

Management's Explanatory Notes to the Financial Statements of December 31, 2019 and December 31, 2018

(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, Setor 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 December 2019, Saneago has 226 contracts in operation that are distributed as follows: 152 contracts are in force, of which 92 are concession contracts and 60 in the form of program contracts for the provision of water supply, sewage collection and treatment services, representing an average percentage of 86.92% of net sales. There are also 74 expired contracts that represent 13.08% of 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 assumption of services, with the possibility of extension through negotiation with each municipality. The contracts have the following maturity schedule: 74 contracts overdue, 76 contracts due in the next 15 years, 19 contracts due in 15 to

20 years and 57 contracts due over 20 years. Management expects that all concession contracts will result in new contracts or extensions, discarding the risk of discontinuity in the provision of services, with only 01 in a judicial proceeding to resume the Concession.

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	36.27%	Program	30
Anápolis	In Force	01/31/2023	7.23%	Concession	25
Aparecida de Goiânia	In Force	11/01/2041	4.18%	Program	30
Valparaíso de Goiás	In Force	11/16/2048	2.43%	Program	30
Rio Verde	In Force	11/01/2041	2.39%	Program	30
Luziânia	In Force	12/01/2045	1.96%	Program	30
Formosa	In Force	03/14/2025	1.94%	Concession	25
Itumbiara	In Force	06/15/2022	1.68%	Concession	20
Planaltina	In Force	04/01/2030	1.35%	Concession	25
Jataí	In Force	11/01/2041	1.32%	Program	30
Trindade	In Force	11/01/2041	1.32%	Program	30
Novo Gama	In Force	11/16/2048	1.17%	Program	30
Águas Lindas de Goiás	In Force	12/28/2048	1.12%	Program	30
Cidade Ocidental	In Force	11/01/2041	1.06%	Program	30
Inhumas	Matured	09/01/2018	1.02%	Concession	20
Goianésia	In Force	06/15/2020	0.99%	Concession	25
Quirinópolis	Matured	06/24/2016	0.94%	Concession	20
To mature in 01 - 15 years			9.43%		
To mature in 16 - 30 years			11.08%		
Matured			11.12%		
			100.00%		

The Company's operations are concentrated in the Municipality of Goiânia, which represents 36.21% of gross revenue on December 2019 and 31.50% of intangible assets (37.44% of gross revenue and 31.88% of intangible assets in December 31, 2018).

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 these financial statements was made by the Management Board on March 10, 2020.

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

2.1 Compliance Statement

The financial statements were prepared in accordance with the Accounting Practices Adopted in Brazil, in accordance with Laws 6.404/76, 11.638/07, covering the Brazilian corporate law, the pronouncements, guidelines and interpretations issued by the Committee of Accounting Pronouncements and approved by the Brazilian 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 financial statements are being disclosed and that they correspond to the information used by its management.

The 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 power.

2.2 Functional Currency

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

2.3 Main accounting judgments and estimates

The preparation of the 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 its financial assets under the following categories: measured at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The rating depends on the purpose for which the financial assets were acquired, and their rating is determined upon initial recognition.

On December 31, 2018 and December 31, 2019 the Company had no financial instruments intended for immediate trading, held to maturity and / or available for sale.

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 December 31, 2018 and December 31, 2019 the Company had no financial liabilities rated in the fair value category through income statement.

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

Financial liabilities rated as “other liabilities” comprise:

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

2.5 Operating Revenue

a) Revenue from sanitation services

Revenue from the provision of water supply and sewage collection services is recognized when water is consumed. Revenue is recognized at the fair value of the consideration received or receivable for the provision of the service and is shown net of taxes and fees levied on it,

including rebates and discounts. The revenue incurred, whose service was provided, but not yet billed until the end of each period, is estimated and recognized in accounts receivable from customers and the corresponding consideration in the income statement as revenue to be billed.

Accordingly, the Company recognizes its revenue when: (i) the goods or services are delivered; (ii) the 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 stated at acquisition and / or construction cost, and their values were revised in 2009 to reflect the assigned cost of land, buildings, furniture and utensils, machinery and equipment, vehicles and computer equipment in the net amount of R\$ 47,810. The surplus value recorded in fixed assets was 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.

The Company has a solid track record of renewing contracts and, therefore, of continuing to provide 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 §3º), with direct and indirect costs being fully provisioned. If the works are resumed, the losses incurred are recorded and are recognized in the income for the year. The amount of the impairment provision related to paralyzed works is R\$ 132.097 on December 31, 2019 (RS 151,474 on December 31, 2018).

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 the amount it accepts to contribute to the fund. Thus, the amount of post-employment benefit received by the employee must be determined by the amount of contributions paid by the sponsoring entity (and, in some cases, also by the employee) to a post-employment benefit plan or to a separate entity, along with the return on investment from contributions.

As a result, the actuarial risk (risk that the benefits are less than expected) and the investment risk (risk that the invested assets will be insufficient to cover the expected benefits) fall on the employee.

Item 28, cpc 33(R1)

Actuarial commitments to the defined benefit plan and pension, retirement and health care plan contributions are provisioned according to the procedures established by technical pronouncement CPC 33(R1), based on an actuarial calculation prepared by a specialized company.

The projected unit credit method, net of the fair value of the plan's assets, is used, and the costs related to the increase in the present value of the obligation, resulting from the service provided by the employee, are recognized over the employees' service period.

2.23 Presentation of Information by Segment

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

2.24 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 indexers in the 4th quarter of 2019, 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 December 31, 2019

Indicators	Exposure	Probable Scenario	Scenario II	Scenario III
IPCA (FIDC IV)	324,053	335,298	338,109	340,920
CDI ³ (Banks + Debentures)	516,204	538,917	544,595	550,273
Dollar (IDB)	83,737	84,546	105,683	126,819
TJLP ² (BNDES)	1,080	1,135	1,149	1,162
TR ¹ (Caixa Econômica Federal)	129,584	129,584	129,584	129,584
Subtotals	1,054,658	1,089,480	1,119,119	1,148,759
Transaction Cost	(30,730)			
Subordinated Shares	(84,361)			
	<u>939,567</u>			
Not subject to risks				
FCO - Cezarina and Silvânia	6,286			
	<u><u>945,853</u></u>			

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 September 2019 for the following periods showed a slight increase in the expected value of the debt due to the expected appreciation of the foreign currency. Externally, the risks associated with a slowdown in the global economy remain, as well as the uncertainties about economic and geopolitical policies - notably trade disputes - that can 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 R\$ 3.83 to US\$ 1.00. The payment of the installment due in October 2019, the

exchange rate was R\$ 4.07 to US\$ 1.00. The exchange rate projection for 2020 is R\$ 4.10 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) January 24, 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	12/31/2019	12/31/2018
Total Loans / Debentures	945,853	965,708
(-) Cash and cash equivalents	(169,607)	(43,997)
(=) Net Debt	776,246	921,711
(+) Total Shareholders' Equity	2,801,329	2,645,642
(=) Total Capital	3,577,575	3,567,352
Financial Leverage Ratio	21.70%	25.84%

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, 2019

CPC 06 (R2) / IFRS 16 - Leasing Operations:

CPC 06 (R2) / IFRS 16 - Leasing Operations, replaced CPC 06 (R1) / IAS 17 - Leasing Operations. The standard established the principles for the recognition, measurement, presentation and disclosure of leasing operations, requiring the lessee to record leases in accordance with a single lessee accounting model, similar to recording of financial leaseings 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.

Transition to CPC 06 (R2) - Leasing Operations

The new standard replaces CPC 06 (R1) / IAS 17 - "Leasing Operations" and corresponding interpretations, bringing significant changes to lessees, since it requires that they start to recognize the liability for future payments and the right of use of the leased assets for virtually all leasing contracts, including operational ones, and certain short-term or small amounts contracts may be outside the scope of this new standard.

Saneago applied the requirements of CPC 06 (R2) / IFRS 16 as of the financial year started on January 1, 2019. To this end, the Company selected the modified retrospective approach as the transition method, the amount referring to the Right of Use Asset being equal to the Lease Liability, without the cumulative effect of the initial application of this new pronouncement recorded as an adjustment to the opening balance of equity without the restatement of comparative periods.

The weighted average incremental loan rate applied to liabilities on January 1, 2019 was 8.10%.

The total lease liability recognized in the balance sheet on January 1, 2019 and the Company's operating lease commitment on December 31, 2018 can be reconciled as follows:

Contracts - Vehicles	Future payments	Discount rate impact	Right of use assets	Leasing liabilities
1557/2017	6,269	(542)	5,727	5,727
97/2018	11,904	(1,166)	10,738	10,738
104/2018	1,089	(107)	982	982
119/2018	10,636	(1,079)	9,557	9,557
273/2018	12,833	(1,321)	11,512	11,512
309/2018	21,399	(2,151)	19,248	19,248
Total	64,130	(6,366)	57,764	57,764

IFRIC 23 - Uncertainties in the treatment of income taxes.

Issue of IFRIC 23 interpretation - Uncertainties in the treatment of income taxes. Establishes aspects of recognition and measurement of the IAS 12 standard when there are uncertainties about the treatment of income tax related to assets or liabilities and current or deferred taxes, based on taxable profits, tax losses, tax bases, unused tax losses, unused tax credits used and tax rates. This interpretation is effective for financial years beginning on or after 01/01/2019. The Company evaluated the adoption of the standard and there are no material effects on the interim accounting information;

Amendment to IAS 19 - Amendments to the plan in the event of a reduction or settlement. Clarifies aspects of measurement and recognition in the result of the effects of reductions and settlements in employee benefit plans. This change in the standard is effective for years

beginning on or after 01/01/2019. The Company does not expect impacts on possible future events of reductions and settlements in employee benefit plans, therefore no impact.

4.2 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

	12/31/2019	12/31/2018
Fixed Fund	12	348
Banks - Current Account / Collection	13,856	12,912
Banks - Construction-linked accounts	3,549	5,684
Banks - Collection to be released (a)	18,865	12,053
Financial Investments (b)	133,325	13,000
	<u>169,607</u>	<u>43,997</u>

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

(a) 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:

12/31/2019				12/31/2018			
Bank	Account	Amount	Remuneration	Bank	Account	Amount	Remuneration
Itaú	140956	431	40.23% CDI	Itaú	140956	342	55.36% CDI
Itaú	2989-4	6,429	40.23% CDI	Itaú	2989-4	1,054	55.36% CDI
Itaú	2989-4	22,185	101.14% CDI	Itaú	2989-4	14	97.77% CDI
Itaú	02.999-3	-	98.52% CDI	Itaú	02.999-3	6,546	98.52% CDI
Itaú	14.094-9	162	40.23% CDI	Itaú	14.094-9	130	55.36% CDI
B.Brasil	6013-5	674	92% CDI	B.Brasil	6013-5	1,587	92% CDI
B.Brasil	6.544-7	532	92% CDI	B.Brasil	6.544-7	775	92% CDI
BBM	701742	3,763	100% CDI	BBM	701742	899	100% CDI
BBM	701.866-0	1,350	100% CDI	BBM	701.866-0	1,644	100% CDI
Safra	23190-0	9	96.62% CDI	Safra	23190-0	9	101% CDI
Bradesco	1368	643	9.81% CDI				
B.Brasil	6.640-0	15,845	90.45% CDI				
B.Brasil	105.334-5	81,302	96% CDI				
		<u>133,325</u>				<u>13,000</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.

In September 2019, the 6th issue of simple debentures, not convertible into shares, in a single series, of the unsecured type with additional real guarantee, was made for public distribution with restricted distribution efforts in the amount of R \$ 140,000, according to explanatory note 19 b).

6. Securities

Financial institution	Account	Investment Type	Profitability	12/31/2019	12/31/2018
Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% /80% of CDI	8,218	7,764
				<u>8,218</u>	<u>7,764</u>
Non-Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% /80% of CDI	14,824	10,535
Credit Suisse	55977231	CDB	97.50% CDI	-	3,656
				<u>14,824</u>	<u>14,191</u>
Total				<u><u>23,042</u></u>	<u><u>21,955</u></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

	12/31/2019			12/31/2018		
	Private	Public	Total	Private	Public	Total
Current						
Billed to be due	94,714	9,730	104,444	88,303	9,082	97,385
Maturing for more than 30 days	20,347	6,577	26,924	20,131	6,717	26,848
Overdue up to 30 days	86,952	8,641	95,593	78,554	7,706	86,260
Overdue from 31 to 60 days	30,030	4,744	34,774	25,259	5,995	31,254
Overdue from 61 to 90 days	10,942	4,228	15,170	10,504	5,839	16,343
Overdue from 91 to 120 days	9,067	3,981	13,048	8,579	5,418	13,997
Overdue from 121 to 180 days	14,867	6,755	21,622	14,052	9,601	23,653
Overdue from 181 to 360 days	5,515	16,306	21,821	5,279	22,669	27,948
Overdue from 361 days to 5 years	21,098	84,074	105,172	13,450	43,705	57,155
Overdue over 5 years	820	2,448	3,268	4,871	608	5,479
Collection to be noted	(45)	-	(45)	952	-	952
Estimate to be billed	87,788	-	87,788	88,507	-	88,507
(-) AVP Accounts Receivable	(852)	(318)	(1,170)	(918)	(332)	(1,250)
(-) PCLD	(7,389)	(128,620)	(136,009)	(92,981)	(64,328)	(157,309)
Subtotal	<u>373,854</u>	<u>18,546</u>	<u>392,400</u>	<u>264,542</u>	<u>52,680</u>	<u>317,222</u>
Credits receivable (Non-current)	16,016	19,579	35,595	16,137	24,892	41,029
(-) AVP Accounts Receivable	(3,363)	(4,672)	(8,035)	(3,703)	(6,354)	(10,057)
(-) PCLD	(602)	(9,164)	(9,766)	(6,218)	(14,904)	(21,122)
Subtotal	<u>12,051</u>	<u>5,743</u>	<u>17,794</u>	<u>6,216</u>	<u>3,634</u>	<u>9,850</u>
Total	385,905	24,289	410,194	270,758	56,314	327,072

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. The non-recoverable credits written off to the income statement on December 31, 2019 were R\$ 90,150 (R\$ 82,314 in 2018)

The credits with the Government of Goiás are added for tax purposes, according to art. 6 of Law 9.430/96, were R\$ 5,089 up to December 31, 2019 (R\$ 3,026 in financial year 2018).

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

Balance on 12/31/2018	<u>(178,431)</u>
Constitution / reversal of net allowance for doubtful accounts (note 31)	<u>(32,656)</u>
Balance on 12/31/2019	<u><u>(147,775)</u></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

	12/31/2019	12/31/2018
Treatment plants materials	8,048	10,619
Materials for gaskets and pipe protection	57	88
Electrical materials and equipment	1,967	363
Pipes, connections for networks and pipelines	37,037	47,659
Materials for building connections	1,505	3,667
Water meters	11,532	6,996
Water Valves	9,740	10,337
Pump motor set	2,412	176
Miscellaneous materials	5,305	9,496
(-) Provision for Stock Loss (a)	<u>(31,881)</u>	<u>(22,624)</u>
	<u><u>45,722</u></u>	<u><u>66,777</u></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.

In the 2nd quarter of 2019, the Company completed the improvement, enhancement and adequacy of its stock control process, which consisted of the main actions:

- Implementation of the Management System - SAP;
- Change in the Organizational Structure of the Logistics Department;
- Conducting a Physical Inventory of 100% of inventories in June / 2019;
- Retrospective movement of physical inventory balances of stocks;
- Review of the policy adopted for obsolescence of stocks;
- Reprocessing of average stock costs.
- Policy of carrying out periodic inventory.

9. Taxes Recoverable

	12/31/2019	12/31/2018
IRPJ (a)	1,112	2,436

IRRF	1,379	1,058
CSLL (a)	-	517
	<u>2,491</u>	<u>4,011</u>

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

10. Advanced Expenses and Advanced Payments

Current	12/31/2019	12/31/2018
Insurance Premiums	-	184
Investment Fund Credit Rights - FIDC IV (a)	12,396	13,256
Postgraduation advances	43	72
Advances for travel expenses	1,206	40
Municipal Fund of Environmental Sanitation (b)	676	676
Vacation advance Payment	2,244	3,787
13 th salary advance payment	1	-
Contractual Remuneration - Goiânia Municipality (c)	4,251	-
Shares issuance costs	1,102	-
	<u>21,919</u>	<u>18,015</u>
Non-Current		
Municipal Fund of Environmental Sanitation (b)	18,940	19,616
Contractual Remuneration - Goiânia Municipality (c)	123,274	-
	<u>142,214</u>	<u>19,616</u>

(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 item I)

(c) Contractual Obligations (note 22.1 item II)

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 regionalized 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Grant	9,314	8,930	1,026	608
	Non-current assets		Non-Current Liabilities	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Sewerage system investments	677,280	497,158	677,280	497,158
Total	686,594	506,088	678,306	497,766

12. Other Accounts Receivable

	12/31/2019	12/31/2019
Current		
Security deposits	18	11
Consortium	375	375
Federal Revenue of Brazil	3,999	3,728
Miscellaneous advances	373	142
(-) Provision for Losses	(375)	(375)
	4,390	3,881
Non-Current		
Goiás Parcerias	0	40
Contracts without Concession (a)	32,765	32,765
(-) Estimated losses for credits	(32,765)	(32,765)
	-	40

(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, Saenago filed an action for indemnification, Lawsuit No. 0033803.68.1995.8.09.0051. On June 4, 2019, an appeal filed by the Municipality of Caldas Novas, known and provided to annul the sentence and return to the discovery phase with the amortized amount to be calculated during the provision of public water supply and sewerage services by Saneago. On 09/06/19, the motion for clarification was dismissed. On 09/26/2019, the Special Appeal and Extraordinary Appeal were filed by Saneago.

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.

13. Judicial Deposits

	12/31/2019	12/31/2018
Judicial Deposits	9,384	10,095
	9,384	10,095

14. Deferred Taxes

Deferred Taxes - Assets	12/31/2019				12/31/2018			
	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total
PECLD - Credits Receivable	151,420	36,444	13,120	49,564	178,431	44,608	16,059	60,667
Provision for Stock Loss	31,882	7,970	2,869	10,839	16,245	4,061	1,462	5,523
Provision for Investment Loss	564	141	51	192	574	143	52	195
Provision for Contingencies	142,209	35,552	12,799	48,351	101,481	25,369	9,133	34,502
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	151,474	37,869	13,633	51,502
Actuarial liabilities	128,881	32,220	11,599	43,819	-	-	-	-
Tax Loss IRPJ(a)	124,957	31,239	-	31,239	213,722	53,430	-	53,430
Tax Loss CSLL(a)	368,750	-	33,188	33,188	419,378	-	37,744	37,744
Total	1,113,900	184,875	88,498	273,373	1,114,445	173,765	81,066	254,831
Deferred Tax Liabilities								
Equity Valuation Adjustment	50,483	12,621	4,543	17,164	50,508	12,627	4,546	17,173
Total Net Deferred Tax				256,209				237,658

(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	Projected result	Realization of deferred tax assets		Sum
		IRPJ	CSLL	
2020	487,714	31,239	13,168	44,408
2021	505,031	-	13,636	13,636
2022	552,961	-	6,383	6,383
2023	590,966	-	-	-
2024	620,690	-	-	-
		31,239	33,188	64,427

Deferred Tax Movement

Balance held in deferred tax assets on 12/31/2018

237,658

(+) Constitution of deferred tax assets	(25,278)
(-) Constitution of deferred tax liabilities	9
(+) Constitution of deferred actuarial tax assets	43,820
Balance held in deferred tax assets on 12/31/2019	256,209
Reversal in income statement for the year 12/31/2019	
Profit before tax	410,142
Combined rate 34%	139,448
(+/-) IRPJ / CSLL on permanent / temporary additions and exclusions and tax loss	(164,726)
Reversal in income statement for the year	(25,278)

15. Investments

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

Description	12/31/2019	12/31/2018
Comurg	515	515
Metrobus	46	46
Others	12	22
	573	583
Provision for Losses	(564)	(574)
	9	9

16. Fixed asset

	12/31/2019	12/31/2018
General Use Goods	169,997	158,106
General Use Goods in Progress (a)	147,232	113,018
Goods - Assigned Cost	65,089	65,261
General Use Goods - Leasing	7,243	7,255
Funds to be realized - Corumbá Consortium	51,138	69,367
Right of Use - Vehicles (note 16.2)	57,764	-
Accumulated Depreciation - Right of Use (note 16.2)	(11,403)	-
General Accumulated Depreciation	(95,533)	(87,605)
Accumulated Depreciation - Assigned Cost	(14,623)	(14,779)
Accumulated Depreciation - Leasing	(4,290)	(3,576)
	372,614	307,047

(a) Composition of general use goods in progress:

	12/31/2019	12/31/2018
General Use Goods (In Progress)	88,993	67,201
General Use Goods, PAC (In Progress)	58,239	45,817
	147,232	113,018

16.1 Technical Fixed Assets

The movement of fixed assets can be demonstrated as follows:

Technical Fixed Assets	Balance on 12/31/2018	Addition	Write-off	Depreciation / Amortization	Movement Period	Balance on 12/31/2019
General Use Goods	158,106	6,023	(1,793)	-	7,661	169,997
General Use Goods in Progress	113,018	38,373	-	-	(4,159)	147,232

Goods - Assigned Cost	65,261	(7)	(181)	-	16	65,089
General Use Goods - Leasing	7,255	-	(12)	-	-	7,243
Funds to be realized - Construction Corumbá	69,367	-	-	-	(18,229)	51,138
General Accumulated Depreciation	(87,605)	-	923	(9,385)	534	(95,533)
Accumulated Depreciation - Assigned Cost	(14,779)	-	181	(25)	-	(14,623)
Accumulated Depreciation - Leasing	(3,576)	-	8	(722)	-	(4,290)
	307,047	44,389	(874)	(10,132)	(14,177)	326,253

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 note 4.1 - New accounting standards, amendments and interpretations.

	12/31/2019	12/31/2018
Right of Use Assets - Vehicles	57,764	-
Accumulated Depreciation - Right of Use	(11,403)	-
	46,361	-

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

Fixed Asset - Right of Use	Balance on 12/31/2018	Addition	Write-off	Depreciation / Amortization	Movement Period	Balance on 12/31/2019
Right of Use Assets - Vehicles	-	-	-	-	57,764	57,764
Accumulated Depreciation - Right of Use	-	-	-	(11,403)	-	(11,403)
Total	-	-	-	(11,403)	57,764	46,361

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 12/31/2018	Addition	Movement Period	Transfer To Fixed Asset	Balance on 12/31/2019
Water System	194,447	26,014	-	(607)	219,854
Sewerage System	354,258	55,856	-	(35,477)	374,637
Civil works stock	19,623	-	16,428	-	36,051
	568,328	81,870	16,428	(36,084)	630,542

18. Intangible Asset

	12/31/2019	12/31/2018
Water System	2,528,466	2,510,917
Sewerage System	2,798,037	2,761,711
General Use Goods	4,036	546
Software (Licenses)	31,243	19,474
Accumulated Amortization	(2,588,932)	(2,488,235)
Funds to be Realized - Águas Lindas	55,633	57,220
Provision for Losses (Impairment)	(132,097)	(151,474)

Operação Decantação (Note 39)	(118,494)	(118,494)
Land regularization	32,400	30,556
Non-Onerous - Water	42,231	41,672
Non-Onerous - Sewage	44,879	25,080
	<u>2,697,402</u>	<u>2,688,973</u>

The movement of intangible assets can be demonstrated as follows:

Intangible Asset in Use	Depreciation					Balance on 12/31/2019
	Balance on 12/31/2018	Addition	Write-off	Amortization	Movement Period	
Water System	2,510,917	22,891	(643)	-	(4,699)	2,528,466
Sewerage System	2,761,711	682	(22)	-	35,666	2,798,037
General Use Goods	546	2,664	(31)	-	857	4,036
Accumulated Amortization	(2,488,235)	-	576	(101,271)	(2)	(2,588,932)
Software (Licenses)	19,804	8,759	-	-	5,384	33,947
Amortization Software (Licenses)	(330)	-	-	(1,841)	(533)	(2,704)
Software (In Progress)	-	3,555	-	-	(3,555)	-
Funds to be Realized - Águas Lindas	57,220	-	-	-	(1,587)	55,633
Provision for Losses (Impairment)	(151,474)	-	-	-	19,377	(132,097)
Operação Decantação (Note 38)	(118,494)	-	-	-	-	(118,494)
Land regularization	30,556	2,930	-	-	(1,086)	32,400
Total	2,622,221	41,481	(120)	(103,112)	49,822	2,610,292
Intangible in progress - Non-onerous						
Non-Onerous - Water	41,672	559	-	-	-	42,231
Non-Onerous - Sewage	25,080	19,799	-	-	-	44,879
Total	66,752	20,358	-	-	-	87,110
Total Intangible	2,688,973	61,839	(120)	(103,112)	49,822	2,697,402

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 covenant is to establish a joint action between Saneago and the Municipality, aiming at the execution of works to complement the sanitary sewage system and / or water supply system, as well as transfer the amount of the consideration, which is the responsibility of the State of Goiás to the Company.

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

- When the object agreed in the contract is not executed;
- When the respective partial or final rendering of accounts is not presented within the regulatory period;
- When the funds are used for a purpose other than that established in the contract;
- 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 12/31/2018	Entry - PAC	Completed Works - Adjustments	In-kind returns	Balance on 12/31/2019
Formosa	0.218.016-87	-	7,689	-	-	7,689
St. Antônio do Descoberto	0.218.331-07	388	-	-	-	388
Cristalina	0.226.017-65	308	-	-	-	308
Goiânia - Meia Ponte	0.226.025-62	2,769	-	-	-	2,769
Valparaíso	0.218.021-51	114	-	-	-	114
Luziânia	0.218.328-52	1,465	-	-	-	1,465
Planaltina	0.218.330-94	63	-	-	-	63
Valparaíso	0.218.343-40	44	-	-	-	44
Novo Gama	0.226.015-46	129	-	-	-	129
Novo Gama	0.226.018-79	971	-	-	-	971
Goiânia - Vila Adélia	0.226.024-57	7,294	-	-	-	7,294
Luziânia	0.226.026-76	42,156	8,878	-	(98)	50,936
Luziânia	0.231.460-45	57	-	-	-	57
Trindade	0.237.772-43	1,189	-	-	-	1,189
Goiânia	0.350.788-10	39,723	34	-	-	39,757
St. Antônio do Descoberto	0.350.796-17	2,668	-	-	(16)	2,652
Pirenópolis	0.350.884-88	1,422	-	-	-	1,422
Aparecida de Goiânia	0.351.738-28	3,094	-	-	-	3,094
Goiânia Jd Petrópolis SES	0.408.678-27	2,624	8	-	-	2,632
Anápolis SES	0.408.691-99	19,550	45	-	-	19,595
Total PAC		126,028	16,654	-	(114)	142,568
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
Total - Other Programs		10,420	-	-	-	10,420
Total General		136,448	16,654	-	(114)	152,988



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	12/31/2019	12/31/2018	
BRASIL	Loan	330701235	12/27/2017	1/6/2026	2.9% + CDI	940	417	30,000	a)	23,245	30,184	
FIBRA	Loan	0106716/16	6/29/2016	6/28/2019	9.38% + CDI	303	-	15,000	b)	-	3,004	
IBM	Loan	Leasing	7/28/2016	7/27/2021	3.48% + CDI	-	-	-	c)	1,071	1,763	
FIDC IV	Loan	FIDC	12/15/2015	12/15/2022	3% + CDI	47,828	25,200	600,000	d)	324,052	432,025	
Subordinated Quotas FIDC IV	Loan	Subordinated Shares				-	-	-		(84,361)	(79,036)	
Transaction Costs	Loan	Transaction Costs				-	-	-		(23,691)	(31,794)	
CEF	Financing	Several		2024	5.73% + TR	-	-	-	d)	48,853	11,321	
CEF	Financing	410.461-57	12/31/2013	5/14/2037	8.5% + TR	-	-	132,760	e)	5,020	5,179	
CEF	Financing	0.410.526-20	12/31/2013	4/14/2037	8.5% + TR	-	-	36,410	e)	27,279	27,738	
CEF	Financing	0.410.517-19	2/14/2014	5/14/2037	8.5% + TR	-	-	18,265	e)	5,652	5,848	
CEF	Financing	0.410.538-64	3/27/2015	5/14/2037	8.5% + TR	-	-	51,544	e)	42,780	42,233	
CEF	Financing	0.410.512-69	12/27/2015	1/14/2038	8.5% + TR	-	-	32,729	e)	-	24	
CEF	Financing	26.340.190.232-94	6/29/2006	4/30/2028	12% + TR	-	-	3,185	f)	-	1,808	
CEF	Financing	26.340.190.233-07	6/29/2006	6/30/2030	12% + TR	-	-	39,214	f)	-	22,905	
CEF	Financing	2.635.248.557-66	6/30/2008	11/12/2030	8.5% + TR	-	-	6,600	f)	-	4,341	
CEF	Financing	2.634.248.555-47	10/9/2009	6/14/2031	9% + TR	-	-	10,000	f)	-	6,929	
CEF	Financing	2.634.248.548-42	12/30/2009	6/14/2031	9% + TR	-	-	11,882	f)	-	6,383	
Inter-American Development Bank (IDB)	Financing	1414/OC	12/11/2002	10/11/2027	5.82% + VC	-	-	\$47,000	f)	83,737	90,564	
BNDES	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP	-	-	31,154	g)	1,080	1,615	
BRASIL	Financing	40/01033-3	9/10/2012	4/1/2022	2.94%	-	-	2,360	h)	758	5,890	
BRASIL	Financing	40/00984-x	12/20/2012	1/1/2028	2.94%	-	-	6,846	h)	5,527	1,446	
						49,071	25,617	1,074,949		461,002	590,370	
										Current	130,881	137,059
										Non-Current	330,121	453,311

19.b Debentures

Debentures	Start	Maturity	annual contractual fee	Transaction Costs	Costs to be appropriated	Amount Collected	Guarantees	12/31/2019	12/31/2018
Debentures, 4 th Issue	12/28/2017	12/15/2021	2.95% per year + CDI	1,448	644	130,000	b)	100,963	130,471
Debentures, 5 th Issue	11/15/2018	11/16/2023	2.5% per year + CDI	4,296	3,884	250,000	i)	250,741	250,862
Debentures, 6 th Issue	9/23/2019	9/23/2024	1.2% per year + CDI	1,888	1,888	140,000	i)	140,184	-
Transaction Costs Debentures								(7,037)	(5,995)
				7,632	6,416	520,000		484,851	375,338
						Current		95,524	28,979
						Non-Current		389,327	346,359

Description	Balance
Loans and Financing	461,002
Debentures	<u>484,851</u>
	945,853

- 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.

	12/31/2019	12/31/2018
Non-current statement by maturity range		
2020	-	230,337
2021	252,290	253,785
2022	132,335	203,207
2023	56,499	83,516
2024 onwards	382,812	136,984
Subordinated Quotas FIDC IV	(84,361)	(79,036)
Transaction Costs	(20,127)	(29,123)
	719,448	799,670

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 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 end of 2019, the Company did not breach the financial indexes related to debt coverage, as requirement of 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 8,](#), 2018.

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

According to the Private Instrument of Deed, clause 4.15.1, this operation contains restrictions where the Fiduciary Agent may declare overdue all the obligations set out in the deed and demand

immediate payment, if they are not fulfilled (covenants). Such financial 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 2019, the Company did not breach the financial indexes related to debt coverage, as requirement of 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 December 31, 2019.

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 December 31, 2019.

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 01/01/2019 to 12/31/2019	Payments made 01/01/2019 to 12/31/2019	Appropriated charges 01/01/2019 to 12/31/2019	Fundings 01/01/2018 to 12/31/2018	Payments made 01/01/2018 to 12/31/2018	Appropriated charges 1/1/2018 to 12/31/2018
Caixa Econômica Federal - CEF	3,920	20,901	12,965	15,300	19,091	10,648
Inter-American Development Bank - IDB	-	14,225	6,294	-	12,443	17,453
National Bank for Economic and Social Development	-	651	116	-	681	157
Banco do Brasil S/A	-	10,547	2,557	-	4,984	2,719
Banco Industrial e Comercial S/A - BIC	-	-	-	-	5,887	97
Banco Panamericano	-	-	-	-	4,297	94
Banco Intermedium	-	-	-	-	1,529	(127)
Banco ABC	50,000	50,293	293	30,000	30,000	-
Banco Itaú	-	-	-	14	24	-
Fundo de Invest. Direitos Cred. Saneago INFR. IV	-	154,024	46,050	-	164,487	57,129
Subordinated Quotas FIDC IV	-	-	(5,325)	-	200	(1,734)
Banco IBM -Leasing	-	981	289	-	2,940	526
Banco BBM S/A	50,000	50,293	293	70,000	81,826	783
Banco Fibra	-	3,134	130	-	6,920	904
Debentures	140,000	63,214	33,768	250,000	111,549	21,055
Transaction Cost	-	3,848	10,907	-	5,553	14,652
Leasing - Vehicles	-	12,096	104	-	-	-
Income from Financial Investments	-	-	(1,087)	-	-	(1,190)
Total	243,920	384,207	107,354	365,314	452,411	123,166
Capitalized Interests	-	-	9,529	-	-	5,788

19.d Leasing - Vehicles

Saneago applied the requirements of CPC 06 (R2) / IFRS 16 as of the financial year started on January 1, 2019. To this end, the Company selected the modified retrospective approach as the transition method, the amount referring to the Right of Use Asset being equal to the Lease Liability, without the cumulative effect of the initial application of this new pronouncement recorded as an adjustment to the opening balance of equity without the restatement of comparative periods.

Description	Recognition	Interest appropriation	Amortizations	12/31/2019
Vehicles	57,765	103	(12,096)	45,772
			Current	13,150
			Non-Current	32,621
				45,771

20. Labor obligations

	12/31/2019	12/31/2018
Current		
Salaries Payable	28.656	-
Alimony and Terminations	206	332
PREVSAN	-	3.651
CAESAN	-	2.531
Payday Loans	-	1.253
SESI.SENAI	1.922	1.216
Vacations Payable	52.663	46.074
13th Salary Payable	508	-
Union Contribution	-	170
FGTS on vacation and 13 th salary	4.207	3.679
INSS collectable from wages	15.701	17.900
Provision for INSS from Vacations and 13 th salary	15.167	13.272
Voluntary Job Termination Program (a)	2.625	6.277
Profit Sharing	27.631	4.541
	149.286	100.896
Non-Current		
Voluntary Job Termination Program (a)	1.932	-

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

21. Tax Obligations

	12/31/2019	12/31/2018
Current		
ISS	836	451
PIS	2.694	2.078
Installment payment with the Federal Revenue Service (a)	889	3,002
COFINS	12.452	9.636
Social Contribution	48	-
Withholding of Federal Contributions	567	4
IRRF Provision of Services	140	10.536
INSS Provision of Services	2.022	1.465
	<u>19.648</u>	<u>27.172</u>
Non-Current		
Installment payment with the Federal Revenue Service (a)	<u>8.071</u>	<u>8.270</u>

(a) Federal Revenue of Brazil

Provisional Measure No. 766/2017 instituted the Tax Regularization Program - PRT with the Federal Revenue Service of Brazil and the Attorney General of the National Treasury, regulated by Normative Instruction RFB No. 1687/2017 and Ordinance PGFN No. 152/2017.

The Company had social security and non-social security installments resulting from debts from previous financial years and after analyzing the preceding legal provisions, it joined the Program on March 6, 2017 in view of the possibility of using it as an accumulated tax loss payment.

The option was to pay 24% of the debt in 24 monthly installments and amortize the remaining balance through accumulated tax loss as detailed below:

INSS	Current Liabilities	Non-Current Liabilities	Interests	Installment Balance
Installment balance on 02/28/17	17,187	40,102	-	57,289
Remaining balance (a)	(10,312)	(33,228)	1,376	(42,164)
Re-installment balance on 03/06/2017	<u>6,875</u>	<u>6,874</u>	<u>1,376</u>	<u>15,125</u>

PIS/COFINS	Current Liabilities	Non-Current Liabilities	Interests	Installment Balance
Installment balance on 02/28/17	8,299	26,217	-	34,516
Remaining balance (a)	(4,301)	(21,019)	(1,957)	(27,277)
Reversal of charges	-	(1,200)	-	(1,200)
Re-installment balance on 03/06/2017	<u>3,998</u>	<u>3,998</u>	<u>(1,957)</u>	<u>6,039</u>

IRRF	Current Liabilities	Non-Current Liabilities	Interests	Installment Balance
Installment balance on 02/28/17	191	605	-	796
Remaining balance (a)	(102)	(466)	-	(568)
Reversal of charges	-	(49)	-	(49)
Re-installment balance on 03/06/2017	<u>89</u>	<u>90</u>	<u>-</u>	<u>179</u>

Saneago offset PIS / COFINS debts with IPI credits from the Pumaty plant for August and September / 2002. The Federal Revenue considered that the August / 2002 offsets were not declared and those of September / 2002 were not approved, thus generating the infraction notices No. 10120.005928/2003-29 PIS and 10120.005930/2003-06 COFINS on 09/22/2003 and their payment in two installments of

BRL 86 each and the remainder of BRL 1,303 for offset against tax loss.

PIS/COFINS	Principal	Fine	Interests	Charges / Remunerations	Total
Installment Balance Nov / 2017	930	186	1,744	572	3,432
Inflow 5% - Value Paid	(46)	(9)	(87)	(29)	(171)
Discount	-	(88)	(1,325)	(543)	(1,956)
Remaining Balance	884	89	332	-	1,305

Agreement Regarding COFINS debit improperly offset and declared in Perd/Comp, calculation period 01/31/2013, with the payment of 20% in 3 installments and the remainder, according to the receipt of adhesion to the Special Tax Regularization Program, offset against loss tax and negative calculation base of CSLL.

COFINS	Principal	Fine	Interests	Total
Installment Balance Nov / 2017	431	86	226	743
Inflow 20% - Paid Value	(86)	(17)	(45)	(148)
Remaining Balance	345	69	181	595

In June 2018, a new installment was paid with the Federal Revenue Service, referring to the offset of 100% of the tax loss, with the permitted limit of 30%.

IRPJ/CSLL	Principal	Fine	Interests	Total
Installment Balance June / 2018	-	2,470	2,666	5,136
Inflow 24% - Paid Value	-	(593)	(640)	(1,233)
Remaining Balance	-	1,877	2,026	3,903

a) The remaining balance was transferred to tax obligations in non-current liabilities, and subsequently written off in consideration to deferred taxes for offsetting tax losses.

Offset realized with tax loss

	6/30/2018	12/30/2017
INSS 02/28/17	-	42,164
PIS/COFINS 02/28/17	-	27,277
IRRF 02/28/17	-	568
PIS/COFINS 11/30/2017	-	1,303
COFINS 11/30/2017	-	594
IRPJ/CSLL 06/18	3,653	-
	3,653	71,906

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 / Remunerations	Total
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SANEAGO

Saneamento de Goiás S.A.

Installment	6,928	3,769	3,589	3,591	17,877
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Number of installments	Principal	Fine	Interests	Charges / Remunerations	Total
4	346	277	499	224	1,346
145	38	18	11	19	86

22. Installments

	Description	Start	Final	Number of Installments	Update	12/31/2019	12/31/2018
I	CELG -Águas Lindas	11/22/2003	10/22/2018	180	a)	-	9
II	AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás, T.A.0255/15	12/10/2015	12/10/2030	180	b)	11,999	12,502
III	AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás, proc.10351/18	5/10/2018	4/10/2033	180	b)	4,445	4,573
IV	CODEGO - Companhia de Desenvol. Econ. de Goiás	6/11/2016	5/11/2019	36	c)	-	2,813
V	Goiania City Hall	6/23/2018	9/21/2021	20	-	3,473	5,196
VI	OI S/A	9/14/2017	1/14/2018	5	-	-	906
VII	Public Prosecutor's Office of the State of Goiás - Sewage Treatment Plant, Pq. Ateneu	12/13/2018	9/15/2018	6	-	-	600
	Irmãos Mendonça	10/30/2018	4/30/2019	7	-	-	967
	Others				-	59	12
						19,976	27,578
	Current					2,672	7,822
	Non-Current					17,304	19,756

a)According to the electricity tariff.

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

c)Savings account

I) CELG

a) CELG D - Águas Lindas

On July 22, 2003, the Instrument of Commitment 630/2003 was entered into by and between the Company and Companhia Energética de Goiás - CELG, now called CELG Distribuição S.A. - CELG D, related to outstanding debts of the Águas Lindas artesian wells, owned and operated until then by the suppliers: Nilson de Jesus Ferreira da Mota, Edson Ferreira Vaz - Aguacel e Nilson Lima - Mundial.

This installment payment was paid in January / 2019.

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

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>

III) 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 R\$ 4,667.

IV) CODEGO - Economic Development Company of Goiás

On June 7, 2016, Saneago signed the agreement instrument No. 1163/16 with CODEGO, in the amount of R\$ 1,445 related to water supply, as detailed below:

Lawsuit	Amount (BRL)	Lawsuit	Amount (BRL)
28306/14	639	17264/15	877
134/15	759	18716/15	855
4177/15	752	20860/15	1,007
4180/15	603	335/16	914
6027/15	714	2192/16	955
7447/15	687	4225/16	914
9952/15	650	6559/16	994
12238/15	768	8767/16	945
14406/15	854	Adjustment	562
	<u>6,426</u>		<u>8,023</u>
		Total General	<u>14,449</u>

V) 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.

VI) OI S/A.

In September 2017, Saneago signed a debt negotiation agreement with OI S.A to settle outstanding debts from May to August 2017 in the order of BRL 1,361 for payment in 5 installments.

On December 22, 2017, Saneago signed another instrument of debt acknowledgment with OI Móvel S.A to settle outstanding debts in the amount of BRL 2,019 for payment in 12 installments.

VII) Public Prosecutor's Office of the State of Goiás

On December 13, 2018, Saneago and the Public Prosecutor's Office of Goiás signed the Third Addendum of Commitment, Responsibility and Conduct Adjustment with the obligation to complete the works of the sewage treatment plant at Parque Ateneu in Goiânia by the end of April 2020.

As an environmental compensation due to non-compliance with the TAC signed on July 24, 2008 and its addendums, Saneago undertakes to pay:

Installments	Maturity	Amount	Beneficiary
1	1/15/2019	100	Project for the acquisition of goods and equip. for cooperatives
2	2/15/2019	100	Project for the acquisition of goods and equip. for cooperatives
3	3/15/2019	50	Selective collection of social mobilization project
4	4/15/2019	100	Mobilization project in the catchment spring
5	5/15/2019	100	Mobilization project in the catchment spring
6	6/15/2019	150	Social mobilization project in basic sanitation education
		600	

22.1 Contractual Obligations

Description	Start	Final	Qty in Installment	Update	12/31/2019	12/31/2018
I FMSAI- Águas Lindas	12/28/2018	10/11/2019	4	-	15,220	20,293
I Municipality of Goiânia - Indemnification Concession	12/20/2019	4/20/2020	3	-	85,016	-
					100,236	20,293

I) FMSAI

On December 28, 2018, Saneago signed an Instrument of Agreement with the municipality of Águas Lindas in which it undertakes to transfer the amount of R\$ 20,293 to the Municipal Infrastructure Environmental Sanitation Fund - FMSAI of Águas Lindas, as a compensation for the advanced maturity of Concession 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 R\$ 127,524 related to the subsidies and the cost of concession contract 393/1991.

23. Jointly Controlled Businesses - Consortiums

Current Liabilities	12/31/2019	12/31/2018
Águas Lindas Consortium (a)	-	1,402
Corumbá Consortium (b)	-	302
	-	1,704

Non-Current Liabilities

Águas Lindas Consortium (a)	5,055	14,380
Corumbá Consortium (b)	51,139	69,065
	<u>56,394</u>	<u>83,445</u>

a) Águas Lindas Consortium

The companies Saneago and CAESB formed the Águas Lindas Consortium on April 7, 2003, registered with CNPJ [Corporate Taxpayer's Registry]: 05.966.179/0001-50, headquartered at Quadra 45, Conjunto B, Lot 36 to 38, Rooms 01 to 04, Sector 01, municipality of Águas Lindas de Goiás, Zip Code 72.910-000. The duration of the Consortium is 31 (thirty-one) years, renewable for the same period and is linked to the concession 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 December 31, 2019, the consortium CAESB holds 53.58% and Saneago 46.42%, the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Águas Lindas Consortium

	12/31/20 19	12/31/20 18		12/31/20 19	12/31/20 18
Asset			Liability		
Current			Current		
Cash and cash equivalents	2,148	1,675	Funds to be realized - Suppliers	3,675	3,842
Credits Receivable from Users	12,803	6,259	Labor obligations	376	474
Taxes to be offset	-	7	Installments	15,220	20,311
Advanced expenses and advanced payments	677	677	City Hall Concession	-	438
	15,628	8,618		19,271	25,065
Non-Current			Non-Current		
Accounts Receivable from Users	935	901	Provision for judicial claims	542	548
Judicial Deposits	225	225		542	548
Advanced expenses	18,940	19,617			
	20,100	20,743	Net Equity		
Fixed asset	143	176	Fundo de Participação - SANEAGO	84,821	165,188
Intangible Asset	163,724	161,264	Fundo de Participação - CAESB	94,961	-
	163,867	161,440		179,782	165,188
Total Asset	199,595	190,801	Total Liability	199,595	190,801

b) Corumbá Consortium

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

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

Its management is exercised by a steering committee that will has 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 December 31, 2019, the consortium CAESB holds 62.65% and Saneago 37.35%, the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Corumbá Consortium					
	12/31/2019	12/31/2018		12/31/2019	12/31/2018
Asset			Liability		
Current			Current		
Total Current Assets	-	-	Funds to be realized - Suppliers	1,946	4,431
			Labor obligations	50	64
			Total Current Liabilities	1,996	4,495
Non-Current			Non-Current		
Works in progress - PAC	31,244	45,981	Total Non-Current Liabilities	-	-
Works in progress	378,156	309,256	Net Equity		
Total Non-Current Assets	409,400	355,237	Fundo de Participação - SANEAGO	152,147	106,306
Total Asset	409,400	355,237	Fundo de Participação - CAESB	255,257	244,436
			Total Liability	407,404	350,742
				409,400	355,237

24. Contractual Advance

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

25. Other Accounts Payable

Current	12/31/2019	12/31/2018
Escrows	816	1,378
Other accounts (a)	11,348	30,718
	12,164	32,096

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

26. Provisions for judicial claims

	12/31/2019	12/31/2018
Civil / Tax Claims	60,321	27,258
Labor Claims	80,825	73,294
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	1,063	929
	142,209	101,481

Below is the movement of provisions:

	Balance on 12/31/2018	Recognized Provisions	Reversals	Balance on 12/31/2019
Civil Claims (a)	27,258	58,136	(25,074)	60,321
Labor Claims	73,294	23,282	(15,751)	80,825
AGR - Agency for Regulation, Control and Inspection of Public Services of Goiás	929	134	-	1,063
	101,481	81,553	(40,825)	142,209

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 Amount
Labor	0010242-85.2016.5.18.0016	Payment for breaks during work shifts	STIUEG	30
Labor	0012089-83.2015.5.18.0008	Integration of travel accommodation fees to salary	STIUEG	21
Labor	0011614-08.2016.5.18.0004	Collective Action - DSR improperly granted	STIUEG	16
Civil	215.530-65.2004	TAC Execution - Hydrogeological Study	Public Prosecutor's Office	12
Tax	5377963.81.2018.8.09.0158	Tax Execution	Santo Antonio Municipality	11
Tax	10120007382/2007-74	IRPJ Infraction Notice	Federal Revenue Service of Brazil	9
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
Civil	5299729.85	Prevent Full Collection - Sewage Tariff	Public Prosecutor's Office of Rio Verde	1
Civil	306.126-57.2013	Non-existence of debits	Municipality of Ipameri	2

Possible causes

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

	12/31/2019		12/31/2018	
	Estimated Amount	Quantity	Estimated Amount	Quantity
Civil (a)	287,346	1,333	300,363	2,175
Tax (b)	243,934	22	227,269	21
Labor	2,707	19	2,448	25
	533,987	1,374	530,080	2,221

(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
201504007500	Ass. Amigos Aldeia Do Vale	3,000
9165473	Ibama	2,505
0381098.66.2011.8.09.0051	Public Prosecutor's Office	9,010
378681-38-2014	Public Prosecutor's Office	6,130
278.692-24.2010	Public Prosecutor's Office	1,571
0381082.15.2011.8.09.0051	Public Prosecutor's Office	9,010
0381090.89.2011.8.09.0051	Public Prosecutor's Office	9,010
0381067.46.2011.8.09.0051	Public Prosecutor's Office	9,010
0381104.73.2011.8.09.0051	Public Prosecutor's Office	9,010
250.140-93.2009	Public Prosecutor's Office	4,921
381101.21.2011.8.09.0051	Public Prosecutor's Office	9,010
5183987.10	Public Prosecutor's Office	2,000
281694.13.2009	Municipality of Goiânia	127,322
5170732.45.2015.8.09.0011	Municipality of Goiânia	7,258
200704213731	Municipality of Minaçú	30,383
200803501387	Municipality of Minaçú	65,966
200803501557	Municipality of Minaçú	22,122
201702520883	Municipality of S. Luis De Montes Belos	3,022
10120005927/2003-84	Federal Revenue Service of Brazil	62,978
10120005929/2003-73	Federal Revenue Service of Brazil	20,459
247.848-16.2016	Roberto Roriz Meireles Filho	1,455
144.562-97.2016	Sérgio Martins De Souza Queiroz	67,556
7412/2013	Pumaty Plant	3,606
10120.734564/2018	12 th Regional Chemistry Council	10,889
10120.734564/2018	Federal Revenue Service of Brazil	7,237
10120.734566/2018	Federal Revenue Service of Brazil	5,493
		509,933

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 plans' regulations, the Sponsor's monthly contribution is equal to the contributions made by the active participants, maintaining the parity of one to one.

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

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

Calculation of Net Liabilities (Assets)	12/31/2019	12/31/2018
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 2018 in the amount of 128,880. On December 31, 2018 it presented a surplus of R\$ 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 to the Plan, which during the period ended on December 31, 2019 was R\$ 24,956 (R\$ 22,393 on December 31, 2018), and actuarial obligations calculations are not required.

28. Net Equity

a) The share capital may be increased, by resolution of the Company's Management Board and regardless of the amendment to these Bylaws, up to the limit of R\$ 3,125,000,000.00 (three billion, one hundred and twenty-five million reais), pursuant to 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:

Shareholder	12/31/2019		12/31/2018	
	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
	<u>2.037.905.093</u>	<u>100</u>	<u>2.037.905.093</u>	<u>100</u>

Shareholder	12/31/2019		12/31/2018	
	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
	<u>477.641.274</u>	<u>100</u>	<u>477.641.274</u>	<u>100</u>

Description	12/31/2019	12/31/2018
Paid-in Capital	2,515,546	2,515,546
Profit in the financial year	315,731	110,042
	<u>0.12551</u>	<u>0.04374</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 December 31, 2019 and December 31, 2018, there were no payments.

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	12/31/2019	12/31/2018
Equity Valuation Adjustment	50,483	50,508
Deferred taxes on assigned cost (Note 14)	(17,164)	(17,173)
	<u>33,319</u>	<u>33,335</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

	12/31/2019	12/31/2018
Gross Revenues		
Water Supply and Sewerage Service	2,466,101	2,244,708
Technical Services	2,167	2,563
Sub-delegation Grant	9,100	9,100
Construction Revenue	144,307	144,979
Total	2,621,675	2,401,350
Incident Taxes and Returns		
PIS	(40,853)	(30,093)
COFINS	(188,172)	(139,323)
ISS	-	(4,539)
Returns and Rebates	(1,761)	(1,699)
	(230,786)	(175,654)
Net Operating Revenue	2,390,889	2,225,696

30. Costs and Expenses

	12/31/2019			12/31/2018		
	Cost	Administrative	Commercial	Cost	Administrative	Commercial
Personnel	(574,942)	(315,546)	(112,368)	(329,372)	(195,862)	(105,144)
Material	(72,383)	(5,584)	(2,382)	(66,601)	(4,279)	(368)
Electricity	(221,339)	(3,039)	(197)	(160,353)	-	-
Third Party Services	(72,565)	(40,464)	(79,185)	(66,137)	(33,603)	(56,018)
Concession Remuneration	-	-	(55,022)	-	-	(38,352)
General	(5,534)	(10,979)	(7,523)	(9,166)	(2,701)	(2,277)
Amortization	(101,208)	11,139	(38)	(162,645)	-	-
Depreciation	(3,692)	(16,427)	(179)	-	(4,511)	(201)
Depreciation of Assigned Cost	(9)	(15)	(1)	(82)	(327)	(2)

Leasing Depreciation	(90)	(556)	(76)	-	(880)	(115)
	<u>(1,051,762)</u>	<u>(381,471)</u>	<u>(256,971)</u>	<u>(1,084,333)</u>	<u>(322,002)</u>	<u>(282,520)</u>
Construction Cost	(144,307)			(144,979)		
	<u>(1,196,069)</u>			<u>(1,229,312)</u>		

31. Net provisions / reversals

	12/31/2019	12/31/2018
Losses / Recovery of Prescribed Credits	(55,540)	(47,238)
Provision / reversal for contingencies	(40,728)	(57,915)
Net provisions / reversals special for Allowance for Doubtful Accounts	32,657	7,978
Provisions / Reversals of Losses in Civil Works	19,377	531
Provisions / Reversals of Losses in Stocks	(9,257)	(12,077)
Provisions / reversals of Other credits	10	-
	<u>(53,481)</u>	<u>(108,683)</u>

32. Net Financial Result

	12/31/2019	12/31/2018
Financial Revenues		
Interest, Fines and Income	45136	50,586
Monetary Correction	20173	20,345
Adjustment to Current Value - AVP	2100	-
Exchange Variation	5002	-
	<u>72,411</u>	<u>70,931</u>
Financial Expenses		
Interests / Fines / Charges and Other Expenses	(111,732)	(148,715)
Adjustment to Current Value - AVP	-	(987)
Pis / Cofins / on Financial Revenue	(3,135)	-
Monetary Correction	(859)	(1,965)
Exchange Variation	(9,210)	(14,901)
	<u>(124,936)</u>	<u>(166,568)</u>
Net Financial Result	<u>(52,525)</u>	<u>(95,637)</u>

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 12/31/2019 SANEAGO	Value Invested BRK Ambiental until 12/31/2019	Total invested
Adelândia	1/16/2048	525	75		75
Águas Lindas de Goiás	12/28/2048	309,022	760		760
Anicuns	4/10/2048	42,785	1,332		1,332
Aparecida de Goiânia	11/1/2041	988,848	137,747	422,405	560,152
Aporé	4/6/2048	7,682	159		159
Aragoiânia	12/26/2042	27,926	1,222		1,222
Araguapaz	3/15/2048	5,210	526		526
Avelinópolis	1/22/2046	1,724	156		156
Barro Alto	12/26/2042	32,703	1,730		1,730

**SANEAGO****Saneamento de Goiás S.A.**

Brazabrantes	2/6/2044	8,056	934	934
Cachoeira Alta	7/27/2045	26,167	873	873
Caldazinha	8/2/2048	1,071	138	138
Campestre de Goiás	1/6/2046	645	299	299
Campinaçu	8/12/2045	13,146	9,665	9,665
Cavalcante	12/28/2048	1,612	1,781	1,781
Cezarina	12/17/2042	23,352	14,972	14,972
Cidade Ocidental	11/1/2041	243,394	16,871	16,871
Cristalina	2/7/2044	58,952	18,373	18,373
Davinópolis	5/4/2048	506	20	20
Diorama	7/24/2047	1,091	25	25
Divinópolis	10/5/2047	675	146	146
Flores de Goiás	8/14/2044	4,221	176	176
Goiandira	10/3/2048	1,457	97	97
Goiânia	12/20/2049	3,419,897	7,135	7,135
Guarani de Goiás	9/15/2040	962	559	559
Guarinos(a)	2/16/2048	1,383	3	3
Hidrolândia	8/3/2046	9,737	2,362	2,362
Indiara	4/30/2044	32,180	1,662	1,662
Israelândia	11/24/2039	3,300	95	95
Itajá	12/19/2042	2,328	256	256
Itapaci	12/28/2048	56,172	188	188
Itapuranga	12/28/2048	8,063	4,404	4,404
Jataí	11/1/2041	114,116	32,182	72,217
Jussara	12/26/2046	5,759	329	329
Luziânia	12/1/2045	366,853	25,223	25,223
Mambaí	3/7/2046	1,689	349	349
Minaçu	2/6/2044	57,857	9,447	9,447
Morrinhos	11/30/2040	46,917	16,138	16,138
Morro Agudo de Goiás	5/2/2046	1,198	332	332
Mozarlândia	12/28/2046	1,894	609	609
Nazário	5/4/2048	2,280	155	155
Novo Gama	11/16/2048	253,055	960	960
Palmelo	10/29/2042	1039	142	142
Perolândia	12/21/2048	499	162	162
Petrolina de Goiás	10/20/2041	6,797	6,438	6,438
Pires do Rio	11/3/2038	10,529	23,132	23,132
Posse	6/12/2047	19,945	8,295	8,295
Rio Verde	11/1/2041	249,889	53,624	194,580
Santa Cruz de Goiás	6/28/2043	1,497	280	280
Santo Antônio da Barra	12/26/2045	3,977	398	398
Santo Antônio de Goiás	12/2/2045	15,868	453	453
Santo Ant. Descoberto	6/10/2046	55,686	21,847	21,847
São Domingos	12/28/2048	1,334	242	242
São João D'aliança	5/31/1949	3,033	1,223	1,223
São Luís de Montes Belos	12/19/2042	41928	3,699	3,699
São Miguel Passa Quatro	12/18/1949	8,686	262	262
Trindade	11/1/2041	169,222	20,491	94,375
Uirapuru	12/28/2048	699	41	41
Uruaçu	12/28/2048	44,341	315	315
Valparaíso de Goiás	11/16/2048	389,652	1,331	1,331
		7,211,031	452,840	677,280
				1,130,120

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 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 to be due debts of these bodies are as follows:

	12/31/2019	12/31/2018
Billed to be due	4,940	4,930
Maturing for more than 30 days	1,309	1,191
Overdue up to 30 days	5,677	4,931
Overdue from 31 to 60 days	2,647	4,551
Overdue from 61 to 90 days	2,631	4,686
Overdue from 91 to 120 days	2,480	4,390
Overdue from 121 to 180 days	4,670	8,119
Overdue from 181 to 360 days	13,683	21,202
Overdue from 361 days to 5 years	85,064	43,857
Overdue over 5 years	3,082	2,954
Estimate to be billed	3,138	3,171
(-) AVP Accounts Receivable	(69)	(62)
Total receivable from the State	<u>129,252</u>	<u>103,920</u>
(-) PCLD - a)	<u>(125,288)</u>	<u>(99,581)</u>
Net balance after provision (Current)□	<u>3,964</u>	<u>4,339</u>
Credits receivable (Non-current)	2,924	3,664
(-) AVP Accounts Receivable	(475)	(697)
(-) PCLD	(2,121)	(2,376)
Total	<u>328</u>	<u>591</u>

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 concession contract with the municipality of Goiânia was signed on December 22, 1991 and is effective until March 4, 2023. The contract also provides for a monthly payment of 5% on the tax collection in the municipality. Up to December 31, 2019, R\$ 38,264 had been paid, in portfolio R\$ 35,387 (up to December 31, 2018, R\$ 34,944 was paid, in portfolio R\$ 32,115). On December 17, 2019 the contract was terminated, and the new contract provides for the monthly payment of 5% of gross revenue to the Municipal Basic Sanitation Fund of the municipality.

b) Among the contracts in force, 25 (on 12/31/2019) contracts are remunerated with values that vary between 2% and 5% of the collection of the municipality.

c) The Company has been reconciling accounts to settle debts, by offsetting the services performed by City Halls to the Company, On September 30, 2019 (12/31/2019) the balance of accounts receivable, past due and due, related to debts of the municipalities to which the Company provides services is R\$ 60,993, and 30 account reconciliations were made, with a settlement of R\$ 559 (December 31, 2018 R\$ 54,595, and 43 account reconciliations were made, with adjustment of R\$ 1,218).

36. Administrators' Remuneration

The expenses related to the remuneration of the members of the Management Board and Board of Directors were R\$ 6,080 on December 31, 2019 (R\$ 5,861 on December 31, 2018).

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 maximum 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	12/31/2019	LIABILITY	12/31/2019
Credits Receivable from Users	(83,122)	Deferred Tax	(18,551)
PCLD-Losses / Reversals / AVP	(55,393)	Deferred Tax Assigned Cost - PL	9
	<u>(138,515)</u>	Actuarial Deferred Tax - PL	43,820
			<u>25,278</u>
Stocks	21,055		
Estimated losses in stock	(9,257)		
	<u>11,798</u>		
Other Accounts Receivable	(469)		
Re-rating of Goiás Parcerias dividends	(40)		
	<u>(509)</u>		
Reductions on Fixed and Intangible Asset			
Write-offs on investments / fixed assets	1,004		
Transfers to other groups	3,387		
	<u>4,391</u>		

38. 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 and with the prospect of issuing conclusive reports.

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 R\$ 1,785,111,980.00 (one billion, seven hundred and eighty-five million, one hundred and eleven thousand, nine hundred and eighty reais), on which the same percentage was applied, resulting in an amount of R\$ 113,943,821.00 (one hundred and thirteen million nine hundred forty-three thousand eight hundred twenty-two one reais), as estimated

discrepancies that should be written off (provisions).

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

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

Description			In Real Currency	
Sample (Period 2007/2017):				
Amount paid in Priority Contracts (EY Report)		A	1,166,017,570	
Amount of discrepancies pointed out in the EY Report in Priority Contracts		B	74,426,982	
Ratio % of Discrepancies 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)	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)	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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