



**Management's explanatory notes to the Interim Financial Information on September 30, 2020**  
(Amounts expressed in thousands of reais, unless otherwise stated)

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## 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 Sept 30, 2020, Saneago had 226 agreements in operation that are distributed as follows: 147 agreements are in force, of which 85 are concession agreements and 62 in the form of program agreements, representing an average percentage of 85.85% of net sales. There are also 79 matured agreements that represent 14.15% of turnover, and these are in operation and in the negotiation phase. The average term of the concession and program agreements in force is 23 and 30 years, respectively, counted from the date of the services provision. The agreements have the following maturity schedule: 79 overdue, 82 agreements due in the next 15 years, 6 agreements due in 15 to 20 years and 59 agreements due over 20 years. The Company is negotiating overdue concession agreements and continues normally operating in these municipalities. The Management expects that



## SANEAGO Saneamento de Goiás S.A.

all concession agreements will result in new agreements or extensions, eliminating the risk of 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	Due date	% of Net Sales	Type of Contract	Term (years)
Goiânia	In Force	12/17/2049.	36.00%	Program	30
Anápolis	In Force	2/27/2050.	7.03%	Program	30
Aparecida de Goiânia	In Force	11/1/2041.	5.32%	Program	30
Valparaíso de Goiás	In Force	11/16/2048.	2.45%	Program	30
Rio Verde	In Force	11/1/2041.	2.39%	Program	30
Luziânia	In Force	12/1/2045.	2.01%	Program	30
Formosa	In Force	3/14/2025.	1.94%	Concession	25
Itumbiara	In Force	6/15/2022.	1.66%	Concession	20
Jataí	In Force	11/1/2041.	1.35%	Program	30
Planaltina	In Force	4/1/2030.	1.34%	Concession	25
Trindade	In Force	11/1/2041.	1.30%	Program	30
Águas Lindas de Goiás	In Force	12/28/2048.	1.18%	Program	30
Novo Gama	In Force	11/16/2048.	1.15%	Program	30
Goianésia	Matured	6/15/2020.	1.09%	Concession	25
Cidade Ocidental	In Force	11/1/2041.	1.07%	Program	30
Inhumas	In Force	6/17/2050.	0.99%	Program	30
Iporá	In Force	6/25/2024.	0.92%	Concession	20
To mature in 01 - 15 years			9.42%		
To mature in 16 - 30 years			10.21%		
Matured			13.06%		
			<b>100.00%</b>		

The Company's operations are concentrated in the Municipality of Goiânia, which represents 36% of gross revenue on September 30, 2020 and 31.95% of intangible assets (36.21% of gross revenue and 31.50% of intangible assets on December 31, 2019).

Act no. 14.026/2020 was published on Jul 15, 2002 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.

According to the Normative Resolution No. 0152/19 of the Regulatory Board of the Goiás Agency of Regulation, Control and Inspection of Public Services (AGR), a linear adjustment of 5.79% was granted for water/sewage tariffs as of Jul 1, 2019. The readjustment was analyzed by the Goiânia Regulation Agency - ARG and approved by Municipal Decree No. 1555/2019. In the 2020 tariff review process, the request for the 2<sup>nd</sup> Saneago Review Cycle was filed with AGR and, through Technical Note 03/2020, the methodology to be used in the process was defined.

Due to the Covid-19 pandemic, however, in June 2020, work was suspended by AGR, and work was resumed in September, according to AGR Normative Resolutions 167 and 170/2020.



The authorization for issuing this interim financial information was made by the Management Board on November 12, 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, Sept 30, 2020, the number of employees totaled 5,879 active under the Consolidation of Labor Laws (CLT), of which 1,526 are administrative employees, with 719 being able to perform their activities at home office, which represents 47.12% 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 “Notices to the Market” on March 23, 2020, June 30, 2020, July 31, 2020, August 28, 2020 and October 23, 2020, suspending water cuts for defaulting customers during the period from March 19, 2020 to November 8, 2020.

Since the cutting activity is an important collection tool, an incremental default rate of 6.37% was higher than projected for the period from March to September 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 June 16, 2020, and Notice to Shareholders of June 29, 2020, to be carried out in 04 (four) equal monthly installments, the first being on July 1, 2020 and the last being in October 2020.
- Postponement of Taxes and Contributions (Pis, Cofins and Employer's Contribution to Social Security), as permitted by Ordinance No. 139 of April 3, 2020;
- FGTS suspension and division in installments referring to the March, April and May 2020, according to the Provisional Measure No. 927/2020;
- Containment of costs and expenses;
- Renegotiation with extension of the installment payments related to early renewal of the agreements with the municipalities of Goiânia and Anápolis;
- Differentiated policy for the discharge or negotiation of users' tariffs before Saneago - Sanear



Credit Recovery Program, except for public category customers with a grouping agency.

The program is in force from 09/2020 to 11/2020.

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 September 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 R\$ 231,964 referring to deferred tax assets on tax loss / negative basis and temporary differences recorded in its balance sheet on September 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 the 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 contracts - Covenants

On September 30, 2020, the Company assessed the covenants contained in its debt contracts 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 (R\$). All presentation amounts of the interim financial statements are expressed in thousands of reais.

## **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 September 30, 2020 and December 31, 2019 the Company had no financial liabilities rated in the fair value category through income statement.

Financial liabilities in the "other liabilities" category are subsequently measured using the effective interest method to calculate the amortized cost and allocate its interest expense 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 percentage of completion method, provided that all applicable conditions are completed.

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

In addition, under the provisions of CPC 47/IFRS 15, the infrastructure under construction is a right to receive future consideration, which is recorded during construction as 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 R\$ 47,810. The surplus value recorded in fixed assets was R\$ 72,440, with a corresponding consideration in the shareholders' equity account called Equity Valuation Adjustments. Deferred taxes on the total amount of R\$ 24,630 were recognized in non-current liabilities. These assets are not reversible to the granting authority and as they are depreciated or written off, the respective amounts of the assigned cost are transferred from the Equity Valuation Adjustments account to the Accumulated Profits or Losses account.

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

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	-
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, 2020 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 R\$ 128,347 on September 30, 2020 (RS 132,097 on December 31, 2019).

#### **2.13 Suppliers**

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

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

#### **2.14 Salaries and social charges**

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

#### **2.15 Profit Sharing**

Saneago'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 3<sup>rd</sup> 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.

Indicators	Debt Sensitivity on 9/30/2020						
	Exposure	Probable scenario		Scenario II		Scenario III	
		Fees	Amount	Fees	Amount	Fees	Amount
IPCA (FIDC IV )	243,023	2.12%	248,175	2.65%	249,463	3.18%	250,751
CDI <sup>3</sup> (Banks + Debentures)	596,767	1.90%	608,106	2.38%	610,941	2.85%	613,776
Dollar (IDB)	110,724	5.25	101,493	6.56	126,866	7.88	152,240
TJLP <sup>2</sup> (BNDES)	675	4.91%	708	6.14%	717	7.37%	725





TR <sup>1</sup> (Caixa Econômica Federal)	127,221	0.00%	127,221	0.00%	127,221	0.00%	127,221
<b>Subtotal</b>	<b>1,078,410</b>		<b>1,085,703</b>		<b>1,115,208</b>		<b>1,144,713</b>
Subordinated Shares	(86,655)						
Transaction Cost	(24,604)						
	<b>967,151</b>						
Not subject to risks							
FCO - Cezarina and Silvânia	5,578						
	<b>972,729</b>						

- 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 evaluated the feasibility of making Hegde due to the present and probable changes in the global economic scenario and until September 30, 2020 the conclusion is that this adoption is not feasible.

The Sensitivity Analysis projected on Sept 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 conditions. Externally, the risks associated with a slowdown in the global economy remain, as well as uncertainties about economic policies, a slowdown in the economy and of a geopolitical nature - notably trade disputes - that may contribute to even lower global growth. The internal factors are related to the capacity of the Brazilian economy to absorb setbacks in the international scenario and to the prospect of structural reforms, especially those of a fiscal nature and that propitiate the resumption of the economic recovery process. The dollar rate for the payment of the installment matured in October 2019 was R\$ 4.07. The payment of the installment due in October 2020, the exchange rate was R\$ 5.59 to US\$ 1.00. The exchange rate projection for 2020 is R\$ 5.45 to US\$ 1.00.

The dollar values for these scenarios were based on the publications made by the Central Bank of Brazil, Market Report - FOCUS (Market Expectations) October 30, 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	9/30/2020.	12/31/2019.
Total Loans / Debentures	972,729	945,853
( - ) Cash and cash equivalents	(192,480)	(169,607)
( = ) Net Debt	780,249	776,246
( + ) Total Shareholders' Equity	3,062,487	2,801,329
( = ) Total Capital	<u>3,842,736</u>	<u>3,577,575</u>
Financial Leverage Ratio	20.30%	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

	9/30/2020.	12/31/2019.
Fixed Fund	193	12
Banks - Current Account / Collection	14,984	13,856
Banks - Construction-linked accounts	186	3,549
Banks - Collection to be released (a)	7,144	18,865
Financial Investments (b)	169,973	133,325
	<b>192,480</b>	<b>169,607</b>

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 (R\$ 36,648) at the end of this Q3/2020, affected by:

- Fundraising for the 7th issuance of debentures in the months of April and May 2020 in the total amount of R\$ 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:

9/30/2020.				12/31/2019.			
Bank	Account	Amount	Effective Compensation	Bank	Account	Amount	Effective Compensation
Itaú	14095-6	357	5.52% CDI	Itaú	140956	431	40.23% CDI
Itaú	2989-4	6,929	12.50% CDI	Itaú	2989-4	6,429	40.23% CDI
Itaú	2989-4	-	7.86% CDI	Itaú	2989-4	22,185	101.14% CDI
Itaú	14.094-9	166	5.52% CDI	Itaú	14.094-9	162	40.23% CDI
Santander	63-000013-7	149,055	100% CDI	Santander	63-000013-7	-	-
B.Brasil	6013-5	561	92% CDI	B.Brasil	6013-5	674	92% CDI
B.Brasil	6544-7	543	93% CDI	B.Brasil	6544-7	532	92% CDI
BBM	701742	4,447	100% CDI	BBM	701742	3,763	100% CDI
BBM	701.866-0	4,851	100% CDI	BBM	701.866-0	1,350	100% CDI
Safra	23190-0	11	(36.50%) CDI	Safra	23190-0	9	96.62% CDI
Bradesco	1368	359	6.25% CDI	Bradesco	1368	643	9.81% CDI
Bradesco	1393	2,694	12.50% CDI	Bradesco	1393	-	-
B.Brasil	6.640-0	-	-	B.Brasil	6640-0	15,845	90.45% CDI
B.Brasil	105334-5	-	99.25% CDI	B.Brasil	105.334-5	81,302	96% CDI
		<b>169,973</b>				<b>133,325</b>	

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	9/30/2020.	12/31/2019.
<b>Current</b>					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% of CDI	8,402	8,218
				<u>8,402</u>	<u>8,218</u>
<b>Non-Current</b>					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% of CDI	15,734	14,824
				<u>15,734</u>	<u>14,824</u>
<b>Total</b>				<u><u>24,136</u></u>	<u><u>23,042</u></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

	9/30/2020.			12/31/2019.		
	Private	Public	Total	Private	Public	Total
Billed to be due	130,389	21,752	152,141	94,714	9,730	104,444
Maturing for more than 30 days	22,882	5,908	28,790	20,347	6,577	26,924
Overdue up to 30 days	89,693	567	90,260	86,952	8,641	95,593
Overdue from 31 to 60 days	42,902	4,558	47,460	30,030	4,744	34,774
Overdue from 61 to 90 days	26,883	2,453	29,336	10,942	4,228	15,170
Overdue from 91 to 120 days	20,991	1,948	22,939	9,067	3,981	13,048
Overdue from 121 to 180 days	35,478	5,089	40,567	14,867	6,755	21,622
Overdue from 181 to 360 days	5,792	11,734	17,526	5,515	16,306	21,821
Overdue from 361 days to 5 years	21,213	87,968	109,181	21,098	84,073	105,171
Overdue over 5 years	617	6,308	6,925	820	2,448	3,268
Collection to be noted	(1,424)	-	(1,424)	(45)	-	(45)
Estimate to be billed	93,410	6,256	99,666	81,371	6,418	87,788
(-) AVP Accounts Receivable	(851)	(285)	(1,136)	(852)	(318)	(1,170)
(-) PCLD	(14,776)	(135,414)	(150,190)	(4,976)	(131,033)	(136,009)
<b>Subtotal</b>	<u><b>473,199</b></u>	<u><b>18,842</b></u>	<u><b>492,041</b></u>	<u><b>369,850</b></u>	<u><b>22,550</b></u>	<u><b>392,400</b></u>
Credits receivable (Non-current)	15,523	17,048	32,571	16,016	19,579	35,595
(-) AVP Accounts Receivable	(2,986)	(4,010)	(6,996)	(3,363)	(4,672)	(8,035)
(-) PCLD	(449)	(8,493)	(8,943)	(602)	(9,164)	(9,766)
<b>Subtotal</b>	<u><b>12,087</b></u>	<u><b>4,545</b></u>	<u><b>16,632</b></u>	<u><b>12,051</b></u>	<u><b>5,743</b></u>	<u><b>17,794</b></u>
<b>Total</b>	<b>485,286</b>	<b>23,387</b>	<b>508,673</b>	<b>381,901</b>	<b>28,293</b>	<b>410,194</b>

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 September 30, 2020 were R\$ 95,105 (R\$ 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 R\$ 3,700 up to September 30, 2020 (R\$ 5,089 in financial year 2019).

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

<b>Balance on 12/31/2019</b>	<u><b>(145,775)</b></u>
Constitution/Reversal of net allowance for doubtful accounts	



(note 31)	(13,358)
<b>Balance on 9/30/2020</b>	<b><u>(159,133)</u></b>

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

	9/30/2020.	12/31/2019.
Treatment plants materials	5,417	8,048
Materials for gaskets and pipe protection	434	57
Electrical materials and equipment	4,099	1,967
Pipes, connections for networks and pipelines	36,383	37,037
Materials for building connections	1,769	1,505
Water meters	11,828	11,532
Water Valves	6,870	9,740
Pump motor set	2,218	2,412
Miscellaneous material	4,253	5,305
(-) Provision for Stock Loss (a)	(20,936)	(31,881)
	<b><u>52,335</u></b>	<b><u>45,722</u></b>

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.

Changes in stock losses were as follows:

<b>Balance on 12/31/2019</b>	<b><u>(31,881)</u></b>
Constitution / reversal of provision for losses in Stock (note 31) 10,945	
<b>Balance on 9/30/2020</b>	<b>(20,936)</b>

## 9. Taxes Recoverable

	9/30/2020.	12/31/2019.
IRPJ (a)	1,112	1,112
IRRF	2,759	1,379
Federal Revenue (b)	3,999	3,999
	<b><u>7,870</u></b>	<b><u>6,490</u></b>

(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

Current	9/30/2020.	12/31/2019.
Insurance Premiums	230	
Investment Fund Credit Rights - FIDC IV (a)	11,436	12,396
Postgraduation advances	32	43
Advances for trips	624	1,206
Vacation advances	-	2,244
13 <sup>th</sup> salary advance payment	19,216	1
Contractual Remuneration with Municipalities	6,898	4,928
Shares issuance costs	1,116	1,101



	<u>39,552</u>	<u>21,919</u>
Non-Current		
Contractual Remuneration with Municipalities	<u>194,527</u>	<u>142,214</u>
	<u>194,527</u>	<u>142,214</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 indemnification 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 through a bidding procedure, with the company named Foz Goiás Saneamento S.A, (later called Odebrecht Ambiental) whose contract No. 1327/2013 was signed on July 19, 2013.

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

On April 25, 2017, the disposal of all of Odebrecht Ambiental's shares to Brookfield Partners LP was completed, constituting the new holding company called BRK Ambiental Participações S.A, with the 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 R\$ 273,000 in 30 (thirty) annual installments, duly updated by the IPCA (Price Index to the Final Consumer);
- Service and expansion of the collection, removal and treatment of sanitary sewage systems in 6 (six) years, and the universalization must reach at least 90% (ninety percent) of the population served with public water supply;
- 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 entity.

Sub-delegation Grant	Current Assets (9/30/2020 - 12/31/2019)		Current Assets 9/30/2020. 12/31/2019.	
		7,008	9,314	1,690
Sewerage system investments	Asset No Current 9/30/2020. 12/31/2019.		Liability No Current 9/30/2020. 12/31/2019.	
	773,502	677,280	773,502	677,280
Total	780,510	686,594	775,192	678,306

## 12. Other Accounts Receivable

	9/30/2020.	12/31/2019.
<b>Current</b>		
Security deposits	18	18
Consortium	375	375
Miscellaneous advances	374	373
(-) Provision for Losses	(375)	(375)
	<u>392</u>	<u>391</u>
<b>Non-Current</b>		
Agreements without Concession (a)	32,765	32,765
(-) Estimated losses for credits	(32,765)	(32,765)
	<u>-</u>	<u>-</u>

### 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. On 10/02/2020, the STJ [Superior Tribunal of Justice in Brazil] was awarded of the Appeal through Special Appeal, but overruled it, thus maintaining the judgment of the TJGO [Goiás State Court of Justice].

#### 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

	9/30/2020.	12/31/2019.
Judicial Deposits	9,772	9,384
	<u>9,772</u>	<u>9,384</u>



#### 14. Deferred Taxes

Deferred Taxes - Assets	9/30/2020.				12/31/2019.			
	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total
PCLD - Credits Receivable	159,132	39,782	14,322	54,104	151,420	36,444	13,120	49,564
Provision for Stock Loss	20,937	5,234	1,884	7,118	31,882	7,970	2,869	10,839
Provision for Investment Loss	564	141	51	192	564	141	51	192
Provision for Contingencies	141,634	35,409	12,747	48,156	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	105,872	13,890	-	13,890	124,957	31,239	-	31,239
Tax Loss CSLL	349,667	-	26,942	26,942	368,750	-	33,188	33,188
<b>Total</b>	<b>1,068,174</b>	<b>167,048</b>	<b>82,079</b>	<b>249,127</b>	<b>1,113,900</b>	<b>184,875</b>	<b>88,498</b>	<b>273,373</b>
<b>Deferred Tax Liabilities</b>								
Equity Valuation Adjustment	50,479	12,620	4,543	17,163	50,483	12,621	4,543	17,164
<b>Total Net Deferred Tax</b>				<b>231,964</b>				<b>256,209</b>

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
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	(24,246)
(-) Constitution of deferred tax liabilities	1
<b>Balance held in deferred tax assets on 9/30/2020</b>	<b>231,964</b>

#### Reversal in income statement for the year 9/30/2020

Profit before tax	340,441
Combined rate 34%	115,750
(+/-) IRPJ/CSLL on permanent/temporary additions and exclusions and tax loss	(139,996)
<b>Reversal in the year result</b>	<b>(24,246)</b>

#### 15. Investments

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

Description	9/30/2020	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

	9/30/2020.	12/31/2019.
General Use Goods	171,540	169,997
General Use Goods in Progress (a)	158,322	147,232
Assets - Assigned Cost	64,892	65,089
General Use Goods - Leasing	7,241	7,243
Funds to be realized - Corumbá Consortium	47,955	51,138
Right of Use - Vehicles (note 16.2)	56,492	57,764
Accumulated Depreciation - Right of Use (note 16.2)	(22,520)	(11,403)
Accumulated General Depreciation	(101,292)	(95,533)
Accumulated Depreciation - Assigned Cost	(14,431)	(14,623)
Accrued Depreciation - Leasing	(4,830)	(4,290)
	<u>363,369</u>	<u>372,614</u>

(a) Composition of general use goods in progress:

	9/30/2020.	12/31/2019.
General Use Goods (In Progress)	98,505	88,993
General Use Assets, PAC (In Progress)	59,817	58,239
	<u>158,322</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 9/30/2020
General Use Goods	169,997	2,314	(771)	-	-	171,540
General Use Goods in Progress	147,231	11,091	-	-	-	158,322
Assets - Assigned Cost	65,089	-	(197)	-	-	64,892
General Use Goods - Leasing	7,242	-	(1)	-	-	7,241
Funds to be realized - Construction Corumbá	51,139	-	-	-	(3,184)	47,955
Accrued General Depreciation	(95,532)	-	700	(6,460)	-	(101,292)
Accrued Depreciation - Assigned Cost	(14,623)	-	197	(5)	-	(14,431)
Accrued Depreciation - Leasing	(4,290)	-	-	(540)	-	(4,830)
	<u>326,253</u>	<u>13,405</u>	<u>(72)</u>	<u>(7,005)</u>	<u>(3,184)</u>	<u>329,397</u>

### 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.



	9/30/2020	12/31/2019
Right-of-Use - Vehicles	56,492	57,764
Accrued Depreciation - Right-of-Use	(22,520)	(11,403)
	<b>33,972</b>	<b>46,361</b>

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 9/30/2020.
Right-of-Use Assets - Vehicles	57,764	-	(1,272)	56,492
Accrued Depreciation - Right-of-Use	(11,403)	(11,117)	-	(22,520)
<b>Total</b>	<b>46,361</b>	<b>(11,117)</b>	<b>(1,272)</b>	<b>33,972</b>

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. Agreement's Asset

The Contractual Asset (works in progress) is the right to a consideration in exchange for goods or services transferred to the customer. As determined by CPC 47 - Revenue from 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.

Agreement Assets	Balance on 12/31/2019	Addition	Write-off	Movement Period	Transfer To Fixed Asset	Balance on 9/30/2020
Water System	219,854	41,216	(6,932)	-	(14,569)	239,569
Sewerage System	374,638	41,186	-	-	-	415,824
Works Stock	36,050	-	-	12,131	-	48,181
	<b>630,542</b>	<b>82,402</b>	<b>(6,932)</b>	<b>12,131</b>	<b>(14,569)</b>	<b>703,574</b>

### 18. Intangible Asset

	9/30/2020.	12/31/2019.
Water System	2,566,209	2,528,466
Sewerage System	2,801,192	2,798,037
General Use Goods	6,338	4,036
Software (Licenses)	33,497	31,243
Accumulated Amortization	(2,652,636)	(2,588,932)
Funds to be Realized - Águas Lindas	55,653	55,633
Provision for Losses (Impairment)	(128,347)	(132,097)
Operação Decantação (Note 38)	(118,494)	(118,494)
Land regularization	35,621	32,400
Inexpensive - Water	44,848	42,231
Inexpensive - Sewage	78,977	44,879
	<b>2,722,858</b>	<b>2,697,402</b>

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 9/30/2020
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Water System	2,528,466	36,087	(14,420)	-	16,075	2,566,208
Sewerage System	2,798,037	2,551	(80)	-	684	2,801,192
General Use Goods	4,035	2,373	(70)	-	-	6,338
Accumulated Amortization	(2,588,932)	-	12,687	(76,391)	-	(2,652,636)
Software (Licenses)	33,947	6,578	-	-	-	40,525
Amortization Software (Licenses)	(2,704)	-	-	(4,324)	-	(7,028)
Funds to be Realized - Águas Lindas	55,633	-	-	-	20	55,653
Provision for Losses (Impairment)	(132,097)	-	3,750	-	-	(128,347)
Operação Decantação (Note 38)	(118,494)	-	-	-	-	(118,494)
Land regularization	32,400	5,410	-	-	(2,189)	35,621
<b>Total</b>	<b>2,610,291</b>	<b>52,999</b>	<b>1,867</b>	<b>(80,715)</b>	<b>14,590</b>	<b>2,599,032</b>
<b>Intangible in progress - Non-onerous</b>						
Non-Onerous - Water	42,232	2,850	-	-	(234)	44,848
Non-Onerous - Sewage	44,879	34,158	-	-	(59)	78,977
<b>Total</b>	<b>87,111</b>	<b>37,008</b>	<b>-</b>	<b>-</b>	<b>(293)</b>	<b>123,825</b>
<b>Total Intangible</b>	<b>2,697,402</b>	<b>90,007</b>	<b>1,867</b>	<b>(80,715)</b>	<b>14,297</b>	<b>2,722,858</b>

### **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:

- When the purpose agreed in the agreement is not executed;
- When the respective partial or final accounting is not presented within the regulatory period;
- When the funds are used for a purpose other than that established in the agreement;
- 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:

- 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;
- 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;
- 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;
- 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 9/30/2020
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	1,538	-	21,133
<b>Total PAC</b>		<b>142,568</b>	<b>14,555</b>	<b>-</b>	<b>157,123</b>
<b>Other Programs</b>					
Pipeline João Leite	1524/01	729	-	-	729
Pipeline João Leite	0187/06	1,472	-	-	1,472
Amaralina - FUNASA	25	248	-	-	248
Nerópolis - ANA-PRODES	68/15	4,601	-	-	4,601
Pires do Rio - ANA PRODES	68/15	1,976	-	-	1,976
Campos Verdes FUNASA/SECIMA	TC650/20	383	-	-	383
Goiânia- Forest Recovery	0153005/16	1,011	131	(294)	848
<b>Total - Other Programs</b>		<b>10,420</b>	<b>131</b>	<b>(294)</b>	<b>10,257</b>
<b>Total General</b>		<b>152,988</b>	<b>14,686</b>	<b>(294)</b>	<b>167,380</b>

## 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 in semiannual installments, beginning on October 11, 2008 and ending on October 11, 2027.

### Debentures, 4<sup>th</sup> Issuance

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

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

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

According to the Private Instrument of Deed, clause 4.1.4, this operation contains restrictions where the Fiduciary Agent may declare overdue all the obligations set out in the deed and demand immediate



payment, if they are not fulfilled (covenants). Such financial indexes related to debt coverage have their annual enforceability.

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

#### **Debentures, 5<sup>th</sup> Issuance**

In December 2018, a private instrument of deed for the 5<sup>th</sup> (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 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 370<sup>th</sup> Meeting of the Management Board of Saneago, held on November 08, 2018.

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

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

The financial index established for the 5<sup>th</sup> Issuance of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0, and for the closing on Sept 30, 2020, the Company has not breached the financial indexes related to debt coverage.

#### **Debentures, 6<sup>th</sup> Issuance**

In September 2019, a private instrument was created for the deed of the 6<sup>th</sup> (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 387<sup>th</sup> Meeting of the SANEAGO Management Board, held on July 24, 2019.

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

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

The financial index established for the 6<sup>th</sup> Issue of debentures is Adjusted EBTIDA less than or equal to 3.0 and must be verified annually by the Issuer and accompanied by the Fiduciary Agent. There was no breach of the financial ratios related to debt coverage until September 30, 2020.

#### **Debentures, 7<sup>th</sup> Issuance**

In September 2020, a private deed was executed for the 7<sup>th</sup> 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.

Number of debentures issued	Unit value	Amount Collected (R\$)
150,000	1,000	150,000,000

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 7<sup>th</sup> Issue of debentures is Adjusted EBTIDA less than or equal to 3.0, to be verified annually by the Issuer and monitored 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 2<sup>nd</sup> half of 2017.

There was no breach of the financial indexes, to be verified every six months, related to the debt coverage until September 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	9/30/2020.	12/31/2019.	
BRASIL	Loan	330701235	12/27/2017	1/6/2026.	2.9% + CDI	940	204	30,000	a)	19,437	23,245	
IBM	Loan	Leasing	7/28/2016.	7/27/2021.	3.48% + CDI	-	-	-	c)	574	1,071	
FIDC IV Subordinated Quotas FIDC	Loan	FIDC	12/15/2015	12/15/2022	3% + CDI	47,828	17,503	600,000	j)	243,023	324,052	
CEF	Loan	Subordinated Shares		2024	5.73% + TR	-	-	-	d)	(86,655)	(84,361)	
	Financing	Several	12/31/2013			-	-	-		6,139	7,257	
CEF	Financing	410.461-57	12/31/2013	5/14/2037.	8.5% + TR	-	-	132,760	e)	4,893	5,020	
CEF	Financing	0410526-20		4/14/2037.	8.5% + TR	-	-	36,410	e)	26,592	27,279	
CEF	Financing	0410517-19	2/14/2014.	5/14/2037.	8.5% + TR	-	-	18,265	e)	5,499	5,652	
CEF	Financing	0410538-64	3/27/2015.	5/14/2037.	8.5% + TR	-	-	51,544	e)	41,595	42,780	
CEF	Financing	26340190232-94	6/29/2006.	4/30/2028.	12% + TR	-	-	3,185	c)	2,066	1,847	
CEF	Financing	26340190233-07	6/29/2006.	6/30/2030. 11/12/2030	12% + TR	-	-	39,214	c)	24,569	23,135	
CEF	Financing	2635248557-66	6/30/2008.		8.5% + TR	-	-	6,600	c)	3,869	4,037	
CEF	Financing	2634248555-47	10/9/2009.	6/14/2031.	9% + TR	-	-	10,000	c)	6,290	7,172	
CEF	Financing	2634248548-42	12/30/2009	6/14/2031. 10/11/2027	9% + TR	-	-	11,882	c)	5,708	5,405	
BID	Financing	1414/OC	12/11/2002	12/14/2011	5.82% + VC	-	-	\$47,000	k)	110,724	83,737	
BND	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP	-	-	31,154	f)	675	1,080	
BRASIL	Financing	40/01033-3	9/10/2012.	4/1/2022.	10.00%	-	-	2,360	g)	509	758	
BRASIL	Financing	40/00984-x	12/20/2012	1/1/2028.	2.94%	-	-	6,846	g)	5,069	5,527	
Transaction Costs	Loan	Transaction Costs				-	-	-		(17,707)	(23,691)	
						<b>48,768</b>	<b>17,707</b>	<b>1,027,220</b>		<b>402,869</b>	<b>461,002</b>	
										Current	138,335	130,881
										Non-Current	264,534	330,121

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





**19.b Debenture Statement**

Debentures	Start	Maturity	annual contractual fee	Transaction Costs	Costs to be appropriated	Amount Collected	Guarantees	9/30/2020.	12/31/2019.
Debentures, 4 <sup>th</sup> Issuance	12/28/2017.	12/15/2021.	2.95% per year + CDI	1,448	222	130,000	b)	63,047	100,963
Debentures, 5 <sup>th</sup> Issue	11/15/2018.	11/16/2023.	2.5% per year + CDI	4,296	2,155	250,000	h)	221,388	250,741
Debentures, 6 <sup>th</sup> Issue	9/23/2019.	9/23/2024.	1.2% per year + CDI	3,226	2,271	140,000	i)	140,103	140,184
Debentures, 7 <sup>th</sup> Issuance	4/23/2020.	4/23/2022.	5.0% per year + CDI	3,179	2,249	150,000	i)	152,219	-
Debentures Transaction Costs								(6,897)	(7,037)
				<b>12,149</b>	<b>6,897</b>	<b>670,000</b>		<b>569,860</b>	<b>484,851</b>

Current 214,331 95,524  
 Non-Current 355,529 389,327

Description	Balance
Loans and Financing	402,869
Debentures	569,860
	<b>972,729</b>

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



Non-current statement by maturity range	9/30/2020.
2022	391,420
2023	133,702
2024	57,111
2025 onwards	149,089
Subordinated Quotas FIDC IV	(86,655)
Transaction Costs	(24,604)
	<b>620,063</b>

### 19.c Transactions made in Loans and Financing

	1/1/2020 to 9/30/2020			01/01/2019 to 9/30/2019		
	Fundings	Amortization and Charges Payments	Period Charges	Fundings	Amortization and Charges Payments	Period Charges
Internal Financing	-	(14,366)	6,175	101,822	(124,460)	9,561
Inter-American Development Bank (IDB)	-	(8,524)	35,511	-	(6,407)	8,510
Banco IBM -Leasing	-	(706)	210	-	(750)	219
Investment Fund Cred. Rights Saneago						
INFR. IV	-	(105,312)	24,282	-	(117,311)	36,378
Subordinated Quotas FIDC IV	-	-	(2,294)	-	-	(4,236)
Covenants	-	(2,180)	3,085	592	(5,162)	3,373
Debentures	150,168	(88,261)	22,962	140,000	(41,456)	24,890
Transaction Cost	-	(3,179)	9,305	-	(2,509)	8,266
<b>Subtotal</b>	<b>150,168</b>	<b>(222,528)</b>	<b>99,236</b>	<b>242,414</b>	<b>(298,055)</b>	<b>86,961</b>
Leasing - Vehicles	-	(12,018)	2,205	-	(8,096)	2,165
Income from Financial Investments	-	-	(418)	-	-	(877)
<b>Total</b>	<b>150,168</b>	<b>(234,546)</b>	<b>101,023</b>	<b>242,414</b>	<b>(306,151)</b>	<b>88,249</b>
Capitalized Interests			(1,065)			(7,022)

### 19.d Leasing - Vehicles

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

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

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

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
<b>Total</b>	<b>63,870</b>	<b>(7,378)</b>	<b>56,492</b>	<b>56,492</b>



The total lease liability recognized in the balance sheet on September 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	9/30/2020.	12/31/2019.
Vehicles	45,771	2,205	(1,271)	(12,018)	34,687	45,771
				Current	13,998	13,150
				Non-Current	20,689	32,621
					<b>34,687</b>	<b>45,771</b>

## 20. Labor obligations

	9/30/2020.	12/31/2019.
<b>Current</b>		
Salaries Payable (a)	-	28,656
Alimony and Terminations	33	206
PREVSAN	18	-
CAESAN	6	-
SESI, SENAI	2,246	1,922
Vacations Payable	57,133	52,663
13th Salary Payable	33,460	508
FGTS on vacation and 13 <sup>th</sup> salary	15,456	4,207
INSS payable from wages	36,419	15,701
Provision for INSS from Vacations and 13 <sup>th</sup> salary	26,091	15,167
Voluntary Job Termination Program (b)	2,588	2,625
Profit Sharing	27,631	27,631
	<b>201,081</b>	<b>149,286</b>
<b>Non-Current</b>		
Voluntary Job Termination Program (b)	-	1,932

- a) The wages for September 2020 were paid in full within the month.  
b) It refers to the amounts of food vouchers and health care guaranteed by the Program.

## 21. Tax Obligations

	9/30/2020.	12/31/2019.
<b>Current</b>		
COFINS	37,633	12,452
Social Contribution	2,919	48
INSS Provision of Services	2,120	2,022
IRPJ Payable	8,105	-
IRRF Payroll and Services	6,618	140
ISS	1,147	836
Installment payment with the Federal Revenue Service (a)	870	889
PIS	8,142	2,694
Withholding of Federal Contributions	377	567
	<b>67,931</b>	<b>19,648</b>
<b>Non-Current</b>		
Installment payment with the Federal Revenue Service (a)	<b>7,540</b>	<b>8,071</b>

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	Number of Installments	Update	9/30/2020.	12/31/2019.
I	AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás, T.A.0255/15	12/10/2015.	12/10/2030.	180	a)	11,580	11,999
II	AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás, proc.10351/18	5/10/2018.	4/10/2033.	180	a)	4,339	4,445
III	Goiânia City Hall	6/23/2018.	9/21/2021.	20	-	2,069	3,473
IV	Flamboyant Urbanismo Ltda	7/8/2020.	10/8/2020.	4	-	211	-
V	Goiás Regulatory Agency (ARG)	9/30/2020.	12/31/2020.	4	b)	3,381	-
VI	ANA - Agência Nacional de Águas	8/1/2020.	12/31/2020.	5	-	203	-
VII	Sobrado Construção Ltda	8/23/2020.	10/23/2020.	3	-	319	-
VIII	STIUEG - Union of Workers in Urban Industries of the State of Goiás	8/7/2020.	3/8/2021.	8	-	6,975	-
	Others				-	-	59
						<b>29,077</b>	<b>19,976</b>
	Current					13,937	2,672
	Non-Current					15,140	17,304

a) Adjustment and monthly interests of 1.0% monthly.

b) IPCA/IBGE

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

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

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

<b>Total Consolidated</b>	
Principal	10,808
Formal Fine	2,797
Fine	42
Interests	<u>133</u>
	<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, process 10351/18, based on Law No. 18.109 of July 25, 2013, modified by Law 19,906 of July 14, 2017, which provides for reduction of interest and a moratorium fine, as well as monetary correction. The installment debt was R\$ 4,667.

## III) Goiânia City Hall

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

## IV) 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 R\$ 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 R\$ 4,508, with the first installment due in September of 2020.

## VI) ANA - Agência Nacional de Águas

The installment refers to the charge for the use of water resources owned by the Union in the municipalities of Itumbiara, Novo Gama, Santo Antônio do Descoberto, Valparaíso de Goiás and Cidade Ocidental, for the year 2019. As a result of the Covid-19 pandemic, ANA has extended the start of payment to August 2020.

## VII) Sobrado Construção Ltda

On August 10, 2020, a judicial agreement was approved with Sobrado Construção Ltda. Regarding agreement No. 1212/2013 whose object is the construction of a dam to form a reservoir to expand the Water Supply System in the municipality of Formosa. The agreement refers to the payment of the 3<sup>rd</sup> and 6<sup>th</sup> measurements of the execution of the work and late payment charges on the entire agreement, in

addition to court fees and costs related to the process.

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

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

## 22.1 Contractual Obligations

	Description	Start	Final	Qty in Installment	Update	9/30/2020.	12/31/2019.
I	FMSAI- Águas Lindas	12/28/2018.	10/11/2019.	4	-	15,220	15,220
II	Municipality of Goiânia - Indemnification Concession	12/20/2019.	4/20/2020.	3	-	-	85,016
						15,220	100,236

### I) FMSAI

On December 28, 2018, Saneago signed an Instrument of Agreement with the municipality of Águas Lindas in which it undertakes to transfer the amount of R\$ 20,293 to the Municipal Infrastructure Environmental Sanitation Fund - FMSAI of Águas Lindas, as a compensation for the advanced maturity of Concession 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, which has not occurred to date.

### II) Goiânia City Hall - Goiânia Concession Agreement

On December 17, 2019, Saneago signed a cancellation with the municipality of Goiânia, for which it will pay the amount of R\$ 127,524 related to the subsidies and the cost of concession contract 393/1991. On April 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 and the installment paid in September 2020.

## 23. Jointly Controlled Businesses - Consortiums

Non-Current Liabilities	9/30/2020.	12/31/2019.
Águas Lindas Consortium (a)	1,463	5,055
Corumbá Consortium (b)	48,554	51,139
	<u>50,017</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 August 31, 2020, the consortium member CAESB holds 50.88% and Saneago 49.12% (on December 31, 2019, the consortium member CAESB holds 52.82% and Saneago 47.18%), the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Águas Lindas Consortium					
	8/31/2020.	12/31/2019.		8/31/2020.	12/31/2019.
<b>Asset</b>			<b>Liability</b>		
<b>Current</b>			<b>Current</b>		
Cash and cash equivalents	2,330	2,148	Funds to be realized - Suppliers	4,172	3,675
Credits Receivable from Users	16,385	12,803	Labor obligations	690	376
Advanced expenses and advanced payments	677	677	Installments	15,220	15,220
	<b>19,392</b>	<b>15,628</b>		<b>20,082</b>	<b>19,271</b>
<b>Non-Current</b>			<b>Non-Current</b>		
Accounts Receivable from Users	852	935	Provision for judicial claims	619	542
Judicial Deposits	225	225		<b>619</b>	<b>542</b>
Advanced expenses	18,489	18,940			
	<b>19,566</b>	<b>20,100</b>			
<b>Fixed asset</b>	124	143	<b>Net Equity</b>		
Agreement's Asset	72,816	72,706	Fundo de Participação - Saneago	81,447	84,821
Intangible Asset	89,531	91,018	Fundo de Participação - Caesb	84,373	94,961
	<b>162,471</b>	<b>163,867</b>	Profit Reserves	14,908	-
				<b>180,728</b>	<b>179,782</b>
<b>Total Asset</b>	<b>201,429</b>	<b>199,595</b>	<b>Total Liability</b>	<b>201,429</b>	<b>199,595</b>

## 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 August 31, 2020, the consortium member CAESB holds 61.43% and Saneago 38.57% (on December 31, 2019, the consortium member CAESB holds 62.65% and Saneago 37.35%), the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Corumbá Consortium					
	8/31/2020.	12/31/2019.		8/31/2020.	12/31/2019.
<b>Asset</b>			<b>Liability</b>		
<b>Current</b>			<b>Current</b>		
			Funds to be realized - Suppliers	2,354	1,946
			Labor obligations	-	50
<b>Total Current Assets</b>	-	-	<b>Total Current Liabilities</b>	<b>2,354</b>	<b>1,996</b>
<b>Non-Current</b>			<b>Non-Current</b>		
			<b>Total Non-Current Liabilities</b>	-	-
Works in progress - PAC	32,522	31,244	<b>Net Equity</b>		
Works in progress	392,091	378,156	Fundo de Participação - Saneago	163,128	152,147
			Fundo de Participação - Caesb	259,856	255,257
			Accumulated Losses	(725)	-
<b>Total Non-Current Assets</b>	<b>424,613</b>	<b>409,400</b>		<b>422,259</b>	<b>407,404</b>
<b>Total Asset</b>	<b>424,613</b>	<b>409,400</b>	<b>Total Liability</b>	<b>424,613</b>	<b>409,400</b>

## 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 R\$ 9,970 in a single installment, with the term of the contract being 60 (sixty) months as of June 1, 2017.

## 25. Other Accounts Payable

Current	9/30/2020.	12/31/2019.
Escrows	810	816
Other accounts (a)	11,681	11,348
	<b>12,491</b>	<b>12,164</b>

(a) Expenses provisioned in the period.

## 26. Provisions for judicial claims

	9/30/2020.	12/31/2019.
Civil Claims	33,011	39,025
Tax Proceedings	22,670	21,296
Labor Claims	84,912	80,825
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	1,041	1,063
	<b>141,634</b>	<b>142,209</b>

Below is the movement of provisions:

	Balance on 12/31/2019	Net provisions / reversals recognized	Balance on 9/30/2020
Civil Claims	39,025	(6,014)	33,011
Tax Proceedings	21,296	1,374	22,670
Labor Claims	80,825	4,087	84,912
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	1,063	(22)	1,041
<b>Total</b>	<b>142,209</b>	<b>(575)</b>	<b>141,634</b>

## Civil, Tax and Labor Lawsuits

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

### (a) Civil, Tax and Labor:

Nature	Lawsuit	Description	Plaintiff	Estimate
Civil	0215530-65.2004.8.09.0011	Execução TAC Aquifero Quartzítico da Serra das Areas	Public Prosecutor's Office	13,139
Tax	5377963.81.2018.8.09.0158	Tax Execution	Município Santo Ant do Desc	11,929
Tax	10.120.007.382/2007-74	IRPJ Infraction Notice	Federal Revenue Service of Brazil	9,762
Labor	0010242-85.2016.5.18.0016	Collective Action claiming payment of breaks between shifts	STIUEG	41,526
Labor	0012089-83.2015.5.18.0008	Integration of travel accommodation fees to salary	STIUEG	21,347
Labor	0011614-08.2016.5.18.0004	Collective Action - DSR improperly granted	STIUEG	15,380
Labor	0011237-62.2015.5.18.0007	Moral damages for sewage treatment plants (ETEs) workers	STIUEG	4,614
Labor	0011549-64.2017.5.18.0008	Breaks between normal working hours and overtime	STIUEG	4,434
Labor	0011483-77.2014.5.18.0012	Request for payment of hours, by supplementary Regulation	STIUEG	2,307
				<b>124,439</b>

## Possible causes

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

	9/30/2020.		12/31/2019.	
	Estimated Amount	Quantity	Estimated Amount	Quantity
Civil (a)	319,737	764	287,346	1,333
Tax (b)	255,508	21	243,934	22
Labor	249	8	2,707	19
	<b>575,494</b>	<b>793</b>	<b>533,987</b>	<b>1,374</b>

(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
0026826.44.2018.4.01.3500	12 <sup>th</sup> Regional Chemistry Council	10,987
0381090.89.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,224
0381098.66.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,224
0381082.15.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,224
0381067.46.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,224
0381104.73.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,224
381101.21.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,224
378681.38.2014	Public Prosecutor's Office of the State of Goiás	6,130
0250140.93.2009	Public Prosecutor's Office of Rio Verde	4,000
5394641.21.2013.8.09.0006	Municipality of Anápolis	9,224
281694.13.2009	Municipality of Goiânia	128,590
0241999.86.2008.8.09.0051	Municipality of Goiânia	7,330
200704213731	Municipality of Minaçu	68,294
200803501387	Municipality of Minaçu	65,966
200803501557	Municipality of Minaçu	22,122
10.120.005.927/2003-84	Federal Revenue Service of Brazil	63,605
10.120.005.929/2003-73	Federal Revenue Service of Brazil	20,663
10120.734566/2018	Federal Revenue Service of Brazil	5,548
10120.734564/2018	Federal Revenue Service of Brazil	7,309
144562.97.2016	Sérgio Martins de Souza Queiroz	67,556
		<b>542,668</b>

## 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 November 30, 2019.

Calculation of Net Liabilities (Assets)	12/31/2019.	12/31/2018.
<b>1. Deficit/(surplus) assessed</b>		
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)
<b>2. Ceiling Effect of Additional Assets and Liabilities 1.</b>		62,642
Effect of the Asset Ceiling		
2. Additional Liabilities	-	-
3. Effect of the asset ceiling and Additional Liabilities		62,642
<b>3. Net liabilities / (assets) resulting from CPC 33 (R1)</b>		
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 September 30, 2020, was R\$ 16,153 (R\$ 24,956 on December 31, 2019), and actuarial obligations calculations are not required.

## 28. Net Equity

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

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

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

Shareholders	9/30/2020.					
	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%
<b>Total</b>	<b>1,866,906,374</b>	<b>100.000000%</b>	<b>648,639,993</b>	<b>100.000000%</b>	<b>2,515,546,367</b>	<b>100.000000%</b>

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%
<b>Total</b>	<b>2,037,905,093</b>	<b>100.000000%</b>	<b>477,641,274</b>	<b>100.000000%</b>	<b>2,515,546,367</b>	<b>100.000000%</b>

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

## b) Capital Integralization

Until September 30, 2020 and December 31, 2019, there were no pay-ups.

## c) Legal Reserve

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

## d) Equity Valuation Adjustment

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

Equity Valuation Adjustment	9/30/2020.	12/31/2019.
Equity Valuation Adjustment	50,479	50,483
Deferred taxes on assigned cost (Note 14)	(17,163)	(17,164)
	<b>33,316</b>	<b>33,319</b>

## e) Investment Reserve

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

## f) Dividends

The Company's Bylaws provide for the distribution of mandatory dividends of 25% of the net income for the year in accordance with corporate law, being due firstly to the holders of preferred shares, which will be paid within 60 days from the date on which it is declared in Ordinary General Assembly.

Referring to the year 2019 was divided into installments, according to note 1.1, and calculated as follows:

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%) (a)	<u><b>74,992</b></u>

(a) Until September 30, 2020, R\$ 56,244 of dividends were paid for the year 2019 and the rest of R\$ 18,748 was paid on October 1, 2020.

## 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	Profit per Share
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	Period			
Ordinary Shares	1,866,906,374	74.21%	193,816	0.1038
Preferred Share	648,639,993	25.79%	67,340	0.1038
	<u>2,515,546,367</u>		<u>261,156</u>	

## 29. Net Operating Revenue

Gross Revenues	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	01/01/2019 to 9/30/2019
Water Supply and Sewerage Service	693,140	1,925,489	683,817	1,829,424
Technical Services	481	1,353	647	1,723
Sub-delegation Grant	2,275	6,825	2,275	6,825
Construction Revenue	51,919	128,823	40,439	117,742
<b>Total</b>	<b>747,815</b>	<b>2,062,490</b>	<b>727,178</b>	<b>1,955,714</b>
Incident Taxes and Returns				
PIS	(11,488)	(31,908)	(10,911)	(28,764)
COFINS	(52,915)	(146,970)	(50,378)	(133,047)
Returns and Rebates	(422)	(1,889)	(434)	(1,329)
	<u>(64,825)</u>	<u>(180,767)</u>	<u>(61,723)</u>	<u>(163,140)</u>
<b>Net Operating Revenue</b>	<b>682,990</b>	<b>1,881,723</b>	<b>665,455</b>	<b>1,792,574</b>

## 30. Costs and Expenses

Services Costs	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	01/01/2019 to 9/30/2019
Personnel	(147,985)	(429,762)	(158,385)	(427,696)
Material	(18,693)	(62,649)	(25,958)	(55,358)
Electricity	(53,844)	(155,260)	(55,980)	(164,699)
Third Party Services	(18,102)	(52,770)	(29,623)	(71,184)
General	(2,177)	(4,985)	(1,418)	(5,435)
Amortization (a)	(15,760)	(66,411)	(53,445)	(160,188)
Depreciation (a)	(1,008)	(3,083)	(1,134)	(3,397)
Depreciation of Assigned Cost	(1)	(2)	(2)	(8)
Leasing Depreciation	(24)	(72)	(42)	(128)
	<u>(257,594)</u>	<u>(774,994)</u>	<u>(325,987)</u>	<u>(888,093)</u>
Construction Cost	(51,919)	(128,823)	(40,439)	(117,142)
	<u>(309,513)</u>	<u>(903,817)</u>	<u>(366,426)</u>	<u>(1,005,235)</u>

Administrative Expenses	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	01/01/2019 to 9/30/2019
Personnel	(78,057)	(232,097)	(96,206)	(239,948)
Material	(626)	(3,436)	(1,692)	(3,754)
Electricity	(539)	(1,693)	(894)	(2,279)
Third Party Services	(10,642)	(28,530)	(9,274)	(33,031)
General	(2,500)	(6,933)	(2,465)	(7,476)
Amortization (a)	(8,070)	(4,494)	(3,339)	(3,339)
Depreciation (a)	(4,590)	(13,833)	(7,978)	(14,170)
Depreciation of Assigned Cost	(1)	(4)	4	(13)
Leasing Depreciation	(138)	(413)	3,687	(866)
	<u>(105,163)</u>	<u>(291,433)</u>	<u>(118,157)</u>	<u>(304,876)</u>

Commercial Expenses	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	01/01/2019 to 9/30/2019
Personnel	(29,306)	(84,818)	(31,240)	(81,906)
Material	(83)	(440)	(178)	(500)
Electricity	-	(9)	(1)	(63)
Third Party Services	(17,878)	(54,498)	(13,529)	(38,413)
Concession Remuneration	(17,807)	(54,190)	(14,583)	(40,706)
General	(1,321)	(2,286)	(2,632)	(5,805)
Amortization (a)	(7)	(25)	(5)	(5)
Depreciation (a)	(30)	(99)	29	(115)
Leasing Depreciation	(20)	(56)	(95)	(95)
	<u>(66,452)</u>	<u>(196,421)</u>	<u>(62,234)</u>	<u>(167,608)</u>

(a) Decrease due to the revaluation of the useful life of intangible and fixed assets on December 31, 2019.

### 31. Net provisions / reversals

	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	01/01/2019 to 9/30/2019
Losses / Recovery of Prescribed Credits	(33,455)	(69,146)	(14,721)	(43,290)
Provision / reversal for contingencies	5,225	575	(16,927)	(43,649)
Net provisions / reversals special for Allowance for Doubtful Accounts	(6,478)	(13,358)	(51,255)	(60,490)
Provisions / Reversals of Losses in Civil Works	-	3,750	-	19,377
Provision for Voluntary Job Termination Program - PDV	-	-	35,079	-
Provisions / Reversals of Losses in Stocks	7,451	10,945	(8,494)	(9,257)
Provisions / reversals of Other credits	-	-	10	10
	<b>(27,257)</b>	<b>(67,234)</b>	<b>(56,308)</b>	<b>(137,299)</b>

### 32. Net Financial Result

	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	01/01/2019 to 9/30/2019
<b>Financial Revenues</b>				
Interest, Fines and Income	11,645	34,596	11,620	32,744
Monetary Correction	7,819	16,323	5,788	15,102
Adjustment to Current Value - AVP	410	1,074	415	1,707
	<b>19,874</b>	<b>51,993</b>	<b>17,823</b>	<b>49,553</b>
<b>Financial Expenses</b>				
Interests / Fines / Charges and Other Expenses	(26,020)	(78,586)	(27,006)	(88,039)
Monetary Correction	(1,394)	(1,967)	(328)	(579)
Exchange Variation	(3,184)	(32,813)	(7,279)	(6,734)
	<b>(30,598)</b>	<b>(113,366)</b>	<b>(34,613)</b>	<b>(95,352)</b>
<b>Net Financial Result</b>	<b>(10,724)</b>	<b>(61,373)</b>	<b>(16,790)</b>	<b>(45,799)</b>

### 33. Commitments assumed

In compliance with Law 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 9/30/2020 Saneago	Amount Invested until 9/30/2020 BRK Ambiental	Total invested
Adelândia	1/16/2048.	525	77	-	77
Águas Lindas de Goiás	12/28/2048.	309,022	1,028	-	1,028
Anápolis	2/27/2050.	525,925	10,032	-	10,032
Anicuns	4/10/2048.	42,785	2,273	-	2,273
Aparecida de Goiânia	11/1/2041.	988,848	169,657	476,844	646,501
Aporé	4/6/2048.	7,682	209	-	209
Aragoiânia	12/26/2042.	27,926	1,241	-	1,241
Araguapaz	3/15/2048.	5,210	839	-	839
Avelinópolis	1/22/2046.	1,724	189	-	189
Barro Alto	12/26/2042.	32,703	1,800	-	1,800
Brazabrantes	2/6/2044.	8,056	1,202	-	1,202
Cachoeira Alta	7/27/2045.	26,167	884	-	884

Caldazinha	8/2/2048.	1,070	143	-	143
Campestre de Goiás	1/6/2046.	645	306	-	306
Campinaçu	8/12/2045.	13,146	9,732	-	9,732
Cavalcante	12/28/2048.	1,612	1,871	-	1,871
Cezarina	12/17/2042.	23,352	15,033	-	15,033
Cidade Ocidental	11/1/2041.	243,394	17,450	-	17,450
Cristalina	2/7/2044.	58,952	19,518	-	19,518
Davinópolis	5/4/2048.	506	21	-	21
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
Goianira	10/3/2048.	1,457	124	-	124
Goiânia	12/17/2049.	3,419,897	83,165	-	83,165
Guarani de Goiás	9/15/2040.	962	588	-	588
Guarinos(a)	2/16/2048.	1,383	133	-	133
Hidrolândia	8/3/2046.	9,737	2,394	-	2,394
Indiara	4/30/2044.	32,180	1,721	-	1,721
Inhumas	6/17/2050.	79,176	3,861	-	3,861
Israelândia	11/24/2039.	3,300	106	-	106
Itajá	12/19/2042.	2,328	266	-	266
Itapaci	12/28/2048.	56,172	536	-	536
Itapuranga	12/28/2048.	8,063	5,904	-	5,904
Jataí	11/1/2041.	114,116	32,704	81,381	114,085
Jussara	12/26/2046.	5,759	596	-	596
Luziânia	12/1/2045.	366,853	26,833	-	26,833
Mambaí	3/7/2046.	1,689	376	-	376
Minaçu	2/6/2044.	57,857	9,674	-	9,674
Morrinhos	11/30/2040.	46,917	17,093	-	17,093
Morro Agudo de Goiás	5/2/2046.	1,198	341	-	341
Mozarlândia	12/28/2046.	1,894	837	-	837
Nazário	5/4/2048.	2,280	199	-	199
Novo Gama	11/16/2048.	253,055	1,387	-	1,387
Palmelo	10/29/2042.	1,039	158	-	158
Perolândia	12/21/2048.	499	169	-	169
Petrolina de Goiás	10/20/2041.	6,797	6,810	-	6,810
Pires do Rio	11/3/2038.	10,529	23,223	-	23,223
Posse	6/12/2047.	19,945	8,693	-	8,693
Rio Verde	11/1/2041.	249,889	54,594	164,910	219,504
Santa Cruz de Goiás	6/28/2043.	1,497	289	-	289
Santo Antônio da Barra	12/2/2045.	3,977	403	-	403
Santo Antônio de Goiás	12/28/2048.	15,868	610	-	610
Santo Antônio do Descoberto	5/31/2049.	55,686	22,080	-	22,080
São Domingos	12/19/2042.	1,334	255	-	255
São João D'aliança	12/18/2049.	3,033	1,244	-	1,244
São Luís de Montes Belos	6/10/2046.	41,928	4,467	-	4,467
São Miguel do Passa Quatro	12/26/2045.	8,686	264	-	264
Trindade	11/1/2041.	169,222	20,616	50,367	70,983
Uirapuru	12/28/2048.	699	57	-	57
Uruaçu	12/28/2048.	44,341	660	-	660
Valparaíso de Goiás	11/16/2048.	389,652	2,166	-	2,166
		<b>7,816,131</b>	<b>589,454</b>	<b>773,502</b>	<b>1,362,956</b>

### 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:

	9/30/2020.	12/31/2019.
Billed to be due	5,876	4,940
Maturing for more than 30 days	1,106	1,309
Overdue up to 30 days	4,246	5,677
Overdue from 31 to 60 days	3,644	2,647
Overdue from 61 to 90 days	1,852	2,631
Overdue from 91 to 120 days	1,685	2,480
Overdue from 121 to 180 days	4,260	4,670
Overdue from 181 to 360 days	9,243	13,683
Overdue from 361 days to 5 years	89,138	85,064
Overdue over 5 years	6,653	3,082
Estimate to be billed	3,041	3,138
(-) AVP Accounts Receivable	(58)	(69)
(-) PCLD	(128,495)	(125,288)
<b>Subtotal</b>	<b>2,191</b>	<b>3,964</b>
Credits receivable (Non-current)	1,900	2,924
(-) AVP Accounts Receivable	(265)	(475)
(-) PCLD	(1,573)	(2,121)
<b>Subtotal</b>	<b>62</b>	<b>328</b>
<b>Total</b>	<b>2,253</b>	<b>4,292</b>

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 9/30/2020, the gross revenue in the municipality of Goiânia was R\$ 721,004, and R\$ 36,050 were paid.

b) 24 of the 147 agreements in force, on September 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 September 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 R\$ 72,566, and 25 reconciliations were performed, with settlement of R\$ 330. (December 31, 2019 R\$ 60,993, and 30 account reconciliations were held, with a settlement of R\$ 559).

### **36. Administrators' Remuneration**

The expenses related to the compensation of the members of the Boards, committees and collegiate Executive Board were R \$ 4,526 on September 30, 2020 (On December 31, 2019, R\$ 6,080).

#### **a) Supervisory Board**

The Supervisory Board is composed of a minimum of 3 (three) and a maximum of 5 (five) effective members and an equal number of substitutes. The General Meeting that elects the Supervisory Board will establish the monthly compensation of its effective members, 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 Law 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: President's Board, Commercial Board, Corporate Management Board, Financial Board, Investor Relations and Regulation Board, Production Board, Expansion Board and Legal Office.

The General Meeting will set the board of directors' compensation that will not be lower than the highest compensation paid to the Company's employee. The Directors will receive 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	9/30/2020.	Liability	9/30/2020.
Credits Receivable from Users	(98,479)	Consortiums	(6,177)
PCLD-Losses, Reversals / AVP	(107,388)	Transfers in the equity	3,166
	<u>(205,867)</u>		<u>(3,011)</u>
Taxes Recoverable	(1,380)		
Transfers from other accounts receivable	(3,999)		
	<u>(5,379)</u>		
Stocks	(6,613)		
Transfers in the equity	(12,131)		
Estimated losses in stock Reversals	10,945		
	<u>(7,799)</u>		
Other Accounts Receivable	(1)		
Transfers for recoverable taxes	3,999		
	<u>3,998</u>		

### 38. Decantação Operation

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

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, August 24, 2016, at its 331st Meeting, decided that the Chairwoman of the Management Board, Ms. Marlene Alves de Carvalho e Vieira, would assume the Presidency of the Company on an interim basis. This decision made it possible to maintain the regular



## **Saneamento de Goiás S.A.**

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and adequate provision of services to the population, as well as the commitments and charges assumed.



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

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

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

On December 26, 2016, the announcement of the Electronic Auction No. 41/2016 was published, in which the company Maciel Auditores S/S was declared the winner. The contract was signed on January 30, 2017 and the term established for the execution of the services was 60 (sixty) days. On March 22, 2017, the audit hired requested an additional 30 (thirty) days for the completion of the services, which was granted by Saneago 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 December 31, 2017. Thus, it promoted the hiring of "Ernst & Young - EY", through Processes No. 20.734/2017 and 2.474/2018, which resulted in the contracts signed on December 15, 2017 and February 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 R\$ 1,166,017,569.00 (one billion one hundred and sixty-six million, seventeen thousand, five hundred and sixty-nine reais). The sample was made considering payments made to certain companies in the period from 2007 to 2017.

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

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

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

After the conclusion of the reports and analysis of the multidisciplinary team, including technicians

from the Company and CAE, a reasonable one was found to complement the existing provision, as shown in the table below:

Description		In Real Currency
<b>Sample (Period 2007/2017):</b>		
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 <b>6.383</b> %
<b>Extrapolation of the sample to the universe of agreements of works (Period 2007/2017)</b>		
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
	<b>Subtotal</b> (D+E)	F <b>1,785,111,980</b>
Estimated provision on contracts related to the "Operação Decantação"	(F*C/100)	G <b>113,943,821</b>
Amount provisioned on December 31, 2017		H 64,785,432
	<b>Subtotal</b> (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 <b>53,709,052</b>

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 [Public Prosecutor's Office].

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

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

It is also important to highlight that there is mention, in Operação Decantação 3, that some companies mentioned in the 1<sup>st</sup> 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**

### **Prospecting of the 8<sup>th</sup> Issue of Debentures**

On October 15, 2020, the Management Board of Saneago approved the prospecting of the 8<sup>th</sup> Issue of Debentures, whose defined objectives are to raise funds in the order of up to R\$ 250,000 thousand to perform the early redemption of the 7<sup>th</sup> Issue of Debentures and reinforcement for the Company's Working Capital according to the needs outlined in Opinions 14 and 739/2020 of the Company's Financial Risks Committee.

Ricardo José Soavinski  
Managing Director

Marcos Roberto Custódio Santos  
Commercial Director

Silvana Canuto Medeiros  
Corporate Management Director

Paulo Rogério Bragatto Battiston  
Financial Director of Relations with Investors  
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Ricardo de Sousa Correia  
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