SANEAMENTO DE GOIÁS S.A.

Independent Auditor´s Report

Financial Statements
On December 31, 2020.

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INDEPENDENT AUDITOR´S REPORT ON THE FINANCIAL STATEMENTS

To
Shareholders, Councilors and Administrators of
Saneamento de Goiás S.A.
Goiânia– GO

Opinion

We examined the financial statements of **Saneamento de Goiás S.A. ("Company" or "SANEAGO")**, which comprehend the balance sheet on December 31, 2019 and the respective income, comprehensive income, net equity change and cash flows statements for the accounting period ended on such date, as well as the summary of the main accounting policies and the other explanatory notes.

In our opinion, the financial statements referred to above adequately present the financial and equity position of **Saneamento de Goiás S.A.** on December 31, 2019, the performance of its operations and its cash flows for the year ended on such date in all relevant aspects, in accordance with the main accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board* (IASB).

Base for opinion

Our audit was completed according to the Brazilian and the international audit standards. Our responsibilities, according to such standards, are described in the section below titled "Auditor´s responsibilities for the audit of the financial statements". We are independent in relation to the Company, according to the relevant ethical principles provided in the Code of Ethics of the Accounting Professional and in the professional norms issued by the Federal Accounting Council, and we fulfill all other ethical responsibilities according to such norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Emphasis

Decanting operation

We call attention to Explanatory note No, 38, which discloses the events and the measures taken by the Company pursuant to the "Decanting" operation of the Federal Police and the Federal Prosecutor´s Office, as well as the accounting adjustments in the financial statements pursuant to the conclusion of the report of the forensic audit contracted for this purpose. The judicial lawsuit is in progress and in stage of receiving the report offered by MPF. Our opinion does not contain any change related to this subject.

Main audit matters

Main audit matters are those, which, in our professional opinion, were the most significant in our audit of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in the formation of our opinion on such financial statements, and, therefore, we do not express a separate opinion on these matters.

Revenues recognition and information technology environment.	**Audit´s response to the matter**
According to Explanatory note No. 2.5, the revenues from water supply and sewage treatment and activities associated with the service are recognized from the fulfillment of the performance obligations at the consumer by means of water supply. The revenues recognition process is relevant for the Company´s performance and the achievement of the performance targets on the base date of the financial statements, which inherently adds components of fraud risk. It can also be observed that the water supply and sewage treatment transactions are substantially processed by means of automated routines and controls. Considering the risk of fraud in the revenues recognition process and the high systemic dependence and the potential effects on the accounting record of the revenues from receivables, the technology environment, including the information system, as well as the controls on access and management of changes in its systems, we consider this matter significant for our audit.	Our audit procedures included, among others, performance of tests by sampling and with the help of our specialists in information technology, to assess design, implementation and operational effectiveness of the key internal controls on changes, alterations and appropriate access to the water supply operation systems. We also analyzed, with the help of our specialists in information technology, the interface and the integrity of the information between the main systems used for the record of revenues from water supply and the respective creation of financial information. For the water supply transactions of the Company, we analyzed the conciliation of the revenues with the accounting balances. Our procedures also included the correlation between the cash inflows and the revenues entered by the Company during the year with the purpose to assess the revenues recognition, in addition to the analysis of the subsequent settlement of the outstanding receivables balance on the audit base date. We carried out analytical procedures on the revenues for the year, comparing the recognized amounts to the water consumption information and the number of consumer units of the Company during the year, and we analyzed whether the revenues growth is in accordance with the tariff readjustments approved by the Regulatory Body (Goiana Regulatory Agency (AGR)). We carried out tests to obtain reasonable safety about the "cut" of the Company's revenues made at the end of the year, which recognizes, in the accounting records, measurements, which have not been billed yet due to the reading period of the meters of the Company's consumers. We assessed the adequate disclose in explanatory notes as well. Based on the audit procedures summarized above, we considered that the revenues recognition policies of the Company are appropriate to support judgments, estimations and information included in the financial statements taken as a whole.

Estimated provision for loan loss (PECLD)

As mentioned in Explanatory note No. 7 to the financial settlements, the Company has estimated provision for loan loss involving a high level of judgment by the Administration.

This judgment involves assessment of several assumptions and internal and external factors, including default level, renegotiation policy and installments and current and prospective economic scenario.

This judgment considers different assumptions in the determination of provisions. The provision for loan loss is constituted considering the Administration´s expectation and the is grounded according to the internal policy of the Company.

Audit´s response to the matter

Our audit procedures included evaluation of the estimation defined by Administration for constitution of provision for loan loss, the mathematical recalculation of the referred provision and we challenged the Administration's judgment against the defined estimation, where we totaled all credits, regardless of whether they were overdue or due, of consumers with invoices recorded as provision for loan losses ("drag effect"). We assessed this total as a part of our assessment of the risk of significant distortions in the financial statements. As well as the review of the adequate disclosure of the explanatory notes.

Based on the evidences obtained by means of the procedures summarized above, we considered the estimation of the provision for loan loss and the disclosures in the explanatory notes acceptable.

Intangible assets

As mentioned in Explanatory Note no. 18 to the financial statements, there are several types of transactions that affect the intangible assets account, such as signing new concession contracts, evaluation of the classification of the existing contracts in the accounting standard for concessions, addition of new infrastructures, and amortization of assets that compose the balance of built infrastructure.

Due to the relevance of the balances entered in this account, the potential financial impact resulting from the signing or termination of the current concession contracts, construction of new infrastructure and amortization of current balances, we understand that this area is relevant and special attention was paid thereto during our audit.

Audit´s response to the matter

Our audit procedures included assessment of design, implementation and effectiveness of the existing key internal controls related to new infrastructure additions, amortization of intangible assets, administration and management of new and existing concession contracts, and validation of the construction margin used by the Company, in order to assure integrity, existence, accuracy and appreciation of the balances classified as intangible assets.

We carried out procedures by means of samples to check the supporting documentation for the new additions and their eligibility for capitalization. Among the verified documentation, there were tax receipts, contracts, measurements and payments for additions in 2019 and previous years. We recalculated the amortizations recognized in 2019 and previous years and compared them to the balances recorded in the accounting, involving specialists to assist us in the assessment of the assumptions used to define the depreciation rates, we evaluated the transfer of assets under construction to operation, we carried out procedures to recalculate the construction margin and made a technical assessment to conclude on the adherence of the concession contracts to the respective accounting standard. We assessed the sufficiency and the appropriateness of the disclosures made in explanatory notes regarding the requirements described in the relevant accounting standards for this topic.

Based on the result from the above procedures, we considered that the balances classified as intangible assets and their respective disclosures are acceptable in the context of the financial statements taken as a whole for the year ended on December 31, 2019.

Post-Employment Benefits Recognition

As mentioned in Explanatory Note no. 27 to the financial statements, the Company has post-employment benefits, in which the obligation is calculated based on the estimation of the future benefit the employees will receive as a return for the provided services. Due to the complexity and subjectivity in the estimation pursuant to the actuarial appreciation of the health insurance and the benefit, as required by CPC 33 - Post-employment benefit, the Company is at risk regarding the adequate measurement and accounting of assets and liabilities arising from post-employment benefits, in addition to the high degree of judgment associated with the process of measurement of the Company's actuarial obligation, which includes the use of highly subjective and complex assumptions, such as long-term interest rates, plan asset income rate, salary increase index, turnover, mortality, discount rates and inflation. Variations in these assumptions may have relevant impact on the amounts recognized in the financial statements.

Audit´s response to the matter

Our audit procedures included, among others, the involvement of specialists in the actuarial area to assist us in the assessment of the assumptions used in the calculation of the actuarial liabilities of the post-employment benefit plans, comparing them to comparable market data and reference parameters developed internally based on independent calculations made as part of our procedures. Furthermore, our specialists helped in the assessment of the appropriateness of the disclosures made by the Company regrading this matter. Regarding the Plan assets, our audit procedures included tests for to confirm existence and assessment about the assessment of these assets together with specialists. As well as the review of the adequate disclosure in the explanatory notes.

Based on the result from the audit procedures summarized above, we considered the judgments, the estimations and the disclosures prepared by the Administration, included in the explanatory notes, appropriate.

Earned Deferred Active Income Tax and Social Contribution

According to Explanatory Note no. 14, the Company recorded deferred active income tax and social contribution at the amounts of R$ 256,209 on December 31, 2019, pursuant to tax losses and negative bases, and on temporarily non-deductible and/or taxable differences. The Administration assesses the risk of impairment of this asset at least annually, based on the financial model of cash flow discounted from future taxable profits, which requires from the Administration to adopt some assumptions based on information generated by its internal reports, in which it involves significant judgment on the future profits of the Company, so that any adjustment in the assumptions used may generate significant effects on the assessment and impacts on the Company's financial statements taken as a whole, so we understand that this area is relevant and special attention was paid thereto during the our audit.

Audit´s response to the matter

Our audit procedures included the following procedures: Inquiry about the future cash flow forecasts prepared by the Administration and the process used in their preparation, including comparison to their most recent business plans; Inquiry about the main assumptions and criteria adopted by the Administration in relation to the long-term growth rates in the forecasts, by means of comparison to economic and sector forecasts and the discount rate; Evaluation of the reasonableness of the cost of capital used in the forecasts; Assessment of the extent of changes in the assumptions that would be required individually or collectively, to result in impairment loss for this asset.

Based on the result from the audit procedures summarized above, we considered the judgments, the estimations and the disclosures prepared by the Administration, included in the explanatory notes, appropriate.

Other subjects

Statement of value added (DVA)

The statement of value added (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company´s Administration, and presented as supplementary information for IFRS purposes, were subject to audit procedures performed in together with the audit of the Company´s financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added (DVA) have been properly prepared in all material respects in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the financial statements taken as a whole.

Corresponding comparative balances

The financial statements for the year ended on December 31, 2018, presented for comparison purposes, were examined by us, and we issued a report dated March 28, 2019, containing the following remarks: i) Relevant discrepancies in the stock quantity and Investigation, regularized in the current year; ii) Investigation in progress pursuant to the “Decanting Operation” by the Federal Prosecutor´s Office, regularized in the current year with the constitution of provision for losses in construction works, according to Explanatory Note no. 38.

Other information accompanying the financial statements and the auditors' report

The Company s Administration is responsible for such other information that comprises the Administration Report.

Our opinion on the financial statements does not cover the Administration Report and we do not express any form of audit conclusion on this report.

In relation with the audit of the financial statements, our responsibility is to read the Management’s Report and, when doing so, to consider whether that report is, in any material respect, inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise it appears to be materially misrepresented. If, based on the work performed, we conclude that there is material distortion in the Administration’s Report, we are required to disclose that fact. We have nothing to report on this matter.

Responsibilities of the Administration and the governance for the financial statements

The Administration is responsible for the preparation and the proper presentation of the financial statements in compliance with the main accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for the internal controls deemed necessary to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In the elaboration of the financial statements, the Administration is responsible for the assessment of the Company capacity to keep operating, disclosing, when applicable, the subjects related to its operational continuity and the use of this accounting base in the elaboration of the financial statements, unless the Administration intends to liquidate the Company and its controlled companies or stop its operations, or does not have any realistic alternative to avoid closure of the operations.

The people responsible for the Company´s governance are those with responsibility for the supervision of the process of elaboration of the financial statements.

Our goals are to obtain reasonable certainty that the financial statements taken as a whole are free of relevant distortion, no matter whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable certainty means a high degree of certainty, but it is not a guarantee that the audit performed in accordance with Brazilian and international audit standards will always detect any existing material misstatements. The distortions might be pursuant to fraud or error and are considered relevant when, alone or together, might influence the users´ economic decisions taken based on the referred financial statements, within a reasonable perspective.

As part of the audit performed in compliance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We have identified and assessed the risks of relevant distortion in the financial statements, no matter whether caused by fraud or error, planned and executed audit procedures in response to such risks, and we have obtained appropriate and sufficient audit evidence to ground our opinion. The risk of not detecting any material misstatement resulting from fraud is greater than the risk of not detecting misstatements due to error, since the former may involve actions to circumvent internal controls, collusion, counterfeit, omission, or willful misrepresentation.
- We understood the relevant internal controls for the audit to plan audit procedures appropriate for the circumstances, but, not , with the purpose to express opinion about the efficiency of the internal controls of the Company and its controlled companies.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by Administration.
- We concluded on the suitability of the use of the going concern accounting basis by the Administration, and based on the obtained audit evidences, whether there is a material uncertainty regarding events or conditions that may raise significant doubt about the ability of the Company and its subsidiaries to remain as a going concern. If we concluded that there is relevant uncertainty, we should call the attention in our audit report to the respective disclosure in the financial statements, or include a change in our opinion, if the disclosure was inadequate. Our findings are based on the audit evidence obtained until the date of our report. However, future events or conditions may hinder the ability of the Company and its subsidiaries to remain as a going concern.
- We assessed the general presentation, the structure and the content of the financial statements, including the disclosure and whether the financial statements, represent the corresponding transactions and events in a way compatible to the objective of adequate presentation.

We communicate with those responsible for governance regarding, among other aspects, the planned scope, the timing of the audit and the significant audit findings, including any significant deficiencies in the internal controls that we identified in the course of our work.

We also provide those responsible for governance with a statement that we have complied with the relevant ethical requirements, including the applicable independence requirements, and communicate any relationships or matters that could materially affect our independence, including, where applicable, respective safeguards.

Among the matters communicated to the persons responsible for governance, we have determined those deemed more significant in the audit of the financial statements for the current year and that, as such, constitute key audit matters.

We describe these matters in our audit report, except for those whose public disclosure is prohibited by a law or regulation, or when, in very rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of such disclosure, within a reasonable perspective, may overcome the benefits of the communication for public interest.

Goiânia, March 10, 2020.

BDO RCS Auditores Independentes SS
CRC 2 GO 001837/F-4

Alfredo Ferreira Marques Filho
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