



Management's explanatory notes to the Interim Financial Statements as of March 31, 2020 and March 31, 2019

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

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1. General information

Saneamento de Goiás S.A. - Saneago (“*Companhia ou Saneago*”) is a publicly held mixed-capital company, with no shares outstanding and / or negotiation in the market, established under the terms of State Law No. 6,680 of September 13, 1967, headquartered at Av. Fued José Sebba no. 1.245, Sector Jardim Goiás, Goiânia-GO, CNPJ [Corporate Taxpayer's Registry]: 01.616.929/00012.

- 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 contracts for this purpose. Currently, the Company has no urban cleaning and solid waste management contracts.

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 administrators, managers and supervisory and management officers; (vii) preparation of spokespersons, communication and information dissemination policies, (viii) creation of a program to prevent acts of corruption, dividend distribution and the prevention of conflicts of interest. 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.

In March 31, 2020, Saneago has 226 contracts in operation that are distributed as follows: 151 contracts are in force, of which 90 are concession contracts and 61 in the form of program contracts for the provision of water supply, sewage collection and treatment services, representing an average percentage of 86.64% of net sales. There are also 75 expired contracts that represent 13.36% of net sales, these are in operation and under negotiation, and 01 contract is in judicial claim for resumption of concession. The average concession period for current and matured contracts is 23 and 30 years, respectively, counted from the date of the



SANEAGO Saneamento de Goiás S.A.

assumption of services, with the possibility of extension through negotiation with each municipality. The contracts have the following maturity schedule: 75 contracts overdue, 73 contracts due in the next 15 years, 19 contracts due in 15 to 20 years and 59 contracts due over 20 years. Management expects that all concession contracts will result in new contracts or extensions, eliminating the risk of discontinuity in the provision of services.

Below are the main contracts and their respective maturities:

Municipalities	Status	Due date	% of Net Sales	Type of Contract	Term (years)
Goiânia	In Force	12/17/2049	36.90%	Program	30
Anápolis	In Force	2/27/2050	6.97%	Program	30
Aparecida de Goiânia	In Force	11/1/2041	4.30%	Program	30
Valparaíso de Goiás	In Force	11/16/2048	2.41%	Program	30
Rio Verde	In Force	11/1/2041	2.47%	Program	30
Luziânia	In Force	12/1/2045	1.65%	Program	30
Formosa	In Force	3/14/2025	1.88%	Concession	25
Itumbiara	In Force	6/15/2022	1.37%	Concession	20
Planaltina	In Force	4/1/2030	1.31%	Concession	25
Jataí	In Force	11/1/2041	1.16%	Program	30
Trindade	In Force	11/1/2041	1.27%	Program	30
Novo Gama	In Force	11/16/2048	1.14%	Program	30
Águas Lindas de Goiás	In Force	12/28/2048	1.06%	Program	30
Cidade Ocidental	In Force	11/1/2041	1.01%	Program	30
Inhumas	Matured	9/1/2018	0.99%	Concession	20
Goianésia	In Force	6/15/2020	1.12%	Concession	25
Quirinópolis	Matured	6/24/2016	0.92%	Concession	20
To mature in 01 - 15 years			9.36%		
To mature in 16 - 30 years			11.51%		
Matured			11.21%		
			<u>100.00%</u>		

The Company's operations are concentrated in the Municipality of Goiânia, which represents 36.90% of gross revenue on Tuesday, March 31, 2020 and 31.78% of intangible assets (36.21% of gross revenue and 31.50% of intangible assets in Tuesday, December 31, 2019).

According to Normative Resolution No. 0152/19 of the Regulatory Council of the Agency for Regulation, Control and Inspection of Public Services of Goiás - AGR, a linear adjustment of 5.79% was granted for water / sewage tariffs as of July 1, 2019. The readjustment was analyzed by the Goiânia Regulation Agency - ARG and approved by Municipal Decree No. 1555/2019.

The authorization for issuing this interim financial information was made by the Board of Directors on May 14, 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 been affecting Brazil and several countries in the world, bringing risks to public health and impacts on the world economy, the Company informs that it has been taking preventive and risk mitigation measures in line with the guidelines established by national and international health authorities, aiming to minimize any impacts with regard to the health and safety of employees, families, partners and communities, and the continuity of operations and business. In addition, at the end of the quarter, the total number of employees totaled 5,812 active under Consolidation of Labor Laws (CLT), of which 1,276 are employees who perform administrative tasks, with 881 being able to perform their activities under the telework regime, which represents 69% 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 and May 5, 2020, suspending water cuts for defaulting customers during the period from 03/19/2020 to 06/30/2020.

The Company prepared a contingency plan for the financial management necessary to maintain its financial balance, which among the main actions are:

- Proposal to postpone the payment of the 2019 Dividends, pending the holding of a new Extraordinary General Meeting to resolve on the date and form of payment in accordance with ATA AGOE of April 29, 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 installment referring to the competences of March, April and May 2020, according to Provisional Measure No. 927/2020;
- Containment of costs and expenses;
- Renegotiation of installment payments related to early renewal of contracts with the municipalities of Goiânia and Anápolis;

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

Expected credit losses due to the impacts of COVID-19

A potentially relevant risk to the Company in the emergence of Covid-19 is related to customer default. The Company’s accounts receivable position as of March 31, 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 a change in the recoverable value of its fixed and intangible assets.

Recovery of deferred tax assets



The Company has a balance of BRL 258,535 referring to deferred tax assets on tax loss / negative basis and temporary differences recorded in its balance sheet on March 31, 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 contracts for customers and suppliers, respectively, and concluded that, despite the impacts caused by Pandemic, the contractual obligations are still being fulfilled and there is no evidence or formalization of insolvency or any discontinuity.

Post-Employment Benefits

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

Compliance with obligations in debt contracts - Covenants

On March 31, 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 (BRL). All presentation amounts of the interim financial statements are expressed in thousands of reais.

2.3 Main accounting judgments and estimates



The preparation of the interim financial statements requires Management to use certain estimates and assumptions, requiring Management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of this, by definition, such estimates may differ from actual results.

The estimates and assumptions that have a significant risk of causing an important adjustment in the book values of assets and liabilities within the next accounting year are disclosed below:

a) Estimated losses on credits of allowance for doubtful accounts

The Credit of Estimated Loss for Doubtful Accounts 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.

As of March 31, 2020 and December 31, 2019, the Company had no financial instruments.

b) Financial liability - rating:

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

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

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

Financial liabilities rated as "other liabilities" comprise:

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

2.5 Operating Revenue

a) Revenue from sanitation services

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

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

b) Construction revenue

The Company recognizes construction revenue in accordance with ICPC 01 (R1) / IFRIC 12 Concession contracts and CPC 17 (R1) / IAS 11 Construction contracts, 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 contract 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.

2.9.1 Other Current Assets

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

2.10 Fixed Assets

Fixed assets are controlled by the SAP 4HANA system, which records and controls the movements of additions and write-offs of assets, calculation of depreciation, 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 control of works in progress is carried out by means of Investment Orders and Assets in Formation and the transfer to assets in operation (Completed Assets) takes place through documentation issued by the unit responsible for the execution of works, informing that the object in question is already concluded. The Company has made no efforts to improve control over the Company's Fixed Assets.

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

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

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

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

Nature of Goods	VUE Average / years*	VUE Average / previous years	Nature of Goods	VUE Average / years*	VUE Average / previous years
Civil Constructions	50	25	Vehicles	11	5
Dams	50	25	Machinery, Tractors	10	4
Reserv. Storage Tank	44	25	Assigned Cost (General)	9	9
Electrical Installations	40	25	General Equipment	9	10
Pipings	36	25	Computer Equipment	7	5
Wells	25	20	Leasing Computer Equipment	7	5
Macrometers	15	10	Right of Use Assets - Vehicles	3	3
Furniture and utensils	13	10	Works of art	-	-
Proprietary Softwares	12	5	Land	-	-
Water meters	11	10	Easements	-	-

*Weighted Average Economic Life (VUE).

2.1 Intangible Assets

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 Contracts.

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).

a) Concession Contracts

The infrastructure used by the Company related to the concession contracts 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 contracts, 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 contract; (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 the concession 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 contracts 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 concession, which have been carried out by the Company in order to guarantee the continuity and timeliness of the services granted.

Law 11.445/07 indicates that public basic sanitation services will have economic sustainability ensured, whenever possible, through remuneration for charging services, preferably in the form of tariffs and other public prices. Thus, investments made and not recovered through the provision of services, in the original term of the contract, are kept as intangible assets, amortized over the useful life of the asset, considering the solid history of renewals of the concessions, and, therefore, the continuity of provision of services.

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 at the recoverable value 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



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

Additionally, the Company adopts impairment for works that have been paralyzed for more than one year and with no expectation of cash generation (Law 11.638/07 Art 183 §3), with direct and indirect costs being fully provisioned. If the works are resumed, the losses incurred are recorded and are recognized in the income for the year. The amount of the impairment provision related to paralyzed works is BRL 128,347 on March 31, 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

a) Current taxes

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, at amortized cost using the effective interest method, thus demonstrating net funding.

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

Leasing contracts are rated under the financial modality when there are transfers of ownership of the risks and benefits inherent to it.

Financial leasing contracts are valued based on the present value of the minimum mandatory payments or fair value of the asset on the start date of the leasing contract. The amounts arising from the considerations are recognized and allocated between financial expenses and amortization of the liability as specified in the contract. The corresponding obligation to the lessor is recorded as current and non-current debt.

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 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) for a post-employment benefit plan or for 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 Added Value Statement - 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 is subject to market, credit, liquidity and concession risks. In April 2019, the financial risk management and fund application policy was created, as well as the permanent financial risk management and fund application committee, whose objective is to define the financial risks to which the Company is exposed, the mitigation guidelines and the parameters that must be observed in the product negotiations, to protect them against exposures as well as to establish general guidelines for the application of the cash and cash equivalents of the Company's funds (shareholders' equity and third parties), in the length of time corresponding to the existence of the financial surplus and maturity of the respective obligations, aiming at protecting it from inflationary effects without, however, exposing the principal amount to credit risks at levels higher than their normal exposure of keeping them in current accounts and / or restricted accounts.

(a) Market risk

Cash flow interest rate risk

It is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure refers mainly to long-term obligations subject to effective interest rates and variable rates.

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 1st quarter of 2020, three scenarios were simulated. The probable scenario considers the expected evolution of the indicators, whereas Scenarios II and III were performed with an appreciation of 25% and 50%, respectively.

Debt Sensitivity on Tuesday, December 31, 2019

Indicators	Exposure	Probable Scenario	Scenario II	Scenario III
IPCA (FIDC IV)	297,245	305,330	307,351	309,372
CDI ³ (Banks + Debentures)	501,586	519,894	524,471	522,051
Dollar (IDB)	108,878	92,795	115,993	139,192
TJLP ² (BNDES)	945	1,135	1,149	1,162
TR ¹ (Caixa Econômica Federal)	128,502	129,584	129,584	129,584
Subtotals	1,037,156	1,048,738	1,078,548	1,101,361
Transaction Cost	(28,102)			
Subordinated Shares	(85,339)			
	923,715			
Not subject to risks				
FCO - Cezarina and Silvânia	6,032			
	929,747			



Exchange rate risk

The Company is exposed as a result of the Real currency against the United States Dollar. This arises from financing operations (IDB) recorded in current and non-current with operations abroad. In the event of devaluation / appreciation of the Real, it will incur financial income / expense. However, through the risk management policy, the Company must contract a hedge instrument, being eligible the following exchange hedging instruments: swap contracts, currency forward contracts (NDF), futures and option operations.

External debt sensitivity - IDB

In relation to contract 1414 / OC signed between Saneago and the Inter-American Development Bank - IDB, there are no clauses in the contract that stipulate the execution of a latching.

The Sensitivity Analysis projected in March 2020, for the following periods, showed a slight increase in the expected value of the debt, due to the expectation of appreciation of the foreign currency caused mainly by the world pandemic system crisis, Coronavirus, which has substantially affected the conditions of national and international financial institutions. Externally, the risks associated with a slowdown in the global economy remain, as well as uncertainties about economic policies, a slowdown in the economy and of a geopolitical nature - notably trade disputes - that may contribute to even lower global growth.

The internal factors are related to the capacity of the Brazilian economy to absorb setbacks in the international scenario and to the prospect of structural reforms, especially those of a fiscal nature and that propitiate the resumption of the economic recovery process. The dollar rate in the payment of the installment that matured in April 2019 was BRL 3.83 to US\$ 1.00. The payment of the installment due in October 2019, the exchange rate was BRL 4.07 to US\$ 1.00. The exchange rate projection for 2020 is BRL 4.50 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) April 3, 2020.

(b) Credit risk

Virtually the entire population of the state is a customer of Saneago. Considering the type of business, no credit analysis is performed, adopting the practice of cutting supply in case of default for the private sector. The practice of cutting the supply is not applied to the Public Power, however, the Administration has been concentrating efforts to reduce the levels of default, through negotiations with the city halls in debt by reconciling accounts with those who have credits with Saneago.

(c) Liquidity risk

The Company's liquidity depends mainly on cash generated by operating activities, loans from financial institutions from federal, state government and private institutions. There is managerial control of cash flow inflows and outflows, with schedules planned to meet its obligations.

The cash balance held by the Company is invested in checking accounts with interest and tax retention, deposits in installments, short-term deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margin as determined by the aforementioned forecasts.

(d) Concession Risk

Saneago's results depend on the maintenance of contracts in the municipalities where it operates.



Generally, Concession Contracts and Program Contracts have a term of 30 years. In some situations, the municipality has the right to terminate the contracts before their expiration or not to authorize their renewal for non-compliance of legal or contractual obligations through 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	3/31/2020	12/31/2019
Total Loans / Debentures	929,747	945,852
(-) Cash and cash equivalents	(116,738)	(169,607)
(=) Net Debt	813,009	776,245
(+) Total Shareholders' Equity	2,858,257	2,801,330
(=) Total Capital	<u>3,671,266</u>	<u>3,577,575</u>
Financial Leverage Ratio	22.15%	21.70%

4. New accounting standards, changes and interpretations

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

Amendment to IFRS 3 - Business definition. Clarifies aspects for the definition of business, in order to clarify when a transaction should have accounting treatment of business combination or acquisition of assets. This change in the standard is effective for years beginning on or after 1/1/2020. The Company does not expect significant impacts on possible future events of business combinations or acquisition of assets;

Amendment to IAS 1 and IAS 8 - Definition of materiality. Clarifies aspects of materiality to fit the accounting standard where this concept is applicable. These amendments to standards are effective for years beginning on or after 01/01/2020. The Company does not expect significant impacts on its Financial Statements.

5. Cash and cash equivalents

	3/31/2020	12/31/2019
Fixed Fund	110	12
Banks - Current Account / Collection	5,296	13,856
Banks - Construction-linked accounts	2,824	3,549
Banks - Collection to be released (a)	11,358	18,865
Financial Investments (b)	97,150	133,325
	<u>116,738</u>	<u>169,607</u>

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



SANEAGO Saneamento de Goiás S.A.

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

(b) Financial investments are composed as follows:

3/31/2020				12/31/2019			
Bank	Account	Amount	Remuneration	Bank	Account	Amount	Remuneration
Itaú	140956	525	32.60% CDI	Itaú	140956	431	40.23% CDI
Itaú	2989-4	4,901	32.05% CDI	Itaú	2989-4	6,429	40.23% CDI
Itaú	2989-4	15,925	108.22% CDI	Itaú	2989-4	22,185	101.14% CDI
Itaú	02.999-3	-		Itaú	02.999-3	-	98.52% CDI
Itaú	14.094-9	109	32.60% CDI	Itaú	14.094-9	162	40.23% CDI
B.Brasil	6013-5	554	92% CDI	B.Brasil	6013-5	674	92% CDI
B.Brasil	6.544-7	537	92% CDI	B.Brasil	6.544-7	532	92% CDI
BBM	701742	3,275	100% CDI	BBM	701742	3,763	100% CDI
BBM	701.866-0	1,281	100% CDI	BBM	701.866-0	1,350	100% CDI
Safra	23190-0	9	(26.57%) CDI	Safra	23190-0	9	96.62% CDI
Bradesco	1368	559	11.23% CDI	Bradesco	1368	643	9.81% CDI
B.Brasil	6.640-0	0		B.Brasil	6.640-0	15,845	90.45% CDI
B.Brasil	105.334-5	69,475	97.8% CDI	B.Brasil	105.334-5	81,302	96% CDI
		<u>97,150</u>				<u>133,325</u>	

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

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

6. Securities

Financial institution	Account	Investment Type	Profitability	3/31/2020	12/31/2019
Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% /80% of CDI	8,299	8,218
				<u>8,299</u>	<u>8,218</u>
Non-Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% /80% of CDI	14,949	14,824
				<u>14,949</u>	<u>14,824</u>
Total				<u>23,248</u>	<u>23,042</u>

The investment in CEF refers to a contractual requirement of BNDES - National Bank for Economic and Social Development, as a guarantee of loans / financing, therefore it is not available for use within the next 12 months. Reserves that refer to contracts with BNDES whose maturity is within the next 12 months, are rated in current assets.

7. Credits receivable from users



Current	3/31/2020			12/31/2019		
	Private	Public	Total	Private	Public	Total
Billed to be due	102,767	12,670	115,437	94,714	9,730	104,444
Maturing for more than 30 days	20,571	6,273	26,844	20,347	6,577	26,924
Overdue up to 30 days	92,365	8,228	100,593	86,952	8,641	95,593
Overdue from 31 to 60 days	35,627	5,613	41,240	30,030	4,744	34,774
Overdue from 61 to 90 days	12,725	4,197	16,922	10,942	4,228	15,170
Overdue from 91 to 120 days	9,720	4,426	14,146	9,067	3,981	13,048
Overdue from 121 to 180 days	16,847	7,915	24,762	14,867	6,755	21,622
Overdue from 181 to 360 days	5,363	16,946	22,309	5,515	16,306	21,821
Overdue from 361 days to 5 years	23,295	88,216	111,511	21,098	84,074	105,172
Overdue over 5 years	850	3,282	4,132	820	2,448	3,268
Collection to be noted	(1,303)	-	(1,303)	(45)	-	(45)
Estimate to be billed	87,107	-	87,107	87,788	-	87,788
(-) AVP Accounts Receivable	(835)	(298)	(1,133)	(852)	(318)	(1,170)
(-) PCLD	(10,162)	(139,433)	(149,595)	(7,389)	(128,620)	(136,009)
Subtotal	394,937	18,035	412,972	373,854	18,546	392,400
Credits receivable (Non-current)	17,759	18,625	36,384	16,016	19,579	35,595
(-) AVP Accounts Receivable	(3,427)	(4,421)	(7,848)	(3,363)	(4,672)	(8,035)
(-) PCLD	(525)	(9,803)	(10,328)	(602)	(9,164)	(9,766)
Subtotal	13,807	4,401	18,208	12,051	5,743	17,794
Total	408,744	22,436	431,180	385,905	24,289	410,194

The above amounts, in their recognition, are equivalent to their respective fair values and do not consider fines, interest or any form of monetary restatement due to late payments. Non-recoverable credits written off to the income up to March 31, 2020 were BRL 24,328 (BRL 90,150 in 2019).

The credits with the Government of Goiás are added for tax purposes, according to art. 6 of Law 9.430/96, were BRL 1,527 up to Tuesday, March 31, 2020 (BRL 5,089 in financial year 2019).

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

Balance on 12/31/2019	<u>(145,775)</u>
Constitution / reversal of net allowance for doubtful accounts (note 31)	<u>(14,148)</u>
Balance on 3/31/2020	<u>(159,923)</u>

For private customers, the collection policy initially consists of a debit notice that is issued when the next reference is read, which occurs on average 15 days after the invoice expires. In the second notice, the payment term of 30 days is granted and if the invoice is not paid, there is an interruption of the water supply (cut), which occurs on average 48 days after the invoice matures.

8. Stocks

	3/31/2020	12/31/2019
Treatment plants materials	7,766	8,048
Materials for gaskets and pipe protection	30	57
Electrical materials and equipment	4,125	1,967
Pipes, connections for networks and pipelines	37,164	37,037
Materials for building connections	2,124	1,505
Water meters	12,631	11,532
Water Valves	7,824	9,740
Pump motor set	2,653	2,412
Miscellaneous materials	5,541	5,305
(-) Provision for Stock Loss (a)	(37,844)	(31,881)
	<u>42,014</u>	<u>45,722</u>

a) The provision for losses in stocks is set up based on the Company's policy, with provision for



items that have not been moved in the last 12 months, except for items that make up the technical reserve.

9. Taxes Recoverable

	3/31/2020	12/31/2019
IRPJ (a)	1,112	1,112
IRRF	1,741	1,379
	2,853	2,491

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

10. Advanced Expenses and Advanced Payments

	3/31/2020	12/31/2019
Current		
Investment Fund Credit Rights - FIDC IV (a)	12,126	12,396
Postgraduation advances	39	43
Advances for travel expenses	941	1,206
Municipal Fund of Environmental Sanitation	676	676
Vacation advances	-	2,244
13 th salary advance payment	8,448	1
Contractual Remuneration with Municipalities (b)	6,898	4,252
Shares issuance costs	1,106	1,101
	29,558	21,919
Non-Current		
Contractual Remuneration with Municipalities (b)	198,078	142,214
	198,078	142,214

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

(b) Contractual Obligations (note 22.1)

11. Sub-delegation

In order to comply with the Program Contracts 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 contract 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 contract integrates the local provision performed by Saneago and has the following characteristics:



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

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

Sub-delegation	Current Assets		Current Liabilities	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Grant	12,507	9,314	1,162	1,026
	Non-current assets		Non-Current Liabilities	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Sewerage system investments	704,365	677,280	704,365	677,280
Total	716,872	686,594	705,527	678,306

12. Other Accounts Receivable

	3/31/2020	12/31/2019
Current		
Security deposits	18	18
Consortium	375	375
Federal Revenue of Brazil	3,728	3,999
Miscellaneous advances	687	373
(-) Provision for Losses	(375)	(375)
	4,433	4,390
Non-Current		
Contracts without Concession (a)	32,765	32,765
(-) Estimated losses for credits	(32,765)	(32,765)
	-	-

(a) Contracts without Concession

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

Caldas Novas - In view of the resumption of systems by the municipality, on June 27, 1995, Saneago filed an action for indemnification, Lawsuit No. 0033803.68.1995.8.09.0051. On 09/26/2019, the Special Appeal and Extraordinary Appeal were filed by Saneago.



On 01/20/2020 TJ/GO did not accept the Special Appeal. On 02/13/2020 an interlocutory appeal was filed in order for the Special Appeal to rise to the Superior Court of Justice (STJ). On 02/27/2020 the Municipality of Caldas Novas was summoned to present reasons for the appeal in a special appeal.

Catalão - The municipality was able to get back the system by judicial measure, and Saneago obtained unfavorable results, so there is no possibility of getting back the system. Action was filed through Lawsuit No. 37532-36.2016.8.09.0029 aimed at recovering the Company's losses, in the approximate amount of BRL 142,000. The notary office summoned the expert to start work on March 25, 2019, and he did not establish a start date for the work. It was requested by the attorney of SAE - Municipal Superintendence of Water and Sewage, qualification in the process.

13. Judicial Deposits

	3/31/2020	12/31/2019
Judicial Deposits	9,677	9,384
	<u>9,677</u>	<u>9,384</u>

14. Deferred Taxes

Deferred Taxes - Assets	3/31/2020				12/31/2019			
	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total
PECLD - Credits Receivable	159,923	39,980	14,393	54,373	151,420	36,444	13,120	49,564
Provision for Stock Loss	37,844	9,461	3,406	12,867	31,882	7,970	2,869	10,839
Provision for Investment Loss	564	141	51	192	564	141	51	192
Provision for Contingencies	148,022	37,006	13,322	50,328	142,209	35,552	12,799	48,351
Provision for Losses on other credits	375	94	34	128	375	94	34	128
Provision for Contracts without Concession	32,765	8,191	2,949	11,140	32,765	8,191	2,949	11,140
Provision for Works Losses	132,097	33,024	11,889	44,913	132,097	33,024	11,889	44,913
Actuarial liabilities	128,881	32,220	11,599	43,819	128,881	32,220	11,599	43,819
Tax Loss IRPJ(a)	105,872	26,468	-	26,468	124,957	31,239	-	31,239
Tax Loss CSLL(a)	349,667	-	31,470	31,470	368,750	-	33,188	33,188
Total	1,096,010	186,585	89,113	275,698	1,113,900	184,875	88,498	273,373
Deferred Tax Liabilities								
Equity Valuation Adjustment	50,486	12,622	4,544	17,166	50,483	12,621	4,543	17,164
Total Net Deferred Tax				258,535				256,209

(a) The calculation basis is limited to the balance of tax loss.

Based on studies and future growth prospects, the Company keeps its tax assets limited to the lowest value between the amount of future profits and the temporary differences / tax losses that can be offset (on December 31, 2018 and 2019 it was limited to temporary differences / tax losses). Below, schedule of use of the tax credit.

Year	Realization of deferred tax assets - Balance on 03/31/2020			
	Results from the project	IRPJ	CSLL	Sum
2020	487,714	26,468	11,451	37,919
2021	505,031	-	13,636	13,636
2022	552,961	-	6,383	6,383
2023	590,966	-	-	-
2024	620,690	-	-	-
		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	2,325
(-) Constitution of deferred tax liabilities	1
Balance held in deferred tax assets on 3/31/2020	258,535
Reversal in income statement for the year 12/31/2019	
Profit before tax	71,329
Combined rate 34%	24,252
(+/-) IRPJ/CSLL on permanent / temporary additions and exclusions and tax loss	<u>(20,286)</u>
Reversal in income statement for the year	2,325

15. Investments

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

Description	3/31/2020	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

	3/31/2020	12/31/2019
General Use Goods	169,815	169,997
General Use Goods in Progress (a)	149,941	147,232
Assets - Assigned Cost	64,987	65,089
General Use Goods - Leasing	7,241	7,243
Funds to be realized - Corumbá Consortium	50,698	51,138
Right of Use - Vehicles (note 16.2)	56,492	57,764
Accumulated Depreciation - Right of Use (note 16.2)	(15,133)	(11,403)
Accumulated General Depreciation	(97,448)	(95,533)
Accumulated Depreciation - Assigned Cost	(14,523)	(14,623)
Accumulated Depreciation - Leasing	(4,470)	(4,290)
	<u>367,600</u>	<u>372,614</u>

(a) Composition of general use goods in progress:

	3/31/2020	12/31/2019
General Use Goods (In Progress)	91,630	88,993
General Use Assets, PAC (In Progress)	58,311	58,239
	<u>149,941</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 3/31/2020
General Use Goods	169,997	122	(304)	-	-	169,815
General Use Goods in Progress	147,231	2,710	-	-	-	149,941
Assets - Assigned Cost	65,089	-	(102)	-	-	64,987
General Use Goods - Leasing	7,242	-	(1)	-	-	7,241
Funds to be realized - Construction Corumbá	51,139	-	-	-	(441)	51,138
Accumulated General Depreciation	(95,532)	-	266	(2,182)	-	(97,448)
Accumulated Depreciation - Assigned Cost	(14,623)	-	102	(2)	-	(14,523)
Accumulated Depreciation - Leasing	(4,290)	-	-	(180)	-	(4,470)
	326,253	2,832	(39)	(2,364)	(441)	326,241

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.

	3/31/2020	12/31/2019
Right of Use Assets - Vehicles	56,492	57,764
Accumulated Depreciation - Right of Use	(15,133)	(11,403)
	41,359	46,361

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

Fixed Asset - Right of Use	Balance on 12/31/2019	Accumulated / Amortization	Movement Period	Balance on 3/31/2020
Right of Use Assets - Vehicles	57,764	-	(1,272)	56,492
Accumulated Depreciation - Right of Use	(11,403)	(3,730)	-	(15,133)
Total	46,361	(3,730)	(1,272)	41,359

17. Contract's Asset

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

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

Contract's Assets	Balance on 12/31/2019	Addition	Write-off	Movement Period	Transfer for intangible asset	Balance on 3/31/2020
Water System	219,854	6,408	(6,932)	-	(13,602)	205,728



Sewerage System	374,637	12,715	-	-	-	387,352
Works stock	36,051	-	-	39	-	36,090
	630,542	19,123	(6,932)	(6,893)	(13,602)	629,170

18. Intangible Asset

	3/31/2020	12/31/2019
Water System	2,551,762	2,528,466
Sewerage System	2,798,450	2,798,037
General Use Goods	4,598	4,036
Software (Licenses)	32,352	31,243
Accumulated Amortization	(2,614,033)	(2,588,932)
Funds to be Realized - Águas Lindas	55,972	55,633
Provision for Losses (Impairment)	(128,347)	(132,097)
Operação Decantação (Note 39)	(118,494)	(118,494)
Land regularization	31,638	32,400
Non-Onerous - Water	42,354	42,231
Non-Onerous - Sewage	54,030	44,879
	2,710,282	2,697,402

The movement of intangible assets can be demonstrated as follows:

Intangible Asset in Use	Balance on 12/31/2019	Addition	Write-off	Depreciation Amortization	Movement Period	Balance on 3/31/2020
Water System	2,528,466	8,551	(178)	-	14,923	2,551,762
Sewerage System	2,798,037	488	(75)	-	-	2,798,450
General Use Goods	4,035	571	(8)	-	-	4,598
Accumulated Amortization	(2,588,932)	-	188	(25,288)	(1)	(2,614,033)
Software (Licenses)	33,947	1,931	-	-	-	35,878
Amortization Software (Licenses)	(2,704)	-	-	(822)	-	(3,526)
Software (In Progress)	-	-	-	-	-	-
Funds to be Realized - Águas Lindas	55,633	-	-	-	339	55,972
Provision for Losses (Impairment)	(132,097)	-	3,750	-	-	(128,347)
Operação Decantação (Note 38)	(118,494)	559	-	-	(1,321)	(118,494)
Land regularization	32,400	12,100	3,677	(26,110)	13,940	31,638
Total	2,610,291	8,551	(178)	-	14,923	2,551,762
Intangible in progress - Non-onerous						
Non-Onerous - Water	42,232	122	-	-	-	42,354
Non-Onerous - Sewage	44,879	9,151	-	-	-	54,030
Total	87,111	9,273	-	-	-	96,384
Total Intangible	2,697,402	21,373	(73)	(26,110)	17,690	2,710,282

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 December 19, 2007, transfer contracts were signed between the Federal Government, through the Ministry of Cities, represented by Caixa Econômica Federal and the Government of the State of Goiás, aiming at the execution of actions related to the urban water and sewage services program in several municipalities, with Saneago as Executing Intervening Party, which signed a covenant with several municipalities. The object of each agreement 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 contracts in item 8.5.1, in Clause eight - Financial execution, according to the PAC Instructions Manual, in the following cases:

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

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

- a) Total non-execution of the object, in which the funds remained in the specific account, without having been released in favor of the Commissioner: return of the funds plus the income of the financial investment;
- b) Partial execution of the object, in which the executed part has functionality: return of funds already credited to the account and not invested in the object of the work plan, plus the income of the financial investment;
- c) Partial execution of the object, in which the executed part has no functionality: return of the total funds released plus the income of the financial investment, applying to the funds spent, the same percentage as if they had remained applied throughout the period in passbook savings account and;
- d) Investment 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	Completed Works - Adjustments	In-kind returns	Balance on 3/31/2020
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	-	-	-	2,769
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	1,104	-	-	8,398
Luziânia	0226026-76	50,936	10,140	-	-	61,076
Luziânia	0231460-45	57	-	-	-	57
Trindade	0237772-43	1,189	-	-	-	1,189
Goiânia	0350788-10	39,757	532	-	-	40,289
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	-	-	-	19,595
Total PAC		142,568	11,809	-	-	154,376
Other Programs						
Pipeline João Leite	1524/01	729	-	-	-	729
Pipeline João Leite	0187/06	1,472	-	-	-	1,472
Novo Gama	172263-97/04	-	-	-	-	-
Amaralina - FUNASA	25	248	-	-	-	248
Nerópolis - ANA-PRODES	68/15	4,601	-	-	-	4,601
Pires do Rio - ANA PRODES	68/15	1,976	-	-	-	1,976
Campos Verdes FUNASA/SECIMA	TC650/20	383	-	-	-	383
Goiânia- Forest Recovery	0153005/16	1,011	-	-	-	1,011



SANEAGO Saneamento de Goiás S.A.

Total - Other Programs	10,420	-	-	-	10,420
Total General	152,988				164,796



SANEAGO Saneamento de Goiás S.A.

19.a Loans and Financing

Bank	Type	Contract	Start	Maturity	Annual contractual fee	Transaction Costs	Transaction cost to be appropriated	Funding	Guarantee	3/31/2020	12/31/2019	
BRASIL	Loan	330701235	12/27/2017	1/6/2026	2.9% + CDI	940	417	30,000	a)	21,355	23,245	
FIBRA	Loan	0106716/16	6/29/2016	6/28/2019	9.38% + CDI	303	-	15,000	b)	-	-	
IBM	Loan	Leasing	7/28/2016	7/27/2021	3.48% + CDI	-	-	-	c)	907	1,071	
FIDC IV	Loan	FIDC	12/15/2015	12/15/2022	3% + CDI	47,828	25,200	600,000	d)	297,245	324,052	
C.S. FIDC IV	Loan	Subordinated Shares				-	-	-		(85,339)	(84,361)	
Transfer Costs	Loan	Transaction Costs				-	-	-		(21,690)	(23,691)	
CEF	Financing	Several		2024	5.73% + TR	-	-	-	d)	6,895	7,257	
CEF	Financing	410.461-57	12/31/2013	5/14/2037	8.5% + TR	-	-	132,760	e)	4,978	5,020	
CEF	Financing	0410526-20	12/31/2013	4/14/2037	8.5% + TR	-	-	36,410	e)	27,054	27,279	
CEF	Financing	0410517-19	2/14/2014	5/14/2037	8.5% + TR	-	-	18,265	e)	5,602	5,652	
CEF	Financing	0410538-64	3/27/2015	5/14/2037	8.5% + TR	-	-	51,544	e)	42,390	42,780	
CEF	Financing	0410512-69	12/27/2015	1/14/2038	8.5% + TR	-	-	32,729	e)	-	-	
CEF	Financing	26340190232-94	6/29/2006	4/30/2028	12% + TR	-	-	3,185	f)	1868	1847	
CEF	Financing	26340190233-07	6/29/2006	6/30/2030	12% + TR	-	-	39,214	f)	23353	23135	
CEF	Financing	2635248557-66	6/30/2008	11/12/2030	8.5% + TR	-	-	6,600	f)	3947	4037	
CEF	Financing	2634248555-47	10/9/2009	6/14/2031	9% + TR	-	-	10,000	f)	7107	7172	
CEF	Financing	2634248548-42	12/30/2009	6/14/2031	9% + TR	-	-	11,882	f)	5308	5405	
Inter-American Development Bank (IDB)	Financing	1414/OC	12/11/2002	10/11/2027	5.82% + VC	-	-	47,000	f)	108,878	83,737	
BNDES	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP	-	-	31,154	g)	945	1,080	
BRASIL	Financing	40/01033-3	9/10/2012	4/1/2022	2.94%	-	-	2,360	h)	670	758	
BRASIL	Financing	40/00984-X	12/20/2012	1/1/2028	2.94%	-	-	6,846	h)	5,362	5,527	
						49,071	25,617	1,074,949		456,835	461,002	
										Current	135,006	130,881
										Non-Current	321,829	330,121



19.b Debentures

Debentures	Start	Maturity	annual contractual fee	Transaction Costs	Costs to be appropriated	Amount Collected	Guarantees	3/31/2020	12/31/2019
Debentures, 4 th Issue	12/28/2017	12/15/2021	2.95% per year + CDI	1,448	644	130,000	b)	88,358	100,963
Debentures, 5 th Issue	11/15/2018	11/16/2023	2.5% per year + CDI	4,296	3,884	250,000	i)	250,780	250,741
Debentures, 6 th Issue	9/23/2019	9/23/2024	1.2% per year + CDI	1,888	1,888	140,000	i)	140,186	140,184
Transaction Costs Debentures								(6,412)	(7,037)
				7,632	6,416	520,000		472,912	484,851
						Current		113,114	95,524
						Non-Current		359,798	389,327

Description	Balance
Loans and Financing	456,835
Debentures	472,912
	929,747

- 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) No guarantee;
- g) Earmarking revenue of BRL 2 million, adjusted;
- h) Earmarking revenue of 10% of the outstanding balance at the end of each month;
- i) Assignment of Credit Rights Funds.



Non-current statement by maturity range	3/31/2020	12/31/2019
2021	257,061	252,290
2022	252,231	132,335
2023	132,555	56,499
2024 onwards	142,770	382,812
Subordinated Quotas FIDC IV	(85,339)	(84,361)
Transaction Costs	(17,651)	(20,127)
	681,627	719,448

Inter-American Development Bank (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 Friday, October 11, 2019 was 2.04% per semester (4.11% per year). Amortizations are in semiannual installments, beginning on October 11, 2008 and ending on October 11, 2027.

Debentures, 4th Issue)

In December 2017, a private instrument of deed was created for 4th (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 351st Meeting of the Management Board of Saneago, held on November 24, 2017, and 352nd meeting of the same board held on December 15, 2017.

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

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

The financial index established for the 4th Issue of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0 and for the closing on March 31, 2020, the Company has not breached the financial ratios related to debt coverage, as required by the private instrument of deed of the 4th issue of debentures

Debentures, 5th Issue

In December 2018, a private instrument of deed for the 5th (fifth) issue 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, pursuant to 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 Contract were entered into in accordance with the 370th Meeting of the Management Board of Saneago, held on November 08, 2018.

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

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



coverage have their annual enforceability.

The financial index established for the 5th Issue of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0 and at the end of March 31, 2020, the Company did not breach the financial ratios related to coverage of debt, as required by the private instrument of deed of the 5th issue of debentures.

Debentures, 6th Issue

In December 2019, a private instrument of deed for the 6th (sixth) issue 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, pursuant to 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 Contract were entered into in accordance with the 370th Meeting of the Management Board of SANEAGO, held on July 24, 2019.

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

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

The financial index established for the 6th issue of debentures is adjusted EBTIDA less than or equal to 3.0, as required by the private instrument of deed of the 6th issue of debentures, to be verified annually by the Issuer and accompanied by the Fiduciary Agent. There was no breach of the financial ratios related to debt coverage until March 31, 2020.

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 December 20, 2019, management obtained from the Financial Institution the extinction of the enforceability of compliance with economic-financial ratios as of December 31, 2019.

FIDC IV

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

There was no breach of the financial ratios related to debt coverage until Tuesday, March 31, 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. On the position of December 31, 2019, the Company did not breach the financial ratios related to debt coverage.

19.c Movements made in Loans and Financing



	Fundings 1/1/2020 to 3/31/2020	Payments made 1/1/2020 to 3/31/2020	Appropriate charges 1/1/2020 to 3/31/2020	Fundings 1/1/2020 to 3/31/2020	Payments made 01/01/2019 to 03/31/2019	Appropriate charges 01/01/2019 to 03/31/2019
Caixa Econômica Federal - CEF		3,870	2,787	2,346	4,922	1,845
Inter-American Development Bank - IDB		-	25,141			1,281
National Bank for Economic and Social Development		156	21		166	35
Banco do Brasil S/A		2,574	431		2,223	724
Fundo de Invest. Direitos Cred. INFR. IV		36,499	9,691		39,382	12,623
Subordinated Quotas FIDC IV		-	(978)			(1,081)
Banco IBM -Leasing		233	70		520	307
Banco BBM S/A		-	-			
Banco Fibra		-	-		1,595	93
Debentures	20,124		7,560		8,011	8,145
Transaction Cost		-	2,629		68	2,460
Leasing - Vehicles		3,963	1065	-		-
Capitalized Interests						(1,540)
Income from Financial Investments		-	(207)			(207)
Total		67,419	48,210	2,346	56,887	24,685
Capitalized Interests			463	-	-	1,540

19.d Leasing - Vehicles

The standard (CPC06(R2)/IFRS 16) established the principles for the recognition, measurement, presentation and disclosure of leasing operations, requiring the lessee to record leases in accordance with a single lessee accounting model, similar to recording of financial leasings 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 value. As of the financial year started on January 1, 2019, Saneago recognized the following leases:

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

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

The total lease liability recognized in the balance sheet on Tuesday, March 31, 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	3/31/2020	12/31/2019
Vehicles	45,771	1,065	(1,271)	(3,963)	41,602	45,772
				Current	13,583	13,150
				Non-Current	28,019	32,621



41,602

45,771

20. Labor obligations

	3/31/2020	12/31/2019
Current		
Salaries Payable	-	28,656
Alimony and Terminations	2	206
PREVSAN	1475	-
CAESAN	20	-
Payday Loans	4	-
SESI,SENAI	1,903	1,922
Vacations Payable	51,741	52,663
13th Salary Payable	10783	508
FGTS Collectable	3866	-
FGTS on vacation and 13 th salary	4,617	4,207
INSS collectable from wages	15,408	15,701
Provision for INSS from Vacations and 13 th salary	18,007	15,167
Voluntary Job Termination Program (a)	2,623	2,625
Profit Sharing	27,632	27,631
	138,081	149,286
Non-Current		
Voluntary Job Termination Program (a)	1,276	1,932

a) Refers to the amounts of food vouchers and medical assistance guaranteed by the Program.

21. Tax Obligations

	3/31/2020	12/31/2019
Current		
IRPJ Payable	2,502	-
ISS	1,115	836
PIS	2,887	2,694
Installment payment with the Federal Revenue Service (a)	896	889
COFINS	13,358	12,452
Social Contribution	901	48
Withholding of Federal Contributions	511	567
IRRF Payroll and Services	6,064	140
INSS Provision of Services	2,080	2,022
	30,314	19,648
Non-Current		
Installment payment with the Federal Revenue Service (a)	7,919	8,071

(a) Federal Revenue of Brazil

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	Interests	Charges / Remuneratio ns	Total
Installment	6,928	3,769	3,589	3,591	17,877



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



22. Installments

	Description	Start	Final	Number of Installments	Update	3/31/2020	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	b)	11,863	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	b)	4,411	4,445
II	Goiânia City Hall	6/23/2018	9/21/2021	20	-	3,020	3,473
I	Others				-	723	59
						20,017	19,976
	Current					3,414	2,672
	Non-Current					16,603	17,304

a)According to the electricity tariff.

b) Monthly update 0.5% per month + interest 0.5% per month;

c)Savings account



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

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.

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

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

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 BRL 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 BRL 16,089, of which BRL 12,484 related to the consideration for the concession of services and BRL 3,605 related to the cut measurements of asphalt from the period 2011 to 2016.

22.1 Contractual Obligations

	Description	Start	Final	Qty in Installment	3/31/2020	12/31/2019
I	FMSAI- Águas Lindas	12/28/2018	10/11/2019	4	15,220	15,220
II	Municipality of Goiânia - Indemnification Concession	12/17/2019	9/20/2020	3	42,508	85,016
III	Municipality of Anápolis-Inden. Concession	2/26/2020	8/15/2020	2	39,420	-
					<u>97,148</u>	<u>100,236</u>

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

II) Goiânia City Hall - Goiânia Concession contract

On December 17, 2019, Saneago signed a cancellation with the municipality of Goiânia, for which it will pay the amount of BRL 127,524 related to the subsidies and the cost of concession contract 393/1991.



III) Anápolis City Hall

On February 26, 2020, Saneago signed a cancellation agreement with the municipality of Anápolis, for which it will pay the amount of BRL 59,129 related to the grants and the cost of concession contract 6100/1998.

23. Jointly Controlled Businesses - Consortiums

Non-Current Liabilities	3/31/2020	12/31/2019
Águas Lindas Consortium (a)	3,083	5,055
Corumbá Consortium (b)	50,698	51,139
	53,781	56,194

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 contract 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. As of Tuesday, December 31, 2019, the consortium CAESB holds 52.32% and Saneago 47.81%, the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Águas Lindas Consortium					
	2/29/2020	12/31/2019		2/29/2020	12/31/2019
Asset			Liability		
Current			Current		
Cash and cash equivalents	1,822	2,148	Funds to be realized - Suppliers	4,099	3,675
Credits Receivable from Users	10,442	12,803	Labor obligations	850	376
Taxes to be offset	-	-	Installments	15,220	15,220
Advanced expenses and advanced payments	677	677		20,169	19,271
	12,941	15,628			
Non-Current			Non-Current		
Accounts Receivable from Users	984	935	Provision for judicial claims	542	542
Judicial Deposits	225	225		542	542
Advanced expenses	18,827	18,940			
	20,036	20,100	Net Equity		
			Fundo de Participação - SANEAGO	84,033	84,821



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Fixed asset	138	143	Fundo de Participação - CAESB	91,942	94,961
Contract's Asset	72,707	72,706	Accumulated Profits / Losses	(233)	-
Intangible Asset	90,631	91,018		175,742	179,782
	163,476	163,867			
Total Asset	196,453	199,595	Total Liability	196,453	199,595

b) Corumbá Consortium

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

As of Tuesday, December 31, 2019, the consortium CAESB holds 62.48% and Saneago 37.56%, the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Corumbá Consortium				
	2/29/2020	12/31/2019	2/29/2020	12/31/2019
Asset			Liability	
Current			Current	
Total Current Assets	-	-	Funds to be realized - Suppliers	1,152
			Labor obligations	59
			Total Current Liabilities	1,211
Non-Current			Non-Current	
Works in progress - PAC	31,244	31,244	Total Non-Current Liabilities	-
Works in progress	379,172	378,156		
Total Non-Current Assets	410,416	409,400	Net Equity	
			Fundo de Participação - SANEAGO	153,709
			Fundo de Participação - CAESB	255,660
			Accumulated Losses	(164)
Total Asset	410,416	409,400	Total Liability	409,205
				407,404
				409,400

24. Contractual Advance

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

25. Other Accounts Payable

Current	3/31/2020	12/31/2019
Escrows	816	816



Other accounts (a)	16,137	11,348
	<u>16,953</u>	<u>12,164</u>

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

26. Provisions for judicial claims

	3/31/2020	12/31/2019
Civil / Tax Claims	55,576	60,321
Labor Claims	91,455	80,825
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	991	1,063
	<u>148,022</u>	<u>142,209</u>

Below is the movement of provisions:

	Balance on 12/31/2019	Recognized Provisions	Reversals	Balance on 3/31/2020
Civil Claims (a)	60,321	7	(4,752)	55,576
Labor Claims	80,825	10,630	-	91,455
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	1,063	-	(72)	991
Total	<u>142,209</u>	<u>10,637</u>	<u>(4,824)</u>	<u>148,022</u>

Civil and Labor Lawsuits

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

(a) Civil, labor and tax:

Nature	Lawsuit	Description	Plaintiff	Estimated
Labor	0010242-85.2016.5.18.0016	Interweek Interval Payment	STIUEG	30
Labor	0012089-83.2015.5.18.0008	Integration of travel accommodation fees to salary	STIUEG	21
Civil	215.530-65.2004	Execution of TAC of Quartzitic Hydrogeological Study	Public Prosecutor's Office	13
Labor	0011614-08.2016.5.18.0004	Collective Action - DSR improperly granted	STIUEG	15
Tax	5377963.81.2018.8.09.0158	Tax Execution	Santo Antonio Municipality	11
Tax	10.120.007.382/2007-74	IRPJ Infraction Notice	Federal Revenue Service of Brazil	9
Tax	10.120.002.900/2007-63	Tax Execution	Federal Government of Brazil	8
Tax	10.120.002.901/2007-16	COFINS Infraction Notice	Federal Revenue Service of Brazil	6
Labor	0011237-62.2015.5.18.0007	Request for moral damages indemnification to employees	STIUEG	4
Labor	0001590-79.2011.5.18.0008	Reintegration - Dismissal without Just Cause	Pedro Marcio Mundim De Siqueira	2
Labor	0011483-77.2014.5.18.0012	Overtime Payment Request	STIUEG	2
Labor	0012143-81.2017.5.18.0201	Employee Work Accident	Marcelo Pereira Rodrigues	2
Tax	10.120.002.902/2007-52	Tax Execution	Federal Government of Brazil	1
Civil	5299729.85	Prevent Full Collection of Sewage Tariff	Public Prosecutor's Office of Rio Verde	1



Possible causes

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

	3/31/2020		12/31/2019	
	Estimated Amount	Quantity	Estimated Amount	Quantity
Civil (a)	263,269	1,197	287,346	1,333
Tax (b)	298,309	29	243,934	22
Labor	1,448	10	2,707	19
	563,026	1,237	533,987	1,374

(a) We highlight some with higher values promoted by the Public Prosecutor's Office in some cities in defense of the consumer or adjustment of conduct, as well as individual civil actions, execution, obligation to make comminatory and declaratory injunctions and indemnification for lack of water.

(b) 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 aiming at the annulment of the tax debt and also embargoes of the tax execution aiming at the their dismissal.

Lawsuit	Plaintiff	Amount
281694.13.2009	Municipality of Goiânia	128,193
200704213731	Municipality of Minaçu	68,294
144.562-97.2016	Sérgio Martins de Souza Queiroz	67,556
200803501387	Municipality of Minaçu	65,966
10.120.005.927/2003-84	Federal Revenue Service of Brazil	63,409
200803501557	Municipality of Minaçu	22,122
10.120.005.929/2003-73	Federal Revenue Service of Brazil	20,599
0026826.44.2018.4.01.3500	Conselho Regional de Química 12 Região	10,414
0381090.89.2011.8.09.0051	Public Prosecutor's Office	9,196
0381104.73.2011.8.09.0051	Public Prosecutor's Office	9,196
381101.21.2011.8.09.0051	Public Prosecutor's Office	9,196
0381098.66.2011.8.09.0051	Public Prosecutor's Office	9,196
0381082.15.2011.8.09.0051	Public Prosecutor's Office	9,196
0381067.46.2011.8.09.0051	Public Prosecutor's Office	9,196
0241999.86.2008.8.09.0051	Municipality of Goiânia	7,307
10120.734564/2018	Public Prosecutor's Office	7,287
201504007500	Ass. Amigos Aldeia do Vale	7,000
378681-38-2014	Public Prosecutor's Office	6,130
10120.734566/2018	Public Prosecutor's Office	5,531
7412/2013	Pumaty Plant	3,631
201702520883	Municipality of S. Luis dos Montes Belos	3,022
		541,637

27. Employee Benefits

27.1 - 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.



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

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

As can be identified in the table above, the existing funds in the pension plan are not sufficient to guarantee the payment of the plan's commitments, presenting a liability to be recognized in 2019 in the amount of 128,880. On December 31, 2018 it presented a surplus of BRL 62,642

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 active 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,

27.2 - Pension Benefit 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%

27.3 - 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.

In 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 complying with Resolution CVM 695/12, the recording of commitments for this type of Plan is determined through the amount of Saneago's contributions applied to the Plan, which during the period ended on March 31, 2020 was BRL 2,267 (BRL 24,956 on December 31, 2019), and actuarial obligations calculations are not required.

28. Stockholders' equity

a) The share capital may be increased, by resolution of the Company's Management Board and regardless of the amendment to these Bylaws, up to the limit of BRL 3,125,000,000.00 (three billion, one hundred and twenty-five million reais), pursuant to current legislation 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 BRL 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 BRL 2,515,546,367 (two billion, five hundred and fifteen million, five hundred and forty-six thousand, three hundred and sixty-seven reais) nominative, book-entry shares with no par value, being:

Chart of Ordinary Shares		3/31/2020		12/31/2019	
Shareholder	Number of Shares	%	Number of Shares	%	
State of Goiás	1,336,135,801	65.56	1,336,135,801	65.56	
State Social Security Fund	488,016,887	23.95	488,016,887	23.95	
Others	213,752,405	10.49	213,752,405	10.49	
	2,037,905,093	100	2,037,905,093	100	

Chart of Preferred Shares		3/31/2020		12/31/2019	
Shareholder	Number of Shares	%	Number of Shares	%	
State of Goiás	354,992,364	74.32	354,992,364	74.32	
State Social Security Fund	122,637,514	25.67	122,637,514	25.67	
Others	11,396	0.01	11,396	0.01	
	477,641,274	100	477,641,274	100	



Description	3/31/2020	12/31/2019
Paid-in Capital	2,515,546	2,515,546
Profit in the financial year	58,519	315,731
	<u>0.02326</u>	<u>0.12551</u>

The Bylaws, art. 66 provide for the payment of dividends of 25% of the net profit, distributed first to the holders of preferred shares, after compensation for losses. The unit value of common and preferred shares is BRL 1.00.

b) Pay-In of Capital

Until March 31, 2020 an December 31, 2019, there was no pay-in.

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	3/31/2020	12/31/2019
Equity Valuation Adjustment	50,481	50,483
Deferred taxes on assigned cost (Note 14)	(17,163)	(17,164)
	<u>33,318</u>	<u>33,319</u>

e) Investment Reserve

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

29. Net Operating Revenue

	3/31/2020	3/31/2019
Gross Revenues		
Water Supply and Sewerage Service	627,426	577,524
Technical Services	455	527
Sub-delegation Grant	2,275	2,275
Estimated Revenue	(682)	(13,125)
Construction Revenue	29,290	32,415
Total	<u>658,764</u>	<u>599,616</u>
Incident Taxes and Returns		
PIS	(10,377)	(8,837)
COFINS	(47,799)	(40,914)
ISS	-	(6)
Returns and Rebates	(969)	(427)
	<u>(59,145)</u>	<u>(50,184)</u>
Net Operating Revenue	<u>599,619</u>	<u>549,432</u>

30. Costs and Expenses



	3/31/2020			3/31/2019		
	Cost	Administrative	Commercial	Cost	Administrative	Commercial
Personnel	(138,657)	(80,638)	(27,059)	(138,368)	(69,487)	(25,210)
Material	(21,209)	(1,477)	(264)	(14,515)	(1,029)	(192)
Electricity	(50,103)	(606)	(9)	(53,058)	(928)	(49)
Third Party Services	(15,464)	(8,672)	(19,823)	(26,263)	(12,467)	(12,467)
Concession Remuneration	-	-	(18,508)	-	-	(13,208)
General	(1,653)	(2,518)	(628)	(2,153)	(2,253)	(1,538)
Amortization	(25,242)	2,393	(10)	(53,359)	(1,004)	-
Depreciation	(1,046)	(4,655)	(40)	(1,182)	(2,038)	(36)
Depreciation of Assigned Cost	(1)	(2)	-	-	(10)	-
Leasing Depreciation	(24)	(137)	(18)	-	(327)	(36)
	(253,399)	(96,312)	(66,359)	(288,898)	(89,543)	(52,736)
Construction Cost	(29,290)			(32,415)		
	(282,689)			(321,313)		

31. Net provisions / reversals

	3/31/2020	3/31/2019
Losses / Recovery of Prescribed Credits	(14,172)	(13,885)
Provision / reversal for contingencies	(5,814)	620
Net provisions / reversals special for Allowance for Doubtful Accounts	(14,149)	(11,083)
Provisions / Reversals of Losses in Civil Works	3,750	19,377
Provisions / Reversals of Losses in Stocks	(5,962)	(5,963)
Provisions / reversals of Other credits	-	-
	(36,347)	(10,934)

32. Net Financial Result

	3/31/2020	3/31/2019
Financial Revenues		
Interest, Fines and Income	12,860	10,172
Monetary Correction	4,614	4,345
Adjustment to Current Value - AVP	224	-
	17,698	14,517
Financial Expenses		
Interests / Fines / Charges and Other Expenses	(28,141)	(28,867)
Adjustment to Current Value - AVP	-	727
Monetary Correction	(286)	(359)
Exchange Variation - BID Loan	(24,086)	(545)
	(52,513)	(29,044)
Financial Result	(34,815)	(14,527)

33. Commitments assumed

In compliance with Law 11.445/2007, the Company has been changing the Concession Contracts to Program Contracts. Currently 60 contracts were renewed with municipalities in the state of Goiás, in which the investments to be realized within the term of the contract are defined. Below is a breakdown of the amount to be invested and the amount realized

Municipalities	Program Contract Maturity	Amount to be invested	Amount Invested until 3/31/2020	Value Invested BRK Ambiental	Total invested
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			SANEAGO	until 3/31/2020	
Adelândia	1/16/2048	525	75	-	75
Águas Lindas de Goiás	12/28/2048	309,022	834	-	834
Anápolis	2/27/2050	525,925	1,595	-	1,595
Anicuns	4/10/2048	42,785	1,503	-	1,503
Aparecida de Goiânia	11/1/2041	988,848	140,513	438,726	579,239
Aporé	4/6/2048	7,682	170	-	170
Aragoiânia	12/26/2042	27,926	1,225	-	1,225
Araguapaz	3/16/2048	5,210	574	-	574
Avelinópolis	1/22/2046	1,724	157	-	157
Barro Alto	12/26/2042	32,703	1,785	-	1,785
Brazabrantes	2/6/2044	8,056	934	-	934
Cachoeira Alta	7/27/2045	26,167	875	-	875
Caldazinha	8/2/2048	1,071	142	-	142
Campestre de Goiás	1/6/2046	645	303	-	303
Campinaçu	8/12/2045	13,146	9,687	-	9,687
Cavalcante	12/28/2048	1,612	1,785	-	1,785
Cezarina	12/17/2042	23,352	15,027	-	15,027
Cidade Ocidental	11/1/2041	243,394	17,156	-	17,156
Cristalina	2/7/2044	58,952	18,743	-	18,743
Davinópolis	5/4/2048	506	20	-	20
Diorama	7/24/2047	1,091	26	-	26
Divinópolis	10/5/2047	675	147	-	147
Flores de Goiás	8/14/2044	4,221	175	-	175
Goiandira	10/3/2048	1,457	119	-	119
Goiânia	12/17/2049	3,419,897	26,572	-	26,572
Guarani de Goiás	9/15/2040	962	563	-	563
Guarinos(a)	2/16/2048	1,383	3	-	3
Hidrolândia	8/3/2046	9,737	2,379	-	2,379
Indiara	4/30/2044	32,180	1,709	-	1,709
Israelândia	11/24/2039	3,300	96	-	96
Itajá	12/19/2042	2,328	255	-	255
Itapaci	12/28/2048	56,172	303	-	303
Itapuranga	12/28/2048	8,063	4,464	-	4,464
Jataí	11/1/2041	114,116	32,304	147,445	179,749
Jussara	12/26/2046	5,759	400	-	400
Luziânia	12/1/2045	366,853	25,585	-	25,585
Mambaí	3/7/2046	1,689	349	-	349
Minaçu	2/6/2044	57,857	9,579	-	9,579
Morrinhos	11/30/2040	46,917	16,218	-	16,218
Morro Agudo de Goiás	5/2/2046	1,198	332	-	332
Mozarlândia	12/28/2046	1,894	614	-	614
Nazário	5/4/2048	2,280	184	-	184
Novo Gama	11/16/2048	253,055	1,052	-	1,052
Palmelo	10/29/2042	1,039	145	-	145
Perolândia	12/21/2048	499	164	-	164
Petrolina de Goiás	10/20/2041	6,797	6,591	-	6,591
Pires do Rio	11/3/2038	10,529	23,148	-	23,148
Posse	6/12/2047	19,945	8,328	-	8,328
Rio Verde	11/1/2041	249,889	53,936	41,142	95,078
Santa Cruz de Goiás	6/28/2043	1,497	281	-	281
Santo Antônio da Barra	12/29/2045	3,977	398	-	398
Santo Antônio de Goiás	12/2/2045	15,868	454	-	454
Santo Antônio do Descoberto	6/10/2046	55,686	21,886	-	21,886
São Domingos	12/28/2048	1,334	242	-	242
São João D'aliança	5/31/2049	3,033	1,226	-	1,226
São Luís de Montes Belos	12/19/2042	41,928	3,974	-	3,974
São Miguel do Passa Quatro	12/18/2049	8,686	263	-	263
Trindade	11/1/2041	169,222	20,524	77,052	97,576
Uirapuru	12/28/2048	699	44	-	44
Uruaçu	12/28/2048	44,341	338	-	338
Valparaíso de Goiás	11/16/2048	389,652	1,644	-	1,644
		7,736,956	480,117	704,365	1,184,482

34. Insurance (unaudited)

On July 5, 2018, the Civil Liability Insurance for Managers and Directors (D&O Insurance) was contracted 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 50,000,000 (fifty million reais). The total premium paid will be BRL 276,000. The contract was extended for 12 (twelve) months as of July 5, 2019.

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. Related parties operations and businesses

35.1 Operations with the State of Goiás

a) Dependency Relationship

Saneago maintains its status as a non-dependent state company, that is, it does not receive any financial funds from the controlling entity, Government of the State of Goiás, no financial fund for payment of expenses with personnel or costing in general or from capital Except those arising from an increase in shareholding.

b) Equity Participation in Financing

The State of Goiás participates as guarantor in a loan contract 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) Services Provision

The Company provides water and sewerage services to agencies of the direct and indirect public administration under the responsibility of the State of Goiás. The balance of overdue and close to maturity debts of these bodies are as follows:

	3/31/2020	12/31/2019
Billed to be due	5,227	4,940
Maturing for more than 30 days	1,280	1,309
Overdue up to 30 days	4,426	5,677
Overdue from 31 to 60 days	3,343	2,647
Overdue from 61 to 90 days	2,729	2,631
Overdue from 91 to 120 days	2,953	2,480
Overdue from 121 to 180 days	5,215	4,670
Overdue from 181 to 360 days	13,773	13,683
Overdue from 361 days to 5 years	89,534	85,064
Overdue over 5 years	3,609	3,082
Estimate to be billed	3,247	3,138
(-) AVP Accounts Receivable	(68)	(69)
(-) PCLD	(131,783)	(125,288)
Subtotal	3,485	3,964
Credits receivable (Non-current)	2,614	2,924
(-) AVP Accounts Receivable	(403)	(475)
(-) PCLD	(2,080)	(2,121)
Subtotal	131	328
Total	3,616	4,292

a) 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 contract with the municipality of Goiânia was signed on December 17, 2019 and expires on December 17, 2049. The contract provides for the monthly payment of 5% of gross revenue to the Municipal Basic Sanitation Fund of the municipality. Until 03/31/2020 gross revenue in the municipality of Goiânia was R \$ 239,916, until the reference 03/2020, BRL 11,995 was paid.

b) 24 of the 61 program contracts in force, on March 31, 2020, contracts are remunerated with values that vary between 2% and 5% of the municipality's revenue.

c) The Company has been conducting accounts to settle debts, by offsetting the services performed by City Halls to the Company. On March 31, 2020, the balance of accounts receivable, past due and to fall due, referring to debts of municipalities which the Company provides services is BRL 67,525, and 2 account meetings were held, with a settlement of BRL 95. (December 31, 2019 BRL 60,993, and 30 account conciliations were held, with a settlement of BRL 559).

36. Administrators' Remuneration

The expenses related to the remuneration of the members of the Management Board and Board of Directors were BRL 1,523 on December 31, 2019 (BRL 6,080 on December 31, 2019).

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 remuneration of its effective members, when in their duties, observing the minimum limit, for each one, of 14% (fourteen percent) of the average of the remunerations 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 Bylaw), 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 remuneration of its effective members, observing the minimum limit, for each one, of 18% (eighteen percent) of the average of the remuneration assigned to the Directors, not counting 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: Presidency Board, Commercial Board, Corporate Management Board, Financial Board, Investor Relations and Regulation Board, Production Board, Expansion and Legal Office Board.

The General Meeting will set the board of directors' remuneration that will not be lower than the



highest remuneration paid to the Company's employee. The Directors will receive remuneration equivalent to the highest base salary of the Company, and 95% of the highest bonus that is established for the position of Chief Executive Officer.

37. Supplementary information to cash flows

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

ASSET	3/31/2020	LIABILITY	3/31/2020
Credits Receivable from Users	(20,986)	Consortiums	(2,413)
PCLD-Losses / Reversals / AVP	(38,253)	Transfer within equity	103
	<u>(59,239)</u>		
			<u>(2,310)</u>
Stocks	3,708		
Transfer within equity	(39)		
Estimated losses in stock	(5,963)		
	<u>(2,294)</u>		

38. Subsequent Events

In December 2020, a private instrument of deed for the 7th (seventh) issue 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, pursuant to of Articles 59 and 62 of Law 6.404, of December 15, 1976 and CVM Instruction 476 of January 16, 2009. This Deed of Issue and the Fiduciary Assignment Contract were entered into in accordance with the 412nd Meeting of the Management Board of Saneago. The total amount of funding is BRL 150 million reais.

39. Operação Decantação

On August 24, 2016, an operation called *Decantação* (Decanting) was released, 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 overbilling 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 Production System Corumbá 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 removed. 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 and adequate provision of services to the population, as well as the commitments and charges assumed.

On August 29, 2016, at its 332nd 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, there was a rapid adoption of measures aimed at the definitive restoration of the Company's Board of Directors, 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 carry out the work aimed at investigating any irregularities identified in Operação Decantação was completed on April 26, 2017, in which the conclusion was reached 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 the *non-compliance* regarding the execution of works, which led to the adoption of several measures aimed at meeting non-compliance verification. These measures provided an evolution in the management and execution of works, including with regard to the control of materials, equipment and receipt 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 Administrators, Supervisory Board Members and Members of the Statutory Audit Committee, in compliance with Law 13.303/2016, further strengthening legal certainty in relation to company administrators.



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 contract 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 contracts 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, contracts, price comparison, unit price evaluation and other transactions;
- ii) data and personal and business history research procedures, aiming at identifying relationships and possible conflicts of interest (background check).

As for the quantifiable findings, these were all cataloged by the CAE and forwarded to the company's



Internal Audit, where some have already been concluded and the rest are 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 aimed at qualifying and quantifying all the damages pointed out directly or indirectly in the EY Report, also adopting all administrative measures and representations aimed at repairing such damages;
- it is impracticable to quantify the amount of supposedly additional payments for all contracts 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 contracts 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) contracts considered to be priority, totaling a payment base in the amount of BRL 1,166,017,569.00 (one billion one hundred and sixty-six million, seventeen thousand, five hundred and sixty-nine reais). The sample was made considering payments made to certain companies in the period from 2007 to 2017.

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

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

The Management Board had approved provisioning, still on 12/31/2017, based on findings in the preliminary reports of the forensic audit, in the amount of BRL 64,785,432.00 (sixty-four million



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seven hundred eighty-five thousand four hundred and thirty-two reais).

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

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

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

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 1st Operation phase would still be executing contracts with Saneago. However, the Company trusts the governance measures adopted after 2016, among which stand out the following:

1. The Compliance and Risk Management departments are working on the preparation of risk matrices in all contracts of the companies mentioned in Decantação 1, 2 and 3, in order to clarify



the risks to which Saneago would be exposed in these contracts, as well as how to envision actions to mitigate these risks;

2. The Compliance Management is restructuring the flow of indication of management positions in the company, in accordance with the Resolution of the Collegiate Board of Directors;

3. A study was carried out on the adequacy of the Contract and Supplier Management process to the company's Code of Conduct and Integrity, to the Policies to Prevent Acts of Corruption, to the Conflict of Interest Prevention and to Saneago's Hiring Procedures Regulation, which resulted in the creation of two statements that are required from suppliers.

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

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

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

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

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