoked State Decree No. 7.905 of June 11, 2013. Saneago has been making efforts, in line with the recommendations of the State's Comptroller General - GCE-GO in the implementation of said Decree. Recently, the Management Board established the Sectorial Compliance Committee, which has a consultative and permanent nature for issues related to the Public Compliance Program, with the objective of ensuring the implementation of the axes.

On Jun 30, 2020, Saneago had 226 agreements in operation that are distributed as follows: 149 agreements are in force, of which 87 are concession agreements and 62 in the form of program agreements, representing an average percentage of 86.68% of net sales. There are also 77 matured agreements that represent 12.33% of turnover, and these are in operation and in the negotiation phase. The average concession period for current and matured agreements is of 23 and 30 years, respectively, counted from the date of service provision. The agreements have the following maturity schedule: 77 overdue, 80 agreements due in the next 15 years, 9 agreements due in 15 to 20 years and 60 agreements due over 20 years. The Company is negotiating overdue concession agreements and continues normally operating in these municipalities. The Management expects that all concession agreements will result in new agreements or extensions, eliminating the risk of



SANEAGO Saneamento de Goiás S.A.

service provision interruption. History of agreement renewals by the Company during the years, Lack of financial capacity for investments and indemnification from the municipalities to the Company, among other factors.

Below are the main agreements and their respective maturities:

Municipalities	Status	Dated of Maturity	% of Net Sales	Type Agreement	Term (years)
Goiânia	In Force	12/17/2049	36.90%	Program	30
Anápolis	In Force	2/27/2050	6.97%	Program	30
Aparecida de Goiânia	In Force	11/1/2041	4.30%	Program	30
Valparaíso de Goiás	In Force	11/16/2048	2.41%	Program	30
Rio Verde	In Force	11/1/2041	2.47%	Program	30
Luziânia	In Force	12/1/2045	1.65%	Program	30
Formosa	In Force	3/14/2025	1.88%	Concession	25
Itumbiara	In Force	6/15/2022	1.37%	Concession	20
Planaltina	In Force	4/1/2030	1.31%	Concession	25
Jataí	In Force	11/1/2041	1.16%	Program	30
Trindade	In Force	11/1/2041	1.27%	Program	30
Novo Gama	In Force	11/16/2048	1.14%	Program	30
Águas Lindas de Goiás	In Force	12/28/2048	1.06%	Program	30
Cidade Ocidental	In Force	11/1/2041	1.01%	Program	30
Inhumas	In Force	6/17/2050	0.99%	Program	30
Goianésia	Matured	6/15/2020	1.12%	Concession	25
Quirinópolis	Matured	6/24/2016	0.92%	Concession	20
To mature in 01 - 15 years			9.64%		
To mature in 16 - 30 years			12.14%		
Matured			10.29%		
			100.00%		

The Company's operations are concentrated in the Municipality of Goiânia, which represents 36.25% of gross revenue on Tuesday, June 30, 2020 and 31.85% of intangible assets (36.21% of gross revenue and 31.50% of intangible assets in Tuesday, December 31, 2019).

According to the Normative Resolution No. 0152/19 of the Regulatory Board of the Goiás Agency of Regulation, Control and Inspection of Public Services (AGR), a linear adjustment of 5.79% was granted for water/sewage tariffs as of Jul 1, 2019. The readjustment was analyzed by the Goiânia Regulation Agency - ARG and approved by Municipal Decree No. 1555/2019. The 2020 tariff revision was filed with the AGR and the regulatory agency has not formally answered so far.

The authorization for issuing this interim financial information was made by the Board of Directors on Aug 13, 2020.

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

Due to the world pandemic declared by the World Health Organization (“WHO”), related to the new Coronavirus (“COVID-19”) that has affected Brazil and several countries worldwide, bringing risks to public health and impacts on the world economy, the Company informs that it has taken preventive and risk mitigation measures in line with the guidelines established by national and international health authorities, in order to minimize any impacts on the health and safety of employees, families, partners and communities, and to carry on with operations and business. In addition, at the end of the quarter, Jun 30, 2020, the number of employees totaled 5,818 active under the Consolidation of Labor Laws (CLT), of which 1,282 are administrative employees, with 896 being able to perform their activities at home office, which represents 69.89% of the administrative staff.



In the fight against COVID-19, the basic sanitation industry is considered as an “essential service” for maintaining people’s quality of life and especially for personal hygiene, since the act of washing the face and hands is often one of the main measures of prevention of this disease. In this regard, the Company issued the “Market Communication” on Mar 23, 2020, Jun 30, 2020, and Jul 31, 2020, suspending water cuts for default customers from Mar 19, 2020 to Aug 31, 2020.

Since service interruption is an important collection tool, an incremental default of 7.04% was higher than projected from April to June 2020; for further information see note 7. The liquidity risk caused by the increase in defaults has been mitigated by strategic actions intended to ensure the company’s financial and economic balance in the short and medium term.

In this context, the company implemented a contingency plan for financial management addressing the strategies and measures necessary to maintain its financial balance in a scenario of high default. Among the main actions, we highlight the following:

- Payment in installments of the 2019 Dividends, as approved at the Extraordinary General Meeting no. 160/2020, of Jun 16, 2020, and Notice to Shareholders of Jun 29, 2020, to be carried out in four (04) equal monthly installments, the first being on Jul 1, 2020
- Postponement of Taxes and Contributions (Pis, Cofins and Employer’s Contribution to Social Security), as permitted by Ordinance No. 139 of April 3, 2020;
- FGTS suspension and division in installments referring to the March, April and May 2020, according to the Provisional Measure No. 927/2020;
- Containment of costs and expenses;
- Renegotiation with extension of the installment payments related to early renewal of the agreements with the municipalities of Goiânia and Anápolis;

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

Expected credit losses due to the impacts of COVID-19

A potentially relevant risk to the Company in the emergence of Covid-19 is related to customer default. The Company’s accounts receivable position as of Tuesday, June 30, 2020, as well as the provisions for credits that are difficult to recover or doubtful account, reflect in a timely manner the best analysis by Management at this moment on the quality and solvency of the rights in question.

Impairment of tangible and intangible assets

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

Recovery of deferred tax assets

The Company has a balance of BRL 258,535 referring to deferred tax assets on tax loss/negative basis and temporary differences recorded in its balance sheet on Jun 30, 2020. The Company maintained the balances already recorded on December 31, 2019 as limitations and did not identify the need for a provision for their loss.

Compliance with obligations assumed with customers and suppliers

The Company evaluated its main supply agreements for customers and suppliers, respectively, and



concluded that, despite the impacts caused by Pandemic, the contractual obligations are still being fulfilled and there is no evidence or formalization of insolvency or any discontinuity.

Post-Employment Benefits

Management assessed the impacts on employee benefits and the Company's obligations, and understands that this quarter, despite the great uncertainty in the financial market and the impacts on the health scenario, considering the best information available, did not identify any adjustment to be made in the registration of provisions arising from Retirement and Medical Assistance Plans.

Compliance with obligations in debt agreements - Covenants

On Jun 30, 2020, the Company assessed the covenants contained in its debt agreements and concluded that it reached the necessary indexes.

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

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

2.1 Compliance Statement

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

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

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

2.2 Functional Currency

The functional currency practiced by Saneago is the Real (BRL). All presentation amounts of the interim financial statements are expressed in thousands of reals.

2.3 Main accounting judgments and estimates

In order to prepare intermediate accounting information, the Management uses certain estimates and premises, which must be evaluated during application of the accounting policies of the Company, which are evaluated continuously on the basis of history and other facts, including the expectations of future events that are believed to be reasonable according to the circumstances. Because of this, by definition, such estimates may differ from actual results.

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



a) Estimated losses on credits of allowance for doubtful accounts

The Estimated Loss for Doubtful Account Credits is constituted by an amount considered sufficient to cover possible losses in the realization of accounts receivable from customers.

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

The methodology for determining such losses requires significant estimates, considering a variety of factors including the assessment of the receipt history, current economic trends, estimated write-offs and the maturity of the accounts receivable portfolio. Although the Company believes that the assumptions used are reasonable, the actual results may differ.

b) Losses in stock

The provision for losses in stocks is set up based on the Company's internal policy, being provisioned due to the lack of movement, that is, items that are not used in the last 12 months, except for items that make up the technical reserve.

c) Deferred income tax and social contribution

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

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

For more information on deferred taxes, see note 14.

d) Provisions for judicial claims

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

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

2.4 Financial assets and liabilities

a) Financial asset - rating:

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

b) Financial liability - rating:



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

On Tuesday, June 30, 2020 and Tuesday, December 31, 2019 the Company had no financial liabilities rated in the fair value category through income statement.

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

Financial liabilities rated as “other liabilities” comprise:

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

2.5 Operating revenue

a) Revenue from sanitation services

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

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

b) Construction revenue

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

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

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

2.6 Cash and cash equivalents

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



2.7 Credits Receivable from Users

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

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

2.8 Stocks

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

2.9 Other Current Assets

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

2.10 Fixed asset

Fixed assets are controlled by the SAP 4HANA system, which records and controls the movements of additions and write-offs of assets, depreciation calculation, segregation of fully depreciated assets and transfer of works in progress.

When acquiring any fixed assets, before the application or final destination of this asset, there is its identification through plates, these goods being properly cataloged and sent to their final destination.

The works in progress are controlled by means of Investment Orders and Assets in Formation and the transfer to assets in operation (Completed Assets) takes place via documentation issued by the unit responsible for the execution of works, informing that the object in question is already completed. The Company has made strong efforts to improve control over the Company's Fixed Assets.

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

Depreciation is initiated when fixed asset is available for use, in its location and necessary



conditions, being calculated using the straight-line method and realized over the economic useful life, determined by a specialized company report. Straight-line depreciation results in a constant debt over the asset's useful life if its residual value does not change.

Based on a new study carried out in 2019 by a qualified company hired by the Company, the economic useful life of the assets was reviewed in order to comply with the provisions of Law No. 11,638 / 2007 and CPC 27 and also to carry out an adequate management property, plant and equipment. To that end, there was a documentary analysis of the previous reports, inspections of the groups of fixed assets, interviews with the technicians responsible for the areas, analysis of standards and available references, in addition to the analysis of the qualified company responsible for the study.

2.11 Intangible Asset

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

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

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

Nature of Goods	Average VUE/year*	Nature of Goods	Average VUE/year*
Civil Constructions	50	Vehicles	11
Dams	50	Machinery, Tractors	10
Reserv. Storage Tank	44	Assigned Cost (General)	9
Electrical Installations	40	General Equipment	9
Pipings	36	Computer Equipment	7
Wells	25	Leasing Computer Equipment	7
Macrometers	15	Right of Use Assets - Vehicles	3
Furniture and utensils	13	Works of art	-
Proprietary Softwares	12	Land	-
Water meters	11	Easements	-

*Weighted Average Economic Life (VUE).

a) Concession Agreements

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



Company has the contractual right to charge users of public services.

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

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

The vast majority of service concession agreements signed with municipalities are regulated by service concession agreements in which the concessionaire is entitled to receive cash or another financial asset from the granting authority for construction services performed and not amortized until the end of the concession, which have been carried out by the Company in order to guarantee the continuity and timeliness of the services granted.

Act no. 14.026/2020 was published on Jul 15, 2002 to amend Brazil's basic sanitation framework (Act 11.445/2007). As with the previous law, the new framework indicates in its art. 29, item 3, that public basic sanitation services will have their economic and financial sustainability ensured by means of remuneration for the collection of services, preferably in the form of tariffs. Accordingly, investments made and not recovered via service provision, in the original contractual term, are maintained as intangible assets and amortized over the useful life of the asset.

b) Software Use Licenses

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

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

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

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

Assumptions that require the use of significant estimates were used, including projections of operating revenues and future cash flows, future growth rates and duration of the Concession Agreement, among other factors. In addition, projections are calculated over a long period of time, which subjects these assumptions and estimates to an even greater degree of uncertainty. Although the Company believes that the estimates used are reasonable, the use of different assumptions may materially affect the recoverable amount. The discount rate used was 8.27% (WACC rate). As demonstrated, the assets will be able to produce sufficient results for their recovery since the insufficiency of one Municipality is supplied by the sufficiency of another (called cross-subsidy).

Additionally, the Company adopts impairment for works that have been paralyzed for more than one



year and with no expectation of cash generation (Law 11.638/07 Art 183 §3), with direct and indirect costs being fully provisioned. If the works are resumed, the losses incurred are recorded and are recognized in the income for the year. The amount of the impairment provision related to paralyzed works is BRL 128,347, on Jun 30, 2020 (BRL 132,097, on Dec 31, 2019).

2.13 Suppliers

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

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

2.14 Salaries and social charges

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

2.15 Profit Sharing

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

2.16 Corporate Income Tax and Social Contribution on Net Profit

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

b) Deferred taxes

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

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

2.17 Taxes and fees on revenue

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

2.18 Loans and Financing

Records the initial amount of funds raised from third parties, classifiable in current and non-current liabilities. Financial charges incurred in raising funds from third parties are allocated to a reduction account in liabilities due to the fluency of the term, by the amortized cost, using the effective



interest method, thus demonstrating net funding, CPC 08 (R) item 12.

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

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

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

2.19 Leasing

CPC 06 (R2)/IFRS 16 - Leasing Operations, replaced CPC 06 (R1)/IAS 17 - Leasing Operations. The standard established the principles for the recognition, measurement, presentation and disclosure of leasing operations, requiring the lessee to account leases in accordance with a single model, similar to the accounting of financial leasing in accordance with CPC 06 (R1), that is, recognizing a Right-of-Use Asset ("Lease Asset") equal to a Lease Liability, unless the leases are short-term (lease term of 12 months or less) and of low amount (amounts below U\$ 5).

2.20 Provisions, legal obligations, judicial deposits and contingent assets

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

The Company does not recognize contingent liabilities in the financial statements because it does not expect outflows of funds to be required or when the amount of the obligation cannot be reliably measured.

Contingent assets are not recognized in the financial statements.

2.21 Other Current and Non-Current Liabilities

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

2.22 Defined Benefits and Contribution Granted to Employees

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



In defined contribution plans, the entity's legal or constructive obligation is limited to its interest. Thus, the amount of post-employment benefit received by the employee must be determined by the amount of contributions paid by the sponsoring entity (and, in some cases, also by the employee) to a post-employment benefit plan or to a separate entity, along with the return on investment from contributions. As a result, the actuarial risk (risk that the benefits are less than expected) and the investment risk (risk that the invested assets will be insufficient to cover the expected benefits) fall on the employee. Item 28, CPC 33(R1).

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

2.23 Presentation of Information by Segment

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

2.24 Statement of Added Value - DVA

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

3. Financial risk management and financial instruments

3.1 Financial risk factors

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

- a) Market risk (interest rate risk and exchange rate fluctuation risk)
- b) Credit risk
- c) Liquidity risk
- d) Risk of Concession/Program agreements

(a) Market risk **Interest rate risk**

Saneago is subject to fluctuations in each of the interest rate indexes resulting from loans, financing



and debenture transactions, and financial applications, which impact its payments and receipts and, consequently, its cash flows, such as TJLP/TLP (Long Term Interest Rate), CDI (Interbank Deposit Certificates Interest Rate) or inflation indexes such as IPCA (National Consumer Price Index).

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

Debt Sensitivity

In the sensitivity analysis for interest rate risk, the debt balance of the debt was used, which has one of the following indexed economic indicators: IPCA, CDI, Dollar Quotation, TJLP and TR. Thus, based on market expectations for the closing of these indexes in the 2nd quarter of 2020, three scenarios were simulated. The probable scenario considers the expected evolution of the indicators, whereas Scenarios II and III were performed with an appreciation of 25% and 50%, respectively.

Debt Sensitivity on 6/30/2020							
Indicators	Exposure	Probable scenario		Scenario II		Scenario III	
		Fee	Amount	Fee	Amount	Fee	Amount
IPCA (FIDC IV)	269,975	1.63%	274,375	2.04%	275,482	2.45%	276,589
CDI ³ (Loans + Debentures)	628,245	2.15%	641,752	2.69%	645,144	3.23%	648,537
Dollar (IDB)	106,631	5.20	100,526	6.50	125,658	7.80	150,790
TJLP ² (BNDES)	810	4.91%	850	6.14%	860	7.37%	870
TR ¹ (Caixa Econômica Federal)*	128,272	0.00%	128,272	0.00%	128,272	0.00%	128,272
Subtotal	1,133,932		1,145,775		1,175,416		1,205,057
Transaction Cost	(28,395)						
Subordinated Shares	(86,330)						
	1,019,207						
Not subject to risks							
FCO - Cezarina e Silvânia**	5,880						
	1,025,087						

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

Currency fluctuation risk

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

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

External debt sensitivity - IDB

As regards the 1414/OC agreement executed between Saneago and the Inter-American Development Bank (IDB), there is no adoption of protection lock mechanisms against the exchange variation fluctuations “Hegde agreement”, however, the Company is considering it due to the present and probable changes to the world economic scenario.

The Sensitivity Analysis projected on Jun 30, 2020, for the following periods, showed a slight increase in the expected amount of the debt, due to the expectation of appreciation of the foreign currency caused mainly by the world pandemic system crisis, Coronavirus, which has substantially affected the



conditions of national and international financial institutions. Externally, the risks associated with a slowdown in the global economy remain, as well as uncertainties about economic policies, a slowdown in the economy and of a geopolitical nature - notably trade disputes - that may contribute to even lower global growth. The internal factors are related to the capacity of the Brazilian economy to absorb setbacks in the international scenario and to the prospect of structural reforms, especially those of a fiscal nature and that propitiate the resumption of the economic recovery process. The dollar rate for the payment of the installment matured in October 2019 was BRL 4.07. For the payment of the installment due in April 2020, the exchange rate was BRL 5.42. The exchange rate projection for 2020 is BRL 5.20.

The dollar values for these scenarios were based on the publications made by the Central Bank of Brazil, Market Report - FOCUS (Market Expectations) Jul 3, 2020.

(b) Credit Risk

Virtually the entire population of the state is a customer of Saneago. Considering the kind of business of the Company, for the private clients in default, they adopted the supply disconnection practice, and no credit analysis was carried out. However, due to the Covid-19 pandemic, the disconnections were suspended from Mar 19, 2020 to Aug 31, 2020. Supply disconnection is not applied for public clients, however, the Administration has made efforts to reduce the default level by negotiating with the city administrations in default and with public management bodies of the State of Goiás.

(c) Liquidity Risk

The Company's liquidity risk results mainly from the cash generation capacity propelled by its operating activities, loans from financial institutions of federal, state and private institutions. Further, there is managerial control of cash flow inflows and outflows, with schedules planned so that the Company meets its obligations.

Thus, the Company's liquidity risk exposure is managed by the monitoring and control of its liquidity risk, which can be defined as the possibility of the Company not having enough funds to meet its financial commitments, or even having to bear additional costs to do so due to the scarcity of enough financial resources on the date set for each debt, resulting in the mismatches between payment and reception flows, which could be influenced by water scarcity that has significant impact on the Company's revenue; the billing reduction in compliance with judicial decisions; the demand reduction that has significant impact on the Company's revenue; the increase in defaults and non-managerial costs and expenses above the projected limits; and, for the recognition and realization of non-recurring and non-contingent expenses.

(d) Risk of Concession/Program Agreements

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

3.2 Capital Management

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



Net Financial Position	6/30/2020	12/31/2019
Total Loans / Debentures	1,025,087	945,852
(-) Cash and cash equivalents	(278,331)	(169,607)
(=) Net Debt	746,755	776,245
(+) Total Shareholders' Equity	2,941,461	2,801,329
(=) Total Capital	<u>3,688,217</u>	<u>3,577,574</u>
Financial Leverage Ratio	20.25%	21.70%

4. New accounting standards, changes and interpretations

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

A series of new standards or changes to standards and interpretations will be effective for fiscal years beginning on or after Jan 1, 2020. The amended standards and interpretations cited below did not significantly impact this intermediate financial information.

- Changes to references to the conceptual framework in IFRS standards;
- Definition of a business (changes to CPC 15/IFRS 3);
- Definition of materiality (amendments to CPC 26 (R1)/IAS 1 and CPC 23/IAS 8);
- Interest rate reform (amendment to CPC 48 and CPC 40); and
- Classification of liabilities as current or non-current (amendment to CPC 26 (R1)/IAS 1).

5. Cash and cash equivalents

	6/30/2020	12/31/2019
Fixed Fund	164	12
Banks - Current Account / Collection	5,053	13,856
Banks - Construction-linked accounts	1,303	3,549
Banks - Collection to be released (a)	10,649	18,865
Financial Investments (b)	261,162	133,325
	<u>278,331</u>	<u>169,607</u>

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

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

(b) Financial Applications increased (BRL 127,837) at the end of this 2Q2020, affected by:

- Fundraising for the 7th issuance of debentures in the months of April and May 2020 in the total amount of BRL 150,000.

- Contingency Plan adopted by the Company due to the New Coronavirus Pandemic with the negotiation of the postponement of payments of various liabilities, as per Note 1.1.

The applications are composed as follows:



		6/30/2020		12/31/2019			
Bank	Account	Amount	Effective Compensation	Bank	Account	Amount	Effective Compensation
Itaú	14095-6	309	18.14% CDI	Itaú	140956	431	40.23% CDI
Itaú	2989-4	952	18.14% CDI	Itaú	2989-4	6,429	40.23% CDI
Itaú	2989-4	50,376	114.42% CDI	Itaú	2989-4	22,185	101.14% CDI
Itaú	14.094-9	125	18.14% CDI	Itaú	14.094-9	162	40.23% CDI
Santander	63-000013-7	148,271	103% CDI	Santander	63-000013-7	-	-
B.Brasil	6013-5	558	92% CDI	B.Brasil	6013-5	674	92% CDI
B.Brasil	6544-7	541	93% CDI	B.Brasil	6544-7	532	92% CDI
BBM	701742	4,345	100% CDI	BBM	701742	3,763	100% CDI
BBM	701.866-0	4,440	100% CDI	BBM	701.866-0	1,350	100% CDI
Safra	23190-0	10	100% CDI	Safra	23190-0	9	96.62% CDI
Bradesco	1368	406	11.23% CDI	Bradesco	1368	643	9.81% CDI
Bradesco	1368	2,973	11.63% CDI	Bradesco	1368	-	-
B.Brasil	6.640-0	-	-	B.Brasil	6640-0	15,845	90.45% CDI
B.Brasil	105334-5	47,856	97.63% CDI	B.Brasil	105.334-5	81,302	96% CDI
		<u>261,162</u>				<u>133,325</u>	

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

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

6. Securities

Financial institution	Account	Investment Type	Profitability	6/30/2020	12/31/2019
Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% of CDI	<u>8,359</u>	<u>8,218</u>
				8,359	8,218
Non-Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% of CDI	<u>15,889</u>	<u>14,824</u>
				15,889	14,824
Total				<u>24,248</u>	<u>23,042</u>

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

7. Credits receivable from users



	6/30/2020			12/31/2019		
	Private	Public	Total	Private	Public	Total
Billed to be due	105,041	10,637	115,678	94,714	9,730	104,444
Maturing for more than 30 days	18,107	6,269	24,376	20,347	6,577	26,924
Overdue up to 30 days	90,716	6,947	97,663	86,952	8,641	95,593
Overdue from 31 to 60 days	43,437	4,770	48,207	30,030	4,744	34,774
Overdue from 61 to 90 days	30,203	5,418	35,621	10,942	4,228	15,170
Overdue from 91 to 120 days	23,988	4,950	28,938	9,067	3,981	13,048
Overdue from 121 to 180 days	27,766	7,937	35,703	14,867	6,755	21,622
Overdue from 181 to 360 days	5,214	18,519	23,733	5,515	16,306	21,821
Overdue from 361 days to 5 years	25,369	92,912	118,281	21,098	84,074	105,172
Overdue over 5 years	666	4,076	4,742	820	2,448	3,268
Collection to be noted	(1,534)	-	(1,534)	(45)	-	(45)
Estimate to be billed	80,600	5,048	85,648	81,370	6,418	87,788
(-) AVP Accounts Receivable	(765)	(303)	(1,068)	(852)	(318)	(1,170)
(-) PCLD	(8,787)	(134,473)	(143,260)	(4,976)	(131,033)	(136,009)
Subtotal	440,021	32,707	472,728	369,849	22,551	392,400
Credits receivable (Non-current)	16,153	18,396	34,549	16,016	19,579	35,595
(-) AVP Accounts Receivable	(3,104)	(4,370)	(7,474)	(3,363)	(4,672)	(8,035)
(-) PCLD	(248)	(9,147)	(9,395)	(602)	(9,164)	(9,766)
Subtotal	12,801	4,879	17,680	12,051	5,743	17,794
Total	452,822	37,586	490,408	381,900	28,294	410,194

The amounts above, in their recognition, are equivalent to their respective fair amounts and do not consider fines, interests or any form of monetary adjustment due to late payments. Non-recoverable credits written off to the income up to Jun 30, 2020 were BRL 55,536 (BRL 90,150 in 2019).

The credits with the Government of Goiás are added for tax purposes, according to art. 6 of Law 9.430/96, were BRL 2,022 up to Jun 30, 2020 (BRL 5,089 in financial year 2019).

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

Balance on 12/31/2019	<u>(145,775)</u>
Constitution/Reversal of net allowance for doubtful accounts (note 31)	<u>(6,880)</u>
Balance on 6/30/2020	<u>(152,655)</u>

The change to the estimated loss for doubtful liquidation credits was impacted by the reversal of BRL 7,000 due to the partial settlement by state agencies of the outstanding debts.

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

8. Stocks

	6/30/2020	12/31/2019
Treatment plants materials	5,447	8,048
Materials for gaskets and pipe protection	37	57
Electrical materials and equipment	3,679	1,967
Pipes, connections for networks and pipelines	37,369	37,037
Materials for building connections	1,791	1,505
Water meters	11,883	11,532
Water Valves	7,169	9,740
Pump motor set	2,419	2,412
Miscellaneous	4,675	5,305
(-) Provision for Stock Loss (a)	(28,387)	(31,881)
	<u>46,082</u>	<u>45,722</u>



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

9. Taxes Recoverable

	<u>6/30/2020</u>	<u>12/31/2019</u>
IRPJ (a)	1,112	1,112
IRRF	2,232	1,379
Federal Revenue (b)	3,728	3,999
	<u><u>7,072</u></u>	<u><u>6,490</u></u>

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

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

10. Advanced Expenses and Advanced Payments

	<u>6/30/2020</u>	<u>12/31/2019</u>
Current		
Investment Fund Credit Rights - FIDC IV (a)	11,639	12,396
Postgraduation advances	35	43
Advances for trips	613	1,206
Vacation advances	-	2,244
13 th salary advance payment	12,777	1
Contractual Remuneration with Municipalities (b)	6,898	4,928
Shares issuance costs	1,111	1,101
	<u><u>33,073</u></u>	<u><u>21,919</u></u>
Non-Current		
Contractual Remuneration with Municipalities (b)	196,252	142,214
	<u><u>196,252</u></u>	<u><u>142,214</u></u>

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

(b) They refer to the payment of indemnity for the early renewal with the municipalities of Goiânia, Anápolis and Águas Lindas, and the amounts will be amortized within 30 years (contractual term).

11. Sub-delegation

In order to comply with the Program Agreements entered into between Saneago and the municipalities of Aparecida de Goiânia, Jataí, Rio Verde and Trindade, the Company chose to sub-delegate the provision of sanitary sewage services via tender, and the winning company was Foz Goiás Saneamento S.A, (later called Odebrecht Ambiental), whose agreement no. 1327/2013 was signed on Jul 19, 2013.

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

On April 25, 2017, the disposal of all of Odebrecht Ambiental's shares to Brookfield Partners LP was completed, constituting the new holding company called BRK Ambiental Participações S.A, with the



agreement 1327/2013 operated by BRK Ambiental Goiás S.A. This operation was carried out with the prior consent of Saneago, and the documentation regarding legal regularity is currently under analysis by the Company.

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

- Regulatory entity, the Agency for Regulation, Control and Inspection of Public Services of Goiás - AGR and consenting stakeholders in the municipalities of Aparecida de Goiânia, Jataí, Rio Verde and Trindade;
- Payment of a grant to Saneago of BRL 273,000 in 30 (thirty) annual installments, duly updated by the IPCA (Price Index to the Final Consumer);
- Service and expansion of the collection, removal and treatment of sanitary sewage systems in 6 (six) years, and the universalization must reach at least 90% (ninety percent) of the population served with public water supply;
- Integrated Commercial Action, under the management of Saneago, of public water and sanitary sewage services, in the sub-delegation area, with the sub-delegate being responsible for registering users, performing water meter reading, issuing and simultaneously delivering single bills / invoices for collection, water cutting and reconnection, micro metering among other ancillary activities related to the provision of water supply and sanitary sewage services.

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

Sub-delegation	Current Assets (6/30/2020 - 12/31/2019)		Current Assets 6/30/2020 12/31/2019	
	Grant	4,293	9,314	1,184
	Asset No	Current	Liability No	Current
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Sewerage system investments	737,415	677,280	737,415	677,280
Total	741,708	686,594	738,599	678,306

12. Other Accounts Receivable

	6/30/2020	12/31/2019
Current		
Security deposits	18	18
Consortium	375	375
Miscellaneous advances	667	373
(-) Provision for Losses	(375)	(375)
	685	391
Non-Current		
Agreements without Concession (a)	32,765	32,765
(-) Estimated losses for credits	(32,765)	(32,765)
	-	-

a) Agreements without Concession



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

Caldas Novas

As the systems were resumed by the municipality on Jun 27, 1995, Saenago filed an action for indemnification, Lawsuit No. 0033803.68.1995.8.09.0051. In April/2020, the records were remitted to the Superior Court of Justice to judge the grievance on special appeal lodged by Saneago. On 5/6/2020, the case was completed for decision of the Presidente of the STJ.

Catalão

The municipality was able to resume the system by judicial measure, and Saneago obtained unfavorable results, so there is no possibility of resuming the system. An action was filed via Case no. 37532.36.2016.8.09.0029. In September 2019, the general attorney of the Municipal Superintendence of Water and Sewage (SAE) of Catalão requested authorization to access the electronic case. On 6/2/2020, the records were completed for dispatch by the Judge, who may appoint a new expert for the case.

13. Judicial Deposits

	6/30/2020	12/31/2019
Judicial Deposits	9,687	9,384
	<u>9,687</u>	<u>9,384</u>

14. Deferred Taxes

Deferred Taxes - Assets	6/30/2020				12/31/2019			
	Base of Calculation	IRPJ (25%)	CSLL (9%)	Total	Base Date Calculation	IRPJ (25%)	CSLL (9%)	Total
PECLD - Credits Receivable	152,654	38,163	13,739	51,902	151,420	36,444	13,120	49,564
Provision for Stock Loss	28,388	7,097	2,555	9,652	31,882	7,970	2,869	10,839
Provision for Investment Loss	564	141	51	192	564	141	51	192
Provision for Contingencies	146,859	36,715	13,217	49,932	142,209	35,552	12,799	48,351
Provision for Losses on other credits	375	94	34	128	375	94	34	128
Provision for Agreements without Concession	32,765	8,191	2,949	11,140	32,765	8,191	2,949	11,140
Provision for Works Losses	128,347	32,087	11,551	43,638	132,097	33,024	11,889	44,913
Actuarial liabilities	128,881	32,220	11,599	43,819	128,881	32,220	11,599	43,819
Tax Loss IRPJ(a)	105,872	22,146	-	22,146	124,957	31,239	-	31,239
Tax Loss CSLL(a)	349,667	-	29,914	29,914	368,750	-	33,188	33,188
Total	1,074,372	176,854	85,609	262,463	1,113,900	184,875	88,498	273,373
Deferred Tax Liabilities								
Equity Valuation Adjustment	50,479	12,620	4,543	17,163	50,483	12,621	4,543	17,164
Total Net Deferred Tax				245,300				256,209

Based on studies and future growth prospects, the Company keeps its tax assets limited to the lowest amount between the amount of future profits and the temporary differences/tax losses that can be offset (on Dec 31, 2019 it was limited to temporary differences/tax losses). Below, projection of taxable profit for the next 10 years.

Year	Realization Expectation			Sum
	IRPJ	CSLL		
2020	26,468	11,451		37,919
2021	-	13,636		13,636



SANEAGO Saneamento de Goiás S.A.

2022	-	6,383	6,383
	26,468	31,470	57,938

Deferred Tax Movement

Balance held in deferred tax assets on 12/31/2019	256,209
(+) Constitution of deferred tax assets	(10,910)
(-) Constitution of deferred tax liabilities	1
Balance held in deferred tax assets on 6/30/2020	245,300

Reversal in income statement for the year 12/31/2019

Profit before tax	179,885
Combined rate 34%	61,161
(+/-) IRPJ/CSLL on permanent/temporary additions and exclusions and tax loss	(72,071)
Reversal in the year result	(10,910)

15. Investments

The Company has investment quotas in some companies, in which it has no significant influence in the amount of BRL 573, which are recorded by using the cost method.

Description	6/30/2020	12/31/2019
Comurg	515	515
Metrobus	46	46
Others	12	12
	<u>573</u>	<u>573</u>
Provision for Losses	(564)	(564)
	<u>9</u>	<u>9</u>

16. Fixed asset

	6/30/2020	12/31/2019
General Use Goods	171,008	169,997
General Use Goods in Progress (a)	151,333	147,232
Assets - Assigned Cost	64,942	65,089
General Use Goods - Leasing	7,241	7,243
Funds to be realized - Corumbá Consortium	50,311	51,138
Right of Use - Vehicles (note 16.2)	56,492	57,764
Accumulated Depreciation - Right-of-Use (note 16.2)	(18,826)	(11,403)
General Accumulated Depreciation	(99,379)	(95,533)
Accumulated Depreciation - Assigned Cost	(14,479)	(14,623)
Accumulated Depreciation - Leasing	(4,650)	(4,290)
	<u>363,993</u>	<u>372,614</u>

(a) Composition of general use goods in progress:

	6/30/2020	12/31/2019
General Use Goods (In Progress)	92,009	88,993
General Use Assets, PAC (In Progress)	59,324	58,239
	<u>151,333</u>	<u>147,232</u>

16.1 Technical Fixed Assets



The movement of fixed assets can be demonstrated as follows:

Technical Fixed Assets	Balance on 12/31/2019	Addition	Write-off	Depreciation / Amortization	Movement Period	Balance on 6/30/2020
General Use Goods	169,997	1,555	(544)	-	-	171,008
General Use Goods in Progress	147,231	4,102	-	-	-	151,333
Assets - Assigned Cost	65,089	-	(147)	-	-	64,942
General Use Goods - Leasing	7,242	-	(1)	-	-	7,241
Funds to be realized - Construction Corumbá	51,139	-	-	-	(828)	50,311
General Accumulated Depreciation	(95,532)	-	482	(4,329)	-	(99,379)
Accumulated Depreciation - Assigned Cost	(14,623)	-	148	(4)	-	(14,479)
Accumulated Depreciation - Leasing	(4,290)	-	-	(360)	-	(4,650)
	326,253	5,657	(62)	(4,693)	(828)	326,327

16.2 Right of Use Assets - Leasing

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

	06/30/2020	12/31/2019
Right-of-Use - Vehicles	56,492	57,764
Accumulated Depreciation - Right-of-Use	(18,826)	(11,403)
	37,666	46,361

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

Fixed Asset - Right-of-Use	Balance 12/31/2019	Depreciation /Amortization	Movement Period	Balance 6/30/2020
Right-of-Use Assets - Vehicles	57,764	-	(1,271)	56,493
Accumulated Depreciation - Right-of-Use	(11,403)	(7,424)	-	(18,827)
Total	46,361	(7,424)	(1,271)	37,666

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

17. Contractual Asset

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

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



SANEAGO Saneamento de Goiás S.A.

Agreement Assets	Balance on 12/31/2019	Addition	Write-off	Movement Period	Transfer To Fixed Asset	Balance on 6/30/2020
Water System	219,854	21,538	(6,932)	-	(13,601)	220,859
Sewerage System	374,638	25,922	-	-	-	400,560
Works Inventory	36,050	-	-	2,447	-	38,497
	630,542	47,460	(6,932)	2,447	(13,601)	659,916

18. Intangible Asset

	6/30/2020	12/31/2019
Water System	2,566,276	2,528,466
Sewerage System	2,799,875	2,798,037
General Use Goods	5,838	4,036
Software (Licenses)	32,656	31,243
Accumulated Amortization	(2,639,216)	(2,588,932)
Funds to be Realized - Águas Lindas	55,812	55,633
Provision for Losses (Impairment)	(128,347)	(132,097)
Operação Decantação (Note 38)	(118,494)	(118,494)
Land regularization	33,388	32,400
Non-Onerous - Water	43,109	42,231
Non-Onerous - Sewage	66,158	44,879
	2,717,055	2,697,402

The movement of intangible assets can be demonstrated as follows:

Intangible Asset in Use	Balance on 12/31/2019	Addition	Write-off	Depreciation Amortization	Movement Period	Balance on 6/30/2020
Water System	2,528,466	23,219	(471)	-	15,062	2,566,276
Sewerage System	2,798,037	1,760	(80)	-	158	2,799,875
General Use Goods	4,035	1,861	(58)	-	-	5,838
Accumulated Amortization	(2,588,932)	-	482	(50,765)	(1)	(2,639,216)
Software (Licenses)	33,947	4,251	-	-	-	38,198
Amortization Software (Licenses)	(2,704)	-	-	(2,838)	-	(5,542)
Software (In Progress)	-	-	-	-	-	-
Funds to be Realized - Águas Lindas	55,633	-	-	-	179	55,812
Provision for Losses (Impairment)	(132,097)	-	3,750	-	-	(128,347)
Operação Decantação (Note 38)	(118,494)	-	-	-	-	(118,494)
Land regularization	32,400	2,604	-	-	(1,616)	33,388
Total	2,610,291	33,695	3,623	(53,603)	13,782	2,607,788
Intangible in progress - Non-onerous						
Non-Onerous - Water	42,232	877	-	-	-	43,109
Non-Onerous - Sewage	44,879	21,279	-	-	-	66,158
Total	87,111	22,156	-	-	-	109,267
Total Intangible	2,697,402	55,851	3,623	(53,603)	13,782	2,717,055

18.1) Government Grants / PAC - Growth Acceleration Program

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

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



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

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

In the above cases, the effective return of funds will obey the following rules:

- a) Total non-execution of the purpose, in which the funds remained in the specific account, without having been released in favor of the Commissioner: return of the funds plus the income of the financial investment;
- b) Partial execution of the purpose, in which the executed part has functionality: return of funds already credited to the account and not applied in the purpose of the work plan, plus the income of the financial investment;
- c) Partial execution of the purpose, in which the executed part has no functionality: return of the total funds released plus the income of the financial application, applying to the funds spent the same percentage as if they had remained applied throughout the period in savings account, and;
- d) Application of funds in disagreement with the Work Plan: establishment of Special Accounting and return of released funds, duly updated, as required for the settlement of debts to the National Treasury.

The transfers by municipalities are detailed below:

City	Contract	Balance on 12/31/2019	Entry - PAC	In-kind returns	Balance on 6/30/2020
Formosa	0218016-87	7,689	-	-	7,689
St. Antônio do Descoberto	0218331-07	388	-	-	388
Cristalina	0226017-65	308	-	-	308
Goiânia - Meia Ponte	0226025-62	2,769	1,104	-	3,873
Valparaíso	0218021-51	114	-	-	114
Luziânia	0218328-52	1,465	-	-	1,465
Planaltina	0218330-94	63	-	-	63
Valparaíso	0218343-40	44	-	-	44
Novo Gama	0226015-46	129	-	-	129
Novo Gama	0226018-79	971	-	-	971
Goiânia - Vila Adélia	0226024-57	7,294	-	-	7,294
Luziânia	0226026-76	50,936	11,323	-	62,259
Luziânia	0231460-45	57	-	-	57
Trindade	0237772-43	1,189	-	-	1,189
Goiânia	0350788-10	39,757	558	-	40,315
St. Antônio do Descoberto	0350796-17	2,652	-	-	2,652
Pirenópolis	0350884-88	1,422	-	-	1,422
Aparecida de Goiânia	0351738-28	3,094	-	-	3,094
Goiânia Jd Petrópolis SES	0408678-27	2,632	32	-	2,664
Anápolis SES	0408691-99	19,595	1,539	-	21,134
Total PAC		142,568	14,556	-	157,124
Other Programs					
Pipeline João Leite	1524/01	729	-	-	729
Pipeline João Leite	0187/06	1,472	-	-	1,472
Novo Gama	172263-97/04	-	-	-	-
Amaralina - FUNASA	25	248	-	-	248
Nerópolis - ANA-PRODES	68/15	4,601	-	-	4,601
Pires do Rio - ANA PRODES	68/15	1,976	-	-	1,976
Campos Verdes FUNASA/SECIMA	TC650/20	383	-	-	383
Goiânia- Forest Recovery	0153005/16	1,011	-	(174)	837
Vianópolis	1288/14	-	130	-	130
Total - Other Programs		10,420	130	(174)	10,376



Total General 152,988 167,500

19. Loans and Financing

IDB

Interest is paid semi-annually, in April and October of each year, at a rate determined by the IDB itself each semester. The interest rate on the payment made on Apr 11, 2020 was 1.77% per semester (3.56% per year). Amortizations are made in semiannual installments, beginning on Oct 11, 2008 and ending on Oct 11, 2027.

Debentures, 4th Issuance

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

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

Number of debentures issued	Unit value	Amount Collected
130,000	1,000	130,000,000

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

The financial index established for the 4th Issuance of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0, and for the closing on Jun 30, 2020, the Company has not breached the financial indexes related to debt coverage, as required by the private instrument of deed of the 4th issuance of debentures

Debentures, 5th Issuance

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

This Deed of Issue and the Fiduciary Assignment Agreement were entered into in accordance with the 370th Meeting of the Management Board of Saneago, held on Nov 8, 2018.

Number of debentures issued	Unit value	Amount Collected
250,000	1,000	250,000,000

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

The financial index, to be verified annually, established for the 5th Issuance of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0 and at the end of Tuesday, June 30, 2020, the Company did not breach the financial indexes related to coverage of debt, as required by the



private instrument of deed of the 5th issuance of debentures.

Debentures, 6th Issuance

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

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

Number of debentures issued	Unit value	Amount Collected
140,000	1,000	140,000,000

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

The financial index established for the 6th issue of debentures is adjusted EBTIDA less than or equal to 3.0, as required by the private instrument of deed of the 6th issue of debentures, to be verified annually by the Issuer and accompanied by the Fiduciary Agent. There was no breach of the financial ratios related to debt coverage until December 31, 2019.

Debentures, 7th Issuance

In September 2020, a private deed was executed for the 7th issuance of simple debentures, not convertible into shares, in a single series, of unsecured type with additional real guarantee, for public distribution with restricted distribution efforts, pursuant to article 59 of Act 6.404, of Dec 15, 1976 and CVM Instruction 476 of Jan 16, 2009.

This Deed of Issuance and the Fiduciary Assignment Agreement were entered into in accordance with the 405th Meeting of the Management Board of Saneago, held on Feb 13, 2020, 407th Meeting of the Management Board of the Company held on Mar 10, 2020, 410th Meeting of the Management Board of the Company held on Mar 31, 2020 and 412th Meeting of the Management Board of the Company, held on Apr 16, 2020.

Number of debentures issued	Unit value	Amount Collected
140,000	1,000	140,000,000

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

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

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



BNDES

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

FIDC IV

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

There was no breach of the financial indexes, to be verified every six months, related to the debt coverage until Jun 30, 2020.

Banco do Brasil

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

It is worth mentioning that the financial indicators are monitored annually. As of December 31, 2019, the Company did not breach the financial indexes related to debt coverage.



SANEAGO Saneamento de Goiás S.A.

19.a Loans and Financing Statement

Bank	Type	Contract	Start	Maturity	Annual contractual fee	Transaction Costs	Transaction cost to be appropriated	Funding	Guarantee	6/30/2020	12/31/2019	
BRASIL	Loan	330701235	12/27/2017	1/6/2026	2.9%+CDI	940	417	30,000	a)	20,941	23,245	
IBM	Loan	Leasing	7/28/2016	7/27/2021	3.48%+CDI	-	-	-	c)	742	1,071	
FIDCIV	Loan	FIDC	12/15/2015	12/15/2022	3%+CDI	47,828	25,200	600,000	j)	269,974	324,052	
Subordinated Quotas FIDC	Loan	Subordinated Shares								(86,330)	(84,361)	
Transaction Costs	Loan	Transaction Costs								(19,694)	(23,691)	
CEF	Financing	Several		2024	5.73% + TR	-	-	-	d)	6,520	7,257	
CEF	Financing	410.461-57	12/31/2013	5/14/2037	8.5% + TR	-	-	132,760	e)	4,936	5,020	
CEF	Financing	0410526-20	12/31/2013	4/14/2037	8.5% + TR	-	-	36,410	e)	26,825	27,279	
CEF	Financing	0410517-19	2/14/2014	5/14/2037	8.5% + TR	-	-	18,265	e)	5,551	5,652	
CEF	Financing	0410538-64	3/27/2015	5/14/2037	8.5% + TR	-	-	51,544	e)	41,996	42,780	
CEF	Financing	26340190232-94	6/29/2006	4/30/2028	12% + TR	-	-	3,185	c)	1,916	1,847	
CEF	Financing	26340190233-07	6/29/2006	6/30/2030	12% + TR	-	-	39,214	c)	24,018	23,135	
CEF	Financing	2635248557-66	6/30/2008	11/12/2030	8.5% + TR	-	-	6,600	c)	3,805	4,037	
CEF	Financing	2634248555-47	10/9/2009	6/14/2031	9% + TR	-	-	10,000	c)	6,814	7,172	
CEF	Financing	2634248548-42	12/30/2009	6/14/2031	9% + TR	-	-	11,882	c)	5,892	5,405	
IDB*	Financing	1414/OC	12/11/2002	10/11/2027	5.82% + VC	-	-	\$47,000	k)	106,631	83,737	
BNDES	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP	-	-	31,154	f)	810	1,080	
BRASIL	Financing	40/01033-3	9/10/2012	4/1/2022	10.00%	-	-	2,360	g)	623	758	
BRASIL	Financing	40/00984-x	12/20/2012	1/1/2028	2.94%	-	-	6,846	g)	5,257	5,527	
						48,768	25,617	980,220		427,227	461,002	
										Current	136,341	130,881
										Non-Current	290,886	330,121

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



19.b Debenture Statement

Debenture Issuance	Maturity	annual contractual fee	Costs of Transaction	Costs to be appropriated	Amount	Guarante	6/30/2025	12/31/2024
Debentures, 4 th Issuance	12/28/2017 - 12/15/2021	2.95% per year + CDI	1,448	320	130,000	b)	75,691	100,963
Debentures, 5 th Issue	11/15/2018 - 11/16/2023	2.5% per year + CDI	4,296	2,515	250,000	h)	238,978	250,741
Debentures, 6 th Issue	9/23/2019 - 9/23/2024	1.2% per year + CDI	3,226	2,481	140,000	i)	140,111	140,184
Debentures, 7 th Issuance	4/23/2020 - 4/23/2022	5.0% per year + CDI	3,385	3,385	150,000	i)	151,781	-
Debentures Transaction Costs							(8,701)	(7,037)
			12,355	8,701	670,000		597,860	484,851
						Current	184,444	95,524
						Non-Current	413,416	389,327

Description	Balance
Loans and Financing	427,227
Debentures	597,860
	1,025,087

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



Non-current statement by maturity range	6/30/2020	12/31/2019
2021	-	252,290
2022	194,375	132,335
2023	286,283	56,499
2024 onwards	325,414	382,812
Subordinated Quotas FIDC IV	(86,330)	(84,361)
Transaction Costs	(15,440)	(20,127)
	704,302	719,448

19.c Transactions made in Loans and Financing

	Fundings	Payments of Amortizations and charges	Period Charges	Fundings	Payments of Amortizations and Charges	Period Charges
Internal Financing	-	(9,600)	4,461	2,414	(20,466)	8,599
Inter-American Development Bank (IDB)	-	(8,524)	31,418	-	(6,407)	425
Banco IBM -Leasing	-	(469)	140	-	(522)	(2,657)
Investment Fund Cred. Rights Saneago INFR. IV	-	(71,228)	17,151	-	(79,340)	25,376
Subordinated Quotas FIDC IV	-	0	(1,969)	-	-	-
Covenants	-	(1,187)	2,035	-	-	-
Debentures	150,168	(50,581)	15,086	-	(20,751)	16,410
Transaction Cost	-	(3,770)	6,105	-	(68)	5,262
Subtotal	150,168	(145,359)	74,427	2,414	(127,554)	53,415
Leasing - Vehicles	-	(8,008)	1,385	-	-	-
Income from Financial Investments	-	-	(334)	-	-	(564)
Itaú - Águas Lindas Consortium	-	-	-	-	-	1,115
Total	150,168	(153,367)	75,478	2,414	(127,554)	53,966
Capitalized Interests	785					

19.d Leasing - Vehicles

The standard (CPC06(R2)/IFRS 16) established the principles for the recognition, measurement, presentation and disclosure of leasing operations, requiring the lessee to record leases in accordance with a single lessee accounting model, similar to recording of financial leasing in accordance with CPC 06 (R1), that is, recognizing a Right-of-Use Asset (“Lease Asset”) equal to a Lease Liability, unless the leases are short-term (lease term of 12 months or less) and of low amount. As of the financial year started on Jan 1, 2019, Saneago recognized the following leases:

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

Agreements - Vehicles	Payments futures	Impact of rate discount	Right of use of assets	Subject to leasing
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

The total lease liability recognized in the balance sheet on Tuesday, June 30, 2020 and the Company's operating lease commitment on December 31, 2019 can be reconciled as follows:



Description	Balance on 12/31/2019	Interest appropriation	Future Value Rates Update	Amortizations	6/30/2020	12/31/2019
Vehicles	45,772	1,385	(1,272)	(8,008)	37,877	45,772
				Current	13,496	13,150
				Non-Current	24,381	32,621
					37,877	45,771

20. Labor obligations

	6/30/2020	12/31/2019
Current		
Salaries Payable	37	28,656
Alimony and Terminations	11	206
PREVSAN	22	-
CAESAN	6	-
SESI, SENAI	3,181	1,922
Vacations Payable	58,431	52,663
13th Salary Payable	21,632	508
FGTS on vacation and 13 th salary	20,446	4,207
INSS payable from wages	46,409	15,701
Provision for INSS from Vacations and 13 th salary	23,060	15,167
Voluntary Job Termination Program (a)	2,623	2,625
Profit Sharing	27,632	27,631
	203,490	149,286
Non-Current		
Voluntary Job Termination Program (a)	620	1,932

a) It refers to the amounts of food vouchers and health care guaranteed by the Program.

21. Tax Obligations

	6/30/2020	12/31/2019
Current		
IRPJ Payable	4,152	-
ISS	1,061	836
PIS	10,482	2,694
Installment payment with the Federal Revenue Service (a)	902	889
COFINS	48,489	12,452
Social Contribution	1,496	48
Withholding of Federal Contributions	531	567
IRRF Payroll and Services	11,799	140
INSS Provision of Services	2,287	2,022
	81,199	19,648
Non-Current		
Installment payment with the Federal Revenue Service (a)	7,742	8,071

The increase in tax obligations results from the postponement of tax payment, given by the federal government due to the Pandemic (COVID-19) by means of: Ministry of Economy Ruling no. 139, of Apr 3, 2020, and Ministry of Economy Ruling no. 245, of Jun 15, 2020.

(a) Brazil Federal Revenue INSS -



Social Security Debts

The Company adhered to the program specified in Law 13.496/2017, which regulated the Special Tax Recovery Program (PERT) with the Federal Revenue of Brazil and the Attorney General of the National Treasury. After the withdrawal in the lawsuit No. 200935000107769 resulting from the non-registration in the Worker Food Program - PAT, which involved a social security contribution on the amounts paid as food vouchers in the competences from 01/2004 to 12/2005, the installment is detailed as follows:

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

Number of installments	Principal	Fine	Inter	Charges / Remunerat	Total
4	346	277	499	224	1,346
145	38	18	11	19	86



22. Installments

	Description	Start	Final	Quantity Installments	Update	6/30/2020	12/31/2019
I	AGR - Goiás Regulation Agency T.A.0255/15	12/10/2015	12/10/2030	180	a)	11,724	11,999
I	AGR - Goiás Regulation Agency case 10351/18	5/10/2018	4/10/2033	180	a)	4,376	4,445
III	Goiânia City Administration	6/23/2018	9/21/2021	20	-	2,551	3,473
IV	Flamboyant Urbanismo Ltda	6/22/2020	10/8/2020	4	-	845	-
V	Goiás Regulation Agency Others	4/16/2020	12/15/2020	4	-	4,508	-
						-	59
						24,004	19,976
	Current					8,122	2,672
	Non-Current					15,882	17,304

a) Adjustment and monthly interests of 1.0% monthly.

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

On Dec 10, 2015, the Company signed an Instrument of Adhesion and Credit Installment no. 255/15, based on Act no. 18.109, dated Jul 25, 2013, amended by Act 18.957 dated Jul 16, 2015.

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

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

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

On May 10, 2018, the Company signed an Instrument of Adhesion and Credit Installment no. 054/2018, case 10351/18, based on Act no. 18.109 of Jul 25, 2013, modified by Act 19,906 of Jul 14, 2017, which provides for reduction of interest and a moratorium fine, as well as monetary correction. The installment debt was BRL 4,667.

III) Goiânia City Hall

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

IV) Flamboyant Urbanismo Ltda

On Jun 22, 2020, the Company executed an agreement referring to case no. 0177748-54-2011 with Flamboyant Urbanismo Ltda for the action of easement (expropriation). The total amount is of BRL 850, including attorneys' fees.

V) Goiania Regulatory Agency

On Apr 16, 2020, the request made by Saneago for postponement and division in installments of the Regulation, Control and Inspection Fee (TRCF) for the year of 2020, in the city of Goiânia, was challenged via Official Letter no. 102/2020 - GAB of the Goiânia Agency of Regulation, Control and Inspection of Public Services (ARG). The total amount is of BRL 4,508, with the first installment due in September of 2020.

22.1 Contractual Obligations

	Description	Start	End	Install Qty	Adjustment	6/30/2020	12/31/2019
						15,220	15,220
I	FMSAI- Águas Lindas	12/28/2018	10/11/2019	4	-	12,418	85,016
II	City of Goiânia-Indemn. Concession	12/20/2019	9/30/2020	5	-	12,747	-
III	City of Anápolis-Indemn. Concession	2/26/2020	8/15/2020	3	-	40,385	100,236

I) FMSAI

On Dec 28, 2018, Saneago executed Agreement with the municipality of Águas Lindas in

in which it undertakes to transfer the amount of BRL 20,293 to the Municipal Infrastructure Environmental Sanitation Fund - FMSAI of Águas Lindas, as compensation for the advanced maturity of Concession Agreement 170/2000 and upon execution of the Program Agreement. The funds should be used for sewerage works in the municipality and are subject to effective compliance with the works schedule.

II) Goiânia City Hall - Goiânia Concession Agreement

On Dec 17, 2019, Saneago signed a cancellation with the municipality of Goiânia, for which it will pay the amount of BRL 127,524 related to the subsidies and the cost of concession agreement 393/1991. On Apr 13, 2020, Saneago requested a new division in installments and extension of the term for payment of the pending balance considering the reflections of Covid-19 pandemic on its cash flow, and the request was accepted by the Goiânia City Administration.

III) Anápolis City Administration

On Feb 26, 2020, Saneago signed a cancellation agreement with the municipality of Anápolis, for which it will pay the amount of BRL 59,129 related to the grants and the cost of concession agreement 6100/1998. On Apr 6, 2020, Saneago requested a new division in installments and extension of the term for payment of the pending balance considering the reflections of Covid-19 pandemic on its cash flow, and the request was accepted by the Anápolis City Administration.

23. Jointly Controlled Businesses - Consortiums

Non-Current Liabilities	6/30/2020	12/31/2019
Águas Lindas Consortium (a)	2,898	5,055
Corumbá Consortium (b)	50,311	51,139
	<u>53,209</u>	<u>56,194</u>

a) Águas Lindas Consortium

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

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

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

This consortium is rated as a joint operation. According to CPC 19 items 14 and 15, the integral parts that have joint control of the business have rights over the assets and obligations for the liabilities. According to the statute, the equity participation of the consortium members is equal in 50%, however it is disproportionate. On May 31, 2020, the consortium member CAESB holds 51.74% and Saneago 48.26%

(on Dec 31, 2019, the consortium member CAESB holds 52.32% and Saneago 47.81%), the difference being recognized in Saneago's non-current liabilities.

Stockholder's Equity - Águas Lindas Consortium		5/31/2020	12/31/2019		
		5/31/2020	12/31/2019		
Current Assets			Current Liabilities		
Cash and cash equivalents	2,148	2,148	Funds to be realized - Suppliers	3,534	3,675
Credits Receivable from Users	15,075	12,803	Labor obligations	638	376
Advanced expenses and advanced payments	677	677	Installments	15,220	15,220
	17,900	15,628		19,392	19,271
Non-Current Assets			Non-Current Liabilities		
Accounts Receivable from Users	915	935	Provision for judicial claims	542	542
Judicial Deposits	225	225		542	542
Advanced expenses	18,658	18,940			
	19,798	20,100	Net Equity		
Fixed asset	131	143	Fundo de Participação - SANEAGO	82,936	84,821
Agreement Assets	72,797	72,706	Fundo de Participação - CAESB	88,913	94,961
Intangible Asset	90,035	91,018	Profit Reserves	8,878	-
	162,963	163,867		180,727	179,782
Total Asset	200,661	199,595	Total Liability	200,661	199,595

b) Corumbá Consortium

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

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

Its management is exercised by a steering committee that will have ten members with equal representation and by an Executive Management that will constitute an administrative and operational management unit directed by two managers. The duration is 30 (thirty) years, renewable for equal and successive periods. On Dec 31, 2019, the consortium member CAESB holds 62.21% and Saneago 37.79%, (on Dec 31, 2019, the consortium member CAESB holds 62.48% and Saneago 37.56%), the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Corumbá Consortium		5/31/2020	12/31/2019	5/31/2020	12/31/2019	
Current Assets				Current Liabilities		
Total Current Assets	-	-		Funds to be realized - Suppliers	2,185	1,946
				Labor obligations	66	50
				Total Current Liabilities	2,251	1,996

Non-Current			Non-Current		
			Total Non-Current Liabilities	-	-
Works in progress - PAC	31,244	31,244			
Works in progress	385,445	378,156	Net Equity		
Total Non-Current Assets	416,689	409,400	Fundo de Participação - SANEAGO	156,758	152,147
			Fundo de Participação - CAESB	258,100	255,257
			Accumulated Losses	(420)	-
				414,438	407,404
Total Asset	416,689	409,400	Total Liability	416,689	409,400

24. Contractual Advance

Hiring of a private banking institution, authorized by the Central Bank of Brazil, to provide services to process credits for payments of wages, vacations, travel advances, pensions and the like of Saneago employees, under the conditions established in the Public Notice and its annexes. The contractor paid Saneago for the service bid the amount of BRL 9,970 in a single installment, with the contractual term being 60 (sixty) months as of Jun 1, 2017.

25. Other Accounts Payable

Current	6/30/2020	12/31/2019
Escrows	813	816
Other accounts (a)	11,918	11,348
	<u>12,731</u>	<u>12,164</u>

(a) Expenses provisioned in the period, where expenses were billed after the base date.

26. Provisions for judicial claims

	6/30/2020	12/31/2019
Civil / Tax Claims	54,315	60,321
Labor Claims	91,456	80,825
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	1,088	1,063
	<u>146,859</u>	<u>142,209</u>

Below is the movement of provisions:

	Balance on 12/31/2019	Recognized Provisions	Reversals	Balance on 6/30/2020
Civil Claims (a)	60,321	38	(6,044)	54,315
Labor Claims	80,825	10,631	-	91,456
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	1,063	97	(72)	1,088
Total	<u>142,209</u>	<u>10,766</u>	<u>(6,116)</u>	<u>146,859</u>

Civil and Labor Lawsuits

The Company is an integral part of several lawsuits with civil and labor claims rated as probable losses

by the legal advisors, duly provisioned in accordance with Resolution CVM 594/09 and CPC 25.

(a) Civil, labor and tax:

Nature	Lawsuit	Description	Plaintiff	Total estimate
Civil	215530.65.2004	Execution TAC in Serra das Areas	Public Prosecutor's Office of the State of Goiás	13,139
Labor	0012143-81.2017.5.18.0201	Work accident of employee	Marcelo Pereira Rodrigues	2,307
Labor	001590-79.2011.5.18.0008	Reintegration - Dismissal without Just Cause	Pedro Márcio Mundim	2,307
Labor	0011483-77.2014.5.18.0012	Overtime payment request	STIUEG	2,307
Labor	0011237-62.2015.5.18.0007	Moral damages for ETE's employees	STIUEG	4,614
Labor	0011614-08.2016.5.18.0004	Collective Action - Paid Weekly Rest	STIUEG	15,380
Labor	0012089-83.2015.5.18.0008	Integration of travel accommodation fees	STIUEG	21,347
Labor	0010242-85.2016.5.18.0016	Payment of breaks during work shifts	STIUEG	41,526
Tax	10.120.007.382/2007-74	IRPJ Infraction Notice	Federal Revenue Service of Brazil	9,733
Tax	5377963.81.2018.8.09.0158	Tax Execution	Santo Antonio Municipality	11,894
				124,555

Possible causes

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

	6/30/2020		12/31/2019	
	Estimated Amount	Quantity	Estimated Amount	Quantity
Civil (a)	608,852	922	287,346	1,333
Tax (b)	245,576	21	243,934	22
Labor	1,448	10	2,707	19
		855,876	533,987	1,374

(a) Resulting from inspection by the Federal Government, State and Municipality, where fines were alleged for failure to collect taxes. In its defense, Saneago filed an annulment action to annul the tax debt and also motions for tax execution intended to dismiss it.

Lawsuit	Plaintiff	Amount
5532023.46.2019	Municipality of Minaçú	282,817
281694.13.2009	Municipality of Goiânia	128,205
200704213731	Municipality of Minaçú	68,294
144.562-97.2016	Sérgio Martins De Souza Queiroz	67,556
200803501387	Municipality of Minaçú	65,966
10.120.005.927/2003-84	Federal Revenue Service of Brazil	63,415
200803501557	Municipality of Minaçú	22,122
10.120.005.929/2003-73	Federal Revenue Service of Brazil	20,601
0026826.44.2018.4.01.3500	12 th Regional Chemistry Council	10,965
0381104.73.2011.8.09.0051	Public Prosecutor's Office	9,197
381101.21.2011.8.09.0051	Public Prosecutor's Office	9,197
0381090.89.2011.8.09.0051	Public Prosecutor's Office	9,197
0381098.66.2011.8.09.0051	Public Prosecutor's Office	9,197
0381082.15.2011.8.09.0051	Public Prosecutor's Office	9,197
0381067.46.2011.8.09.0051	Public Prosecutor's Office	9,197

5625199.79	Public Prosecutor's Office	7,724
0241999.86.2008.8.09.0051	Municipality of Goiânia	7,308
10120.734564/2018	Federal Revenue Service of Brazil	7,287
378681.38.2014	Public Prosecutor's Office	6,130
10120.734566/2018	Federal Revenue Service of Brazil	5,531
7412/2013	Pumaty Plant	3,631
Al 4818 B - 2018	SEMAD (Município de Aruanã)	3,450
201702520883	Municipality of São Luis De Montes Belos	3,022
		829,206

27 Employee Benefits

27.a - Social Security Plan - Defined Benefit

The social security supplementation plan managed by PREVSAN is of Defined Benefit, funded by contributions from active, linked, assisted participants and by the sponsor Saneago. According to the plan's regulations, the Sponsor's monthly contribution is equal to the contributions made by active participants, maintaining the parity of one to one.

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

These benefits take into consideration the Real Benefit Salary, equivalent to the average of the Contribution Salaries to the Plan, and the amount of the benefit paid by the Official Social Security. To prepare the studies, actuarial valuations were carried out on the base date of Saturday, November 30, 2019.

Calculation of Net Liabilities (Assets)	12/31/2019	12/31/2018
1. Deficit/(surplus) assessed		
1. Actuarial obligations determined in the actuarial valuation	1,142,184	887,808
2. Fair value of plan assets	(1,013,304)	(950,450)
3. Deficit / (surplus) determined	128,880	(62,642)
2. Ceiling Effect of Additional Assets and Liabilities 1.		62,642
Effect of the Asset Ceiling		
2. Additional Liabilities	-	-
3. Effect of the asset ceiling and Additional Liabilities		62,642
3. Net liabilities / (assets) resulting from CPC 33 (R1)		
1. Liabilities / (Assets) net (A.1.3 + A.2.3)	128,880	-
Liabilities (Assets) already recognized	-	-
Liabilities / (assets) to be recognized in the financial year	128,880	-

As can be identified in the table above, the existing funds in the pension plan are not sufficient to guarantee the payment of the plan's commitments, presenting a liability to be recognized in 2019 in the amount of 128,880.

Assumptions used to calculate liabilities and projections

The assumptions and actuarial methods adopted were those required by the standards of Resolution of CPC 33 (R1). As required by the rules of the standard, the Projected Unit Credit method was adopted to

calculate all actuarial obligations. In 2019, the following actuarial assumptions were used to calculate the weighted average of terms of future benefit payment flows of the Liability benefit plan.

Assumptions on	12/31/2018	12/31/2019
Actual actuarial discount rate	4.92%	3.31%
Expected Actual Return on Assets	4.92%	3.31%
Actual wage growth rate for active employees	3.30%	3.30%
Capacity factor on benefits	-	98.00%
Capacity factor on salaries	-	98.00%
Expected inflation	4.15%	3.61%
Nominal discount rate	9.27%	7.03%
Expected nominal return on plan assets	9.27%	7.03%
Nominal wage growth rate for employees	7.59%	7.03%
Overall mortality	BR-EMSsb-2015, segregated by	BR-EMSsb-2015, segregated by gender
Mortality of the disabled	MI-85 segregated by Gender	MI-85 segregated by Gender
Disability entry	TASA 27	TASA 27
Annual turnover rate	1.00% per month Linear	1.00% per month Linear
Family Composition	Assets: Average Family	Benefits to be granted: Average Family

27.b - Social Security Plan - Defined Contribution

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

Funded by contributions from active, Self-sponsored, assisted and from the sponsor Saneago participants (Art. 40 of the Regulation). The monthly contribution of the participants will be at least 3% of the SRC and the maximum at the discretion of the participant. Sponsor's contribution will be a minimum of 3% of the SRC and a maximum of 6.10%

27.c - Health Care Plan - Plan Description

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

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

The CAESAN Health Assistance Program has the characteristics of a Defined Contribution Plan. For purposes of compliance with Resolution CVM 695/12, the accounting of commitments for this type of Plan is assessed through the amount of Saneago's contributions applied to the Plan, which, in the period ended on Jun 30, 2020, was BRL 12,717 (BRL 24,956 on Dec 31, 2019), and actuarial obligations calculations are not required.

28. Net Equity

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

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

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

Shareholders	6/30/2020					
	Number of ordinary shares		Number of preferred shares		Total number of shares	
	Quantity	%	Quantity	%	Quantity	%
State of Goiás	1,336,135,801	71.5695%	354,992,364	54.7287%	1,691,128,165	67.2271%
State Social Security Fund	488,016,887	26.1404%	122,637,514	18.9069%	610,654,401	24.2752%
Cia de Inv. E Parcerias Goiás	42,749,681	2.2899%	170,998,719	26.3627%	213,748,400	8.4971%
Others	4,005	0.0002%	11,396	0.0018%	15,401	0.0006%
Total	1,866,906,374	100.000000%	648,639,993	100.000000%	2,515,546,367	100.000000%

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

The unit value of common and preferred shares is BRL 1.00 (one real).

b) Capital Integralization

Until Jun 30, 2020 and Dec 31, 2019, there were no pay-ins.

c) Legal Reserve

It consists of the allocation of 5% of net income for the year up to the limit of 20% of share capital. The Company may cease to constitute the legal reserve in the year in which the balance of this reserve plus

the amount of the capital reserves exceeds 30% of the share capital. The purpose of the legal reserve is to ensure the integrity of the share capital and can only be used to offset losses or increase capital. In addition, such a reserve cannot be used to pay dividends.

d) Equity Valuation Adjustment

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

Equity Valuation Adjustment 6/30/2020 12/31/2019		
Equity Valuation Adjustment	50,479	50,483
Deferred taxes on assigned cost (Note 14)	(17,163)	(17,164)
	<u>33,316</u>	<u>33,319</u>

e) Investment Reserve

The remaining balance of the profit for the year, after deduction of any accumulated losses, the legal reserve and the mandatory minimum dividend, is used to constitute the investment reserve, in accordance with Article 65, section II of the Company's Bylaws.

f) Dividends

The Company's Bylaws sets forth the distribution of mandatory dividends of 25% of the net income of the year according to the shareholding legislation, primarily due to the holders of preferred shares. Dividends will be paid within 60 days from the date it is declared at the Annual General Meeting.

The payment of dividends of 2019 is being divided in installments according to note 1.1, which were thus distributed:

Calculation of Dividends Payable	
Net Profit for the Financial Year (2019)	315,731
Constitution of Legal Reserve (5%)	(15,787)
Adjusted Net Profit	<u>299,944</u>
Mandatory Dividends (25%)	<u><u>74,992</u></u>

g) Profit per Share

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

Type of shares	Quantity	Percentage	Profit in the Period	Profit per Share
Ordinary Shares	1,866,906,374	74.21%	101,384	0.0543
Preferred Share	648,639,993	25.79%	38,747	0.0597
	<u>2,515,546,367</u>		<u>140,131</u>	

29. Net Operating Revenue

Gross Revenues	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	01/01/2019 to 6/30/2019
Water Supply and Sewerage Service	605,605	1,232,349	581,208	1,145,607
Technical Services	417	872	549	1,076

Sub-delegation Grant	2,275	4,550	2,275	4,550
Construction Revenue	47,614	76,904	44,888	77,303
Total	655,911	1,314,675	628,920	1,228,536
Incident Taxes and Returns				
PIS	(10,043)	(20,420)	(9,016)	(17,853)
COFINS	(46,256)	(94,055)	(41,755)	(82,669)
Returns and Rebates	(498)	(1,467)	(462)	(895)
	(56,797)	(115,942)	(51,233)	(101,417)
Net Operating Revenue	599,114	1,198,733	577,687	1,127,119

30. Costs and Expenses

Services Costs	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	01/01/2019 to 6/30/2019
Personnel	(143,120)	(281,777)	(130,943)	(269,311)
Material	(22,747)	(43,956)	(14,885)	(29,400)
Electricity	(51,313)	(101,416)	(55,661)	(108,719)
Third Party Services	(19,204)	(34,668)	(15,298)	(41,561)
General	(1,155)	(2,808)	(1,864)	(4,017)
Amortization	(25,409)	(50,651)	(55,739)	(109,098)
Depreciation	(1,029)	(2,075)	1,182	-
Depreciation of Assigned Cost	-	(1)	-	-
Leasing Depreciation	(24)	(48)	-	-
	(264,001)	(517,400)	(273,208)	(562,106)
Construction Cost	(47,614)	(76,904)	(44,888)	(77,303)
	(311,615)	(594,304)	(318,096)	(639,409)

Administrative Expenses	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	01/01/2019 to 6/30/2019
Personnel	(73,401)	(154,040)	(74,255)	(143,742)
Material	(1,333)	(2,810)	(1,033)	(2,062)
Electricity	(548)	(1,154)	(457)	(1,385)
Third Party Services	(9,216)	(17,888)	(11,290)	(23,757)
General	(1,916)	(4,433)	(2,758)	(5,011)
Amortization	1,183	3,576	1,004	-
Depreciation	(4,588)	(9,243)	(4,154)	(6,192)
Depreciation of Assigned Cost	(1)	(3)	(7)	(17)
Leasing Depreciation	(138)	(275)	(4,226)	(4,553)
	(89,958)	(186,270)	(97,176)	(186,719)

Commercial Expenses	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	01/01/2019 to 6/30/2019
Personnel	(28,453)	(55,512)	(25,456)	(50,666)
Material	(93)	(357)	(130)	(322)
Electricity	-	(9)	(13)	(62)
Third Party Services	(16,797)	(36,620)	(12,417)	(24,884)
Concession Remuneration	(17,875)	(36,383)	(12,915)	(26,123)
General	(337)	(965)	(1,635)	(3,173)
Amortization	(8)	(18)	-	-
Depreciation	(29)	(69)	(108)	(144)
Leasing Depreciation	(18)	(36)	36	-
	(63,610)	(129,969)	(52,638)	(105,374)

31. Net provisions / reversals

	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	01/01/2019 to 6/30/2019
Losses / Recovery of Prescribed Credits	(21,519)	(35,691)	(14,684)	(28,569)
Provision / reversal for contingencies	1,164	(4,650)	(27,342)	(26,722)

Net provisions / reversals special for Allowance for Doubtful Accounts	7,269	(6,880)	1,848	(9,235)
Provisions / Reversals of Losses in Civil Works	-	3,750	-	19,377
Provision for Voluntary Job Termination Program - PDV	5,962	-	(29,116)	(35,079)
Provisions / Reversals of Losses in Stocks	3,494	3,494	(763)	(763)
	<u>(3,630)</u>	<u>(39,977)</u>	<u>(70,057)</u>	<u>(80,991)</u>

32. Net Financial Result

	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	01/01/2019 to 6/30/2019
Financial Revenues				
Interest, Fines and Income	10,091	22,951	10,952	21,124
Monetary Correction	3,890	8,504	4,969	9,314
Exchange Variation	-	-	5,002	5,002
Adjustment to Current Value - AVP	440	664	1,292	1,292
	<u>14,421</u>	<u>32,119</u>	<u>22,215</u>	<u>36,732</u>
Financial Expenses				
Interests / Fines / Charges and Other Expenses	(24,425)	(52,566)	(32,166)	(61,033)
Adjustment to Current Value - AVP	-	-	(727)	-
Monetary Correction	(287)	(573)	108	(251)
Exchange Variation	(5,543)	(29,629)	(3,912)	(4,457)
	<u>(30,255)</u>	<u>(82,768)</u>	<u>(36,697)</u>	<u>(65,741)</u>
Net Financial Result	<u><u>(15,834)</u></u>	<u><u>(50,649)</u></u>	<u><u>(14,482)</u></u>	<u><u>(29,009)</u></u>

33. Commitments assumed

In compliance with Act 11.445/2007, the Company has been changing the Concession Agreements to Program Agreements. Currently 60 agreements were renewed with municipalities in the state of Goiás, in which the investments to be realized within the contractual term are defined. Below is detailed the amount to be invested and the amount realized

Municipalities	Program Agreement Maturity	Amount to be invested	Amount Invested until 6/30/2020 SANEAGO	Amount Invested until 6/30/2020 BRK Ambiental	Total invested
Adelândia	1/16/2048	525	75	-	75
Águas Lindas de Goiás	12/28/2048	309,022	942	-	942
Anápolis	2/27/2050	525,925	5,007	-	5,007
Anicuns	4/10/2048	42,785	2,099	-	2,099
Aparecida de Goiânia	11/1/2041	988,848	153,947	457,469	611,416
Aporé	4/6/2048	7,682	186	-	186
Aragoiânia	12/26/2042	27,926	1,239	-	1,239
Araguapaz	3/15/2048	5,210	816	-	816
Avelinópolis	1/22/2046	1,724	185	-	185
Barro Alto	12/26/2042	32,703	1,790	-	1,790
Brazabrantes	2/6/2044	8,056	984	-	984
Cachoeira Alta	7/27/2045	26,167	877	-	877
Caldazinha	8/2/2048	1,070	143	-	143
Campestre de Goiás	1/6/2046	645	305	-	305
Campinaçu	8/12/2045	13,146	9,732	-	9,732
Cavalcante	12/28/2048	1,612	1,791	-	1,791
Cezarina	12/17/2042	23,352	15,031	-	15,031
Cidade Ocidental	11/1/2041	243,394	17,232	-	17,232
Cristalina	2/7/2044	58,952	19,071	-	19,071
Davinópolis	5/4/2048	506	20	-	20
Diorama	7/24/2047	1,091	27	-	27
Divinópolis	10/5/2047	675	150	-	150

Flores de Goiás	8/14/2044	4,221	176	-	176
Goiandira	10/3/2048	1,457	123	-	123
Goiânia	12/17/2049	3,419,897	53,044	-	53,044
Guarani de Goiás	9/15/2040	962	580	-	580
Guarinos	2/16/2048	1,383	133	-	133
Hidrolândia	8/3/2046	9,737	2,393	-	2,393
Indiara	4/30/2044	32,180	1,716	-	1,716
Inhumas	6/17/2050	79,176	3,626	-	3,626
Israelândia	11/24/2039	3,300	106	-	106
Itajá	12/19/2042	2,328	259	-	259
Itapaci	12/28/2048	56,172	477	-	477
Itapuranga	12/28/2048	8,063	5,088	-	5,088
Jataí	11/1/2041	114,116	32,646	78,676	111,322
Jussara	12/26/2046	5,759	431	-	431
Luziânia	12/1/2045	366,853	26,181	-	26,181
Mambaí	3/7/2046	1,689	352	-	352
Minaçu	2/6/2044	57,857	9,656	-	9,656
Morrinhos	11/30/2040	46,917	16,705	-	16,705
Morro Agudo de Goiás	5/2/2046	1,198	334	-	334
Mozarlândia	12/28/2046	1,894	668	-	668
Nazário	5/4/2048	2,280	197	-	197
Novo Gama	11/16/2048	253,055	1,288	-	1,288
Palmelo	10/29/2042	1,039	153	-	153
Perolândia	12/21/2048	499	168	-	168
Petrolina de Goiás	10/20/2041	6,797	6,704	-	6,704
Pires do Rio	11/3/2038	10,529	23,200	-	23,200
Posse	6/12/2047	19,945	8,622	-	8,622
Rio Verde	11/1/2041	249,889	54,403	158,028	212,431
Santa Cruz de Goiás	6/28/2043	1,497	288	-	288
Santo Antônio da Barra	12/2/2045	3,977	399	-	399
Santo Antônio de Goiás	12/28/2048	15,868	484	-	484
Santo Antônio do Descoberto	5/31/2049	55,686	21,952	-	21,952
São Domingos	12/19/2042	1,334	252	-	252
São João D'aliança	12/18/2049	3,033	1,239	-	1,239
São Luís de Montes Belos	6/10/2046	41,928	4,130	-	4,130
São Miguel do Passa Quatro	12/26/2045	8,686	263	-	263
Trindade	11/1/2041	169,222	20,561	43,242	63,803
Uirapuru	12/28/2048	699	47	-	47
Uruaçu	12/28/2048	44,341	534	-	534
Valparaíso de Goiás	11/16/2048	389,652	1,870	-	1,870
		7,816,131	533,097	737,415	1,270,512

34. Insurance (unaudited)

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

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

35. Operations and business with related parties

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

35.1 Operations with the State of Goiás

a) Dependency Relationship

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

b) Interest in Financing

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

c) Service Provision

The Company provides water and sewage services to agencies of the direct and indirect public administration under the responsibility of the State of Goiás. The balance of overdue and to be due debts of these agencies is as follows:

	6/30/2020	12/31/2019
Billed to be due	4,171	4,940
Maturing for more than 30 days	1,259	1,309
Overdue up to 30 days	4,187	5,677
Overdue from 31 to 60 days	3,369	2,647
Overdue from 61 to 90 days	3,885	2,631
Overdue from 91 to 120 days	3,687	2,480
Overdue from 121 to 180 days	5,675	4,670
Overdue from 181 to 360 days	14,914	13,683
Overdue from 361 days to 5 years	94,602	85,064
Overdue over 5 years	4,407	3,082
Estimate to be billed	2,620	3,138
(-) AVP Accounts Receivable	(68)	(69)
(-) PCLD	(127,119)	(125,288)
Subtotal	15,589	3,964
Credits receivable (Non-current)	2,303	2,924
(-) AVP Accounts Receivable	(338)	(475)
(-) PCLD	(1,923)	(2,121)
Subtotal	42	328
Total	15,631	4,292

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

35.2 Operations with Municipalities

a) The program agreement with the municipality of Goiânia was signed on Dec 17, 2019 and expires on Dec 17, 2049. The agreement provides for the monthly payment of 5% of gross revenue to the Municipal Basic Sanitation Fund of the municipality. Up to 6/30/2020, the gross revenue in the municipality of Goiânia was BRL 468,027, and BRL 23,401 were paid.

b) 24 of the 149 agreements in force, on Jun 30, 2020, are remunerated with values that vary between 2% and 5% of the municipality's revenue.

c) The Company has carried out reconciliations to settle its debts, by offsetting with the services provided by the City Administrations to the Company. On Jun 30, 2020, the balance of accounts receivable, overdue and to be due, referring to debts of the municipalities to which the Company provides services is BRL 68,117, and 25 reconciliations were performed, with settlement of BRL 95,

(Dec 31, 2019 BRL 60,993, and 30 account conciliations were made, with settlement of BRL 559).

36. Officers' Compensation

Expenses related to the compensation of the members of the Management Board and Board of Directors were BRL BRL 2,898 on Jun 30, 2020 (BRL 6,080 on Dec 31, 2019).

a) Tax Board

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

b) Management Board

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

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

c) Statutory Audit Committee

The Statutory Audit Committee is a statutory advisory body directly linked to the Management Board, with operational autonomy to conduct or determine the performance of consultations, assessments and investigations within the scope of its activities. It consists of at least 3 (three) members and at most 5 (five) members (art. 49 of the Bylaws), the election of substitutes is prohibited, observing the minimum requirements set forth in Act 13.303/2016 and elected by the Management Board. The Management Board will establish the monthly compensation of its effective members, observing the minimum limit, for each one, of 18% (eighteen percent) of the average of the compensation assigned to the Directors, without benefits, and profit sharing.

d) Collegiate Board of Directors

The Board of Directors is a collegiate executive body with powers to exercise the management of the Company, and has the following composition: Chairman's Office, Commercial Department, Corporate Management Department, Financial Department, Relations with Investor and Regulation Department, Production Department, Expansion and Legal Office Department.

The General Meeting will set the board of directors' compensation that will not be lower than the highest compensation paid to the Company's employee. The Directors will receive compensation equivalent to the highest base salary of the Company, and 95% of the highest bonus that is established for the position of Managing Director.

37. Supplementary information to cash flows

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

Asset	6/30/2020	Liability	6/30/2020
Credits Receivable from Users	(80,214)	Consortiums	(2,984)
PCLD-Losses, Reversals, AVP	(57,752)	Transfers in the equity	648
	<u>(137,966)</u>		<u>(2,336)</u>
Stocks	(360)		
Transfers in the equity	(2,447)		
Estimated losses in stock Reversals	3,494		
	<u>687</u>		

38. Decantação Operation

On Aug 24, 2016, an operation called *Decantação* was launched to assess, inside Saneago, the existence or not of irregularities in certain tenders promoted by the Company, under the argument that possible alignments and surcharges were occurring in these events, with possible overbilling in the execution of the respective agreements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As for the works on the Sanitary Sewage System in Goiânia, a technical note / justification was presented to CEF on the item "transportation", which was being questioned by the financial institution. After analysis and with authorization from CEF and the Ministry of Cities, the works were resumed, including those related to the secondary treatment of the Hélio Seixo de Brito Sewage Treatment Plant.

The Company, aiming at its credibility with Shareholders, the Market and the population, understood the need to hire a Forensic Expert service in order to, along with the conclusions of Maciel Auditores S/S, offer an environment endowed with the necessary legal security and also provide comfort to the issuance of an audit opinion on the financial statements of Dec 31, 2017. Thus, it promoted the hiring of "Ernst & Young - EY", through Processes No. 20.734/2017 and 2.474/2018, which resulted in the agreements signed on Dec 15, 2017 and Feb 16, 2018, to promote the provision of "Specialized Technical Services for the Execution of Forensic Investigation". In this context, the Statutory Audit Committee was created, which, in view of its duties, monitored and adjusted the investigation plans along with "Ernst & Young".

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

- Data collection and information processing with specific forensic methodology and tool;
- Survey of individuals and companies investigated by Operação Decantação;

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

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

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

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

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

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

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

- Saneago does not tolerate corruption or any illegal business practices on the part of its suppliers, contractors or service providers, nor the involvement of its employees, officers or any person who, internally or externally to the Company, exercises management or has power over its management, considering such practices as damaging to its assets and/or image;
- The Company is conducting internal audits to qualify and quantify all damages pointed out directly or indirectly in the EY Report, also adopting all administrative measures and representations to repair such damages;
- It is impracticable to quantify the amount of supposedly additional payments for all agreements entered into by the Company, in the period considered, being only possible to calculate

consistent estimates from the sample available in the EY Report;

- The Company has not yet recovered any amount related to the allegedly undue additional amounts related to agreements subject to these provisions and cannot reliably estimate any recoverable value at this time, and such amounts will be recognized when actually recovered as a result of receivables or when their realization is virtually certain.

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

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

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

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

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

Description		In Real Currency
Sample (Period 2007/2017):		
Amount paid in Priority Contracts (EY Report)	A	1,166,017,570
Amount of discrepancies pointed out in the EY Report in Priority Contracts	B	74,426,982
Ratio % of Discrepancies X Priority Payments	(B*100/A) C	6.383 %
Extrapolation of the sample to the universe of agreements of works (Period 2007/2017)		
Total amount paid in all agreements related to the "Decantação Operation"	D	1,709,805,620
Total amount paid in contracts of companies listed on Background Check	E	75,306,360
Subtotal	(D+E) F	1,785,111,980
Estimated provision on contracts related to the "Operação Decantação"	(F*C/100) G	113,943,821
Amount provisioned on December 31, 2017	H	64,785,432
Subtotal	(G-D) I	49,158,389
Tax effects on contracts posted as regards the result	L	4,550,663
Supplementary provision restated on January 1, 2018	(I+L) K	53,709,052

The judicial process that investigates the facts within the scope of the Federal Police operation called "Decantação Operation" is still in the process of receiving the denunciation filed by the MPF.

Further, considering the facts occurred on Mar 28 and Apr 4, 2019, in which the

Federal Police began the 1st operation, the Company disclosed market communications to state:

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

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

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

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

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

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

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

39. Subsequent Events

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

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