



Aegea

Earnings Release 1Q22

11/05/2022


aegea



EBITDA reaches R\$663 million in 1Q22, with margin of 77%

São Paulo, May 11, 2022. Aegea Saneamento e Participações S.A. (“Aegea” or “Company”), which currently operates in 154 cities in 13 states across Brazil, announces today its results for the first quarter of 2022 (“1Q22”). The quarterly information also presents the Company’s performance in 1Q22 in comparison with the first quarter of 2021 (“1Q21”). Any and all non-accounting information or information based on non-accounting figures was not reviewed by the independent auditors.

HIGHLIGHTS

- ◆ **Net Revenue¹ grew 34.1%, or R\$220.1 million, in 1Q22 compared to 1Q21, to R\$866.4 million. In the same period, net revenue from water increased 20.0% and from sewage grew by 30.0%. Additionally, this result was positively impacted by the increase of R\$24.3 million in revenue from government payments under Public-Private Partnerships (PPPs), reflecting the higher CAPEX in the period;**
- ◆ **EBITDA² reaches R\$662.7 billion in 1Q22, increasing 88.0% compared to 1Q21. Aegea’s consolidated EBITDA margin reached 76.5%, expanding 22.0 p.p. compared to 1Q21. Besides the higher EBITDA from concessionaires, this performance was positively impacted by the results of the associated company Águas do Rio, which started operations in 4Q21;**
- ◆ **Financial Leverage, measured by the ratio of Net Debt to EBITDA, ended the period at 2.51x, down 0.37x from a year earlier;**

¹Excludes construction revenues with near-zero margins and includes revenue from government payments under contracts for the PPPs Ambiental Vila Velha, Ambiental Serra, Ambiental Metrosul and Ambiental Cariacica.

² Excludes revenues and costs with the construction of intangible assets with near-zero margins and includes revenue from government payments under PPPs and the construction costs of these agreements.

- ◆ Issue of **US\$500 million in Sustainability-Linked Bonds (SLB)**, on **April 27, 2022**, with maturity in 7 years and coupon of 6.75% p.a., paid semiannually. The Bonds were settled on May 6, 2022, and the issue was 100% hedged. The SLB has targets related with the reduction of specific energy consumption and increasing gender and racial diversity in leadership positions.



Message from Management

We began 2022 with solid operational and financial performance, in line with the advances in our operations. We reached 3.7 million total active households, an increase of 404,000 new households, with growth of 15.5% in billed volume. As a result, Net Revenue was R\$866 million in 1Q22, up 34% from 1Q21, EBITDA was R\$663 million, advancing 88%, and EBITDA margin was 76.5%, expanding 22 p.p. Net Income in the first quarter reached R\$237 million, an increase of 148% from 1Q21, with the leverage ratio falling to 2.51x, mainly due to our financial discipline combined with the improvement in operational and financial results.

In addition to the expansion in network coverage and efficiency gains at our subsidiaries, is worth to highlight the contribution from the performance of our associated company Águas do Rio, whose startup was in November 2021. Águas do Rio ended the quarter with 3.7 million active households and billed volume of 201 million m³, representing an outperformance of 10% and 22% in comparison with the original plan, respectively, delivering Net Income of R\$190 million in the quarter, with recognition of R\$93.8 million in equity income at Aegea.

Reinforcing our focus on financial discipline and the market confidence in our business model, and in line with our liability management strategy with a focus on lengthening the average debt term, in April, we issued the international market US\$500

million in Sustainability-Linked Bonds (SLB) due in 7 years.

The issue was characterized as SLB due to its association with key performance indicators (KPIs) in sustainability. The selection of these KPIs, took into consideration the assumption to go above and beyond our contractual targets of providing universal access to basic sanitation services. Demonstrating our commitment to an increasingly efficient use of natural resources in our operations and to the diversity and inclusion theme, the sustainability targets linked to the bonds are: (i) reduction of 15% in specific energy consumption, measured in kWh per m³, by the end of 2030; (ii) 45% of leadership positions filled by women employees by the end of 2030; and (iii) 27% of leadership positions in filled by black employees by the end of 2030.

With this initiative which reinforces our commitment to sustainability and the ESG agenda, we are the first company in the sector to issue long-term bonds linked to social and environmental targets in Latin America, as well as the first company to commit to a target of racial diversity in leadership positions in Brazil. Currently, 94% of the energy acquired by our Company is generated by renewable sources, and now we undertook to reduce significantly our specific energy consumption, since energy is an important input in water production and distribution and sewage collection and treatment. We have a comprehensive Energy Efficiency and Water Loss Reduction Program and aim to achieve this target

by combining investments in technology with measures to increase the operating efficiency of our assets.

On the diversity front, as a service provider company, our goal is to reflect the racial and gender diversity of the Brazilian population, reinforcing the trust placed by society in our services and activities. To achieve this target, we will rely on the important role played by the Aegea Academy, which helps our employees with their career by developing technical and soft skills, as well as preparation for leadership positions. Note that, since 2017, Aegea has been recognized for its racial diversity initiatives launched via “Respeito Dá o Tom”, a program that promotes equal opportunity in hiring and career advancement for black employees.

We aim to leave a legacy for society and as we execute our business plan, we generate positive impacts for the health. A recently released study points out that in the capital of Piauí, where we operate Águas de Teresina since 2017, from the first year of our operations to 2021, hospitalizations due to diarrhea reduced by 68%, dengue cases were reduced by 66% and hospitalizations decreased by about 20%.

In addition to health benefits and lower hospital expenses, universal access to basic sanitation

promotes environmental recovery, higher educational levels, higher income levels, higher worker productivity, real estate price appreciation and higher income from tourism. The universalization of sanitation services in the 27 municipalities that are part of Águas do Rio's concession area, for example, will generate a net gain of R\$37 billion for the population, as concluded by a study disclosed on April 13 by Instituto Trata Brasil, which adopts a broad approach for the economic, social and environmental gains from the expansion in water and sanitation services during the concession period of blocks 1 and 4.

We play an important role in providing vital elements for the quality of life of millions of Brazilians, and our operations are based on respect for society, the environment and ethical principles. We continue to closely monitor the latest developments in the sector, while focusing on the financial discipline and health of our business, always striving to create value for our stakeholders.

The Management



Aegea Proforma Results

Águas do Rio, which started up in November 2021, marks an important achievement for Aegea, which practically doubled its operations, adding approximately 10 million people to the population served. Aegea's interest in these companies is 52% of their total capital and 20% of their voting capital, consequently and its results are not consolidated into Aegea's Financial Statements, but rather recognized under equity income.

For this reason, we present below selected highlights of the Aegea Financial Statements, with Águas do Rio results booked under equity income, and Aegea Proforma Financial Statements, which comprises the consolidation of Águas do Rio results.

1Q22 Highlights	Aegea Financial Statements	Aegea Proforma	Águas do Rio
Employees	5,986	9,346	3,360
Active households (thousand)	3,696	7,375	3,678
EBITDA (R\$ million)	663	933	423
Net income (R\$ million)	237	274	190

Financial Highlights

The results of Aegea as consolidated in its Financial Statements are presented in the items below.

Aegea consolidated (R\$ '000)	1Q22	1Q21	Δ %
Net operating revenue ¹	866,365	646,266	34.1%
Water revenue	633,932	528,108	20.0%
Sewage revenue ²	199,701	153,601	30.0%
Outras receitas	61,587	0	0.0%
PPP revenue ³	55,346	31,034	78.3%
Deductions from revenue	(84,201)	(66,477)	26.7%
Operating Costs and Expenses ⁴	(297,456)	(293,840)	1.2%
Equity income	93,804	-	0.0%
EBITDA	662,713	352,426	88.0%
EBITDA Margin	76.5%	54.5%	22.0 p.p.
Financial Result	(237,000)	(108,030)	119.4%
Net Income	237,044	95,715	147.7%

Net Revenue

In 1Q22, net operating revenue¹ amounted to R\$866.4 million, increasing 34.1% from 1Q21.

The main growth drivers in the first quarter were:

- (i) The increase of 15.5% in billed volume, mainly due to growth in households served by the Company's sewage services;
- (ii) The growth in government payments under PPPs given the higher CAPEX for expanding sewage coverage. Highlights: Serra Ambiental contributed 47.2% of net revenue growth in the period; Ambiental Metrosul contributed 46.1% of net revenue growth in the period;
- (iii) Tariff adjustments, with the highlights:
 - a. Águas Guariroba: (a) the ordinary annual tariff adjustment of 5.0%; (a) the tariff revision of 3.24% resulting from the economic and financial rebalancing approved in 2021, in two installments of 1.62%, the first in Jul/21 and the second in Jan/22;
 - b. Prolagos: the ordinary annual tariff adjustment of 10.0%;
 - c. Manaus: the tariff adjustment of 9.88%; and
- (iv) Other operating revenues amounting to R\$61.6 million, corresponding to revenue from the provision of operational and administrative services to the associated company Águas do Rio.

The following chart present net revenue growth:

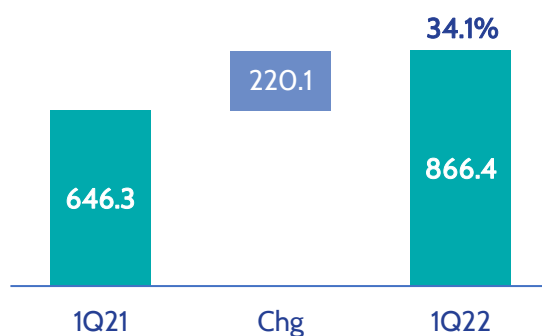
1 Net operating revenue recorded in the Interim Financial Statements (ITR), Note 18, less the construction revenue with near-zero margin (OCP05) and no cash effects (R\$190.2 million) in 1Q22 and (R\$143.2 million) in 1Q21.

2 Excludes intangible asset construction revenue with near-zero margins.

3 Construction Revenue - Public-Private Partnerships (PPP) of the concessionaires Ambiental Serra, Ambiental Vila Velha and Ambiental Metrosul (CPC47): sum of the lines financial asset remuneration and financial asset construction revenue from Note 17 in the Financial Statements;

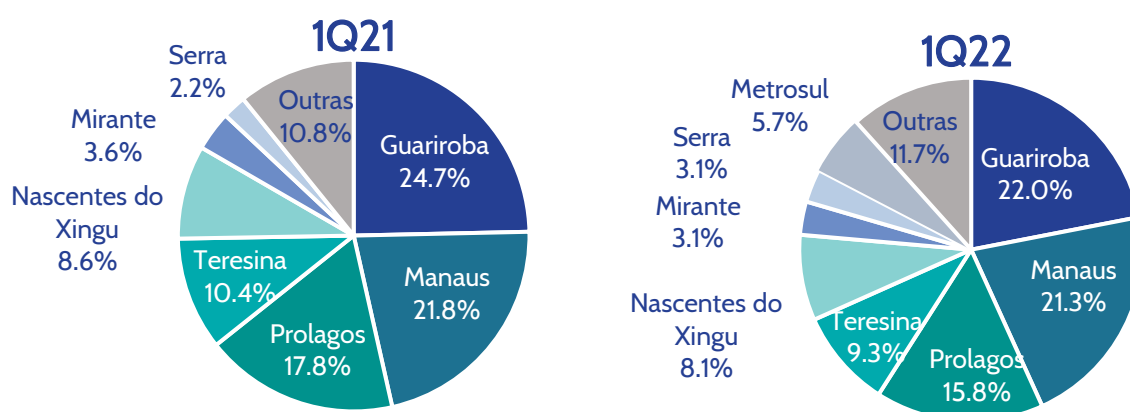
4 Excludes intangible asset construction costs with near-zero margins.

Net Revenue Growth, 1Q21 vs. 1Q22 (R\$ million)



The following charts present a breakdown of revenue by concessionaire, evidencing the higher contribution from recently added concessionaires.

Revenue Breakdown by Company (%)



Consumption Units (Households)¹

In 1Q22, total active households served by Aegea reached 3.7 million, an increase of 12.3% from 1Q21. This figure does not take into consideration the households served by our associated company Águas do Rio.

The number of households served by sewage collection and treatment services increased 31.1%, to 1.8 million. The growth in the client base is mainly associated with:

- (i) The startup of the PPPs Ambiental MS Pantanal (MS) and Ambiental Cariacica (ES), which added 319.6 thousand new households and accounted for 77.2% of the total increase;
- (ii) The expansion of networks at the other PPPs, in order of representativeness, Ambiental Metrosul, Serra Ambiental, Vila Velha Ambiental and Águas do Mirante, responsible for 14.1% of the increase; and

¹ Consumption Units (Households): A single occupancy property or a subdivision of a property with independent occupancy, with the purpose of its legal occupancy clearly identifiable, with private or communal facilities for the use of water supply and sewage collection services. Ex: a building with 10 apartments has one connection and 10 consumption units.

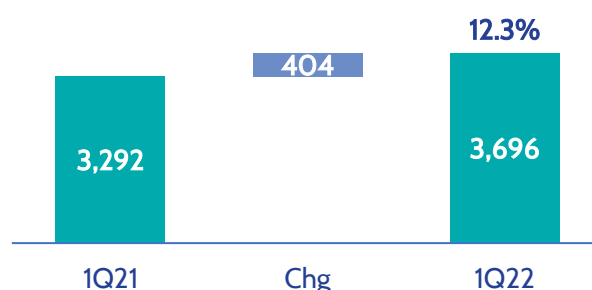
- (iii) The expansion of the networks of Águas Guariroba, Prolagos, Águas de Manaus and Águas de Teresina, which jointly accounted for 5.2% of the increase.

The number of households with water service decreased 0.6% from 1Q21, to 1.9 million, reflecting the resumption of connection cuts in the second half of 2021 as a measure to reduce delinquency.

Total Active households	1Q22	1Q21	Δ %
Water	1,937,843	1,950,282	-0.6%
Sewage	1,758,495	1,341,631	31.1%
Total	3,696,338	3,291,913	12.3%

The following chart shows the growth in total households in the comparison period:

Growth in households with water and sewage services, 1Q21 vs. 1Q22 ('000)



Billed Volume

In 1Q22, total billed volume was 136,656 thousand m³, up 15.5% from 1Q21.

Sewage billed volume increased 39.6% compared to 1Q21, due to:

- the startup of the new PPPs, which accounted for 81.4% of the growth in sewage billed volume in the quarter. The operation of PPP Ambiental Metrosul, which completed a year in Dec/21 and accounted for 21.7% of total sewage billed volume in the period; and
- the network expansions and organic growth at other concessions.

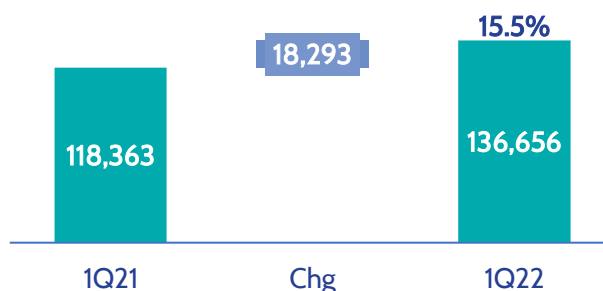
Water billed volume grew 2.9% in 1Q22 compared to 1Q21, mainly due to the resumption of activity in the commercial, industrial and public sectors, which registered growth in billed volume of 4.1%, 5.0% and 9.7%, respectively.

The table below presents a comparison of billed volume between the quarters:

Billed volume ('000 m ³)	1Q22	1Q21	Δ %
Water	79,936	77,719	2.9%
Sewage	56,720	40,644	39.6%
Total	136,656	118,363	15.5%

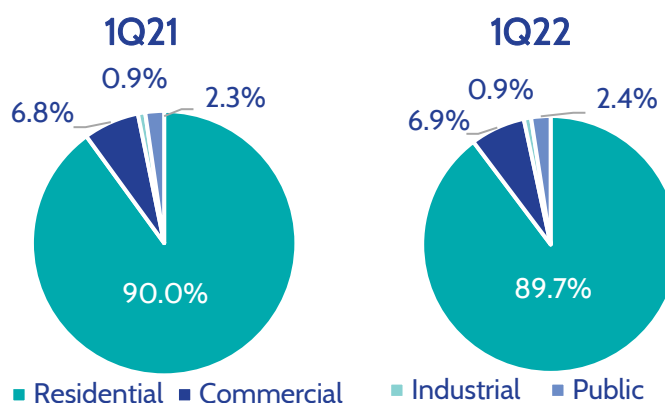
The charts below compare the growth in water and sewage billed volume between the quarters:

Growth in Water and Sewage Billed Volume, 1Q21 vs. 1Q22 ('000 m³)



The following chart shows water billed volume by category. Customers are concentrated in the residential segment, which accounted for 89.7% of billed volume.

Water Billed Volume by Category, 1Q21 vs. 1Q22 (%)



Costs and Expenses

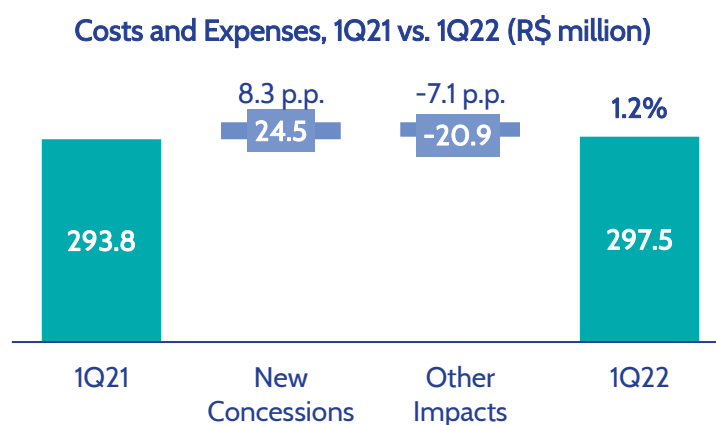
In 1Q22, costs and expenses, excluding the effects of amortization, depreciation and zero-margin construction costs, amounted to R\$297.5 million, increasing R\$3.6 million or 1.2% from 1Q20. The amount includes, under Other non-operational revenues/expenses, the interim dividends declared by Águas do Rio, of R\$64.1 million. Excluding this effect, the costs and expenses in 1Q22 increased by R\$67.7 million or 23.0%, explained by the following factors:

- (i) Costs and expenses with the new PPPs, in the amount of R\$24.5 million, or 36.2% of the total variation;
- (ii) Increase in labor expenses and outsourced services due to expansion of the portfolio of concessions managed by Aegea in the last year;
- (iii) Generalized increase in prices due to inflation; and
- (iv) Change in the energy dynamic tariff structure.

The following table details the changes in costs and expenses between quarters:

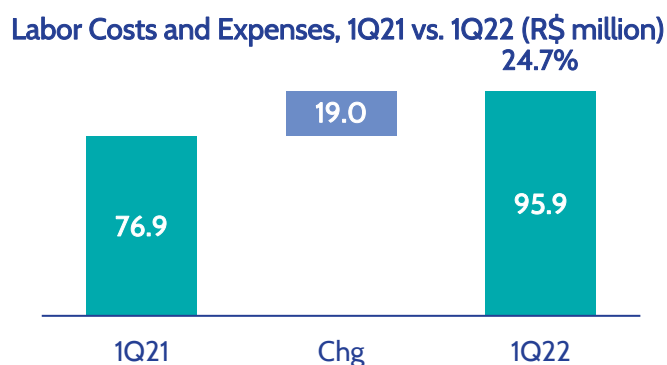
Costs and expenses (R\$ '000)	1Q22	1Q21	Δ %
Labor	(95,870)	(76,857)	24.7%
Outsourced services ¹	(59,488)	(44,194)	34.6%
Maintenance	(10,331)	(9,344)	10.6%
Materials, equipment and vehicles	(7,541)	(7,112)	6.0%
Concession costs	(11,358)	(10,169)	11.7%
Electricity	(82,902)	(62,706)	32.2%
Chemicals	(15,393)	(12,422)	23.9%
PDA ²	(35,017)	(32,622)	7.3%
Provisions for civil, labor, tax, and environmental risks	(5,437)	(2,688)	102.3%
Construction costs ³	(12,843)	(14,770)	-13.0%
Taxes, charges and social contributions	(2,123)	(1,263)	68.1%
Rentals	(14,563)	(9,168)	58.8%
Others	55,410	(10,525)	-626.5%
Subtotal	(297,456)	(293,840)	1.2%
Depreciation and amortization	(98,930)	(77,516)	27.6%
Total	(396,386)	(371,356)	6.7%

The following chart show the changes in costs and expenses between the quarters:

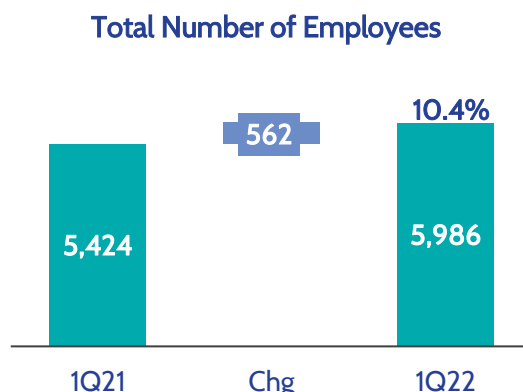


- **Labor:**

In 1Q22, labor costs and expenses amounted to R\$95.9 million, up 24.7% from 1Q21, mainly reflecting the headcount growth and increases in salaries due to collective bargainings.



The Company ended 1Q22 with 5,986 employees, 566 more than in 1Q21, mainly due to 294 new employees at the PPPs operating for less than one year (Ambiental Cariacica and Ambiental MS Pantanal) and 129 new employees at the Holding Company and Aegea Administrative Center, to meet administrative needs and perform other activities to support the new concessions and PPPs, including Águas do Rio.



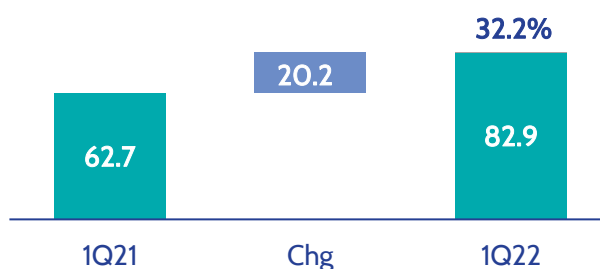
- **Energy:**

In 1Q22, electricity expenses came to R\$82.9 million, increasing 32.2% from 1Q21, mainly due to:

- (i) the higher costs with the dynamic tariff structure and charges, accounting for 46.0% of the total increase in the period;
- (ii) the tariff adjustments; and
- (iii) the startup of the new PPPs, which accounted for R\$1.9 million or 9.6% of the total increase.

Note that these factors were partially offset by the reduction in specific energy consumption, as detailed below, and by the Company's strategy to increase the share of electricity purchased in the free market, which rose from 66.2% in 1Q21 to 71.6% in 1Q22. Free market agreements are based on 100% renewable energy sources.

Electricity Costs and Expenses, 1Q21 vs. 1Q22 (R\$ million)



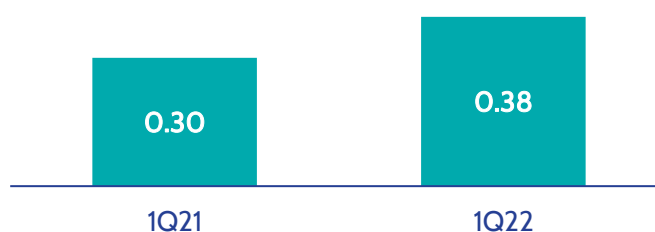
In 1Q22, specific energy consumption decreased 1.6% from 1Q21, ending the quarter at 0.61 kWh/m³, reflecting the measures to increase energy efficiency and reduce losses.

Specific Energy Consumption (kWh/m³)



In 1Q22, when the water scarcity tariff flag was in effect, unit electricity costs and expenses were R\$0.38/m³, 21.1% higher than in 1Q21, when tariff flag was green.

Unit Electricity Costs and Expenses (R\$/m³)¹



- **Outsourced Services**

In 1Q22, costs and expenses with outsourced services came to R\$59.5 million, 34.6% higher than in 1Q21, mainly due to the costs with the new PPPs, which accounted for 25% of the total, as well as IT and consulting services.

- **Expected Credit Losses (PECLD)**

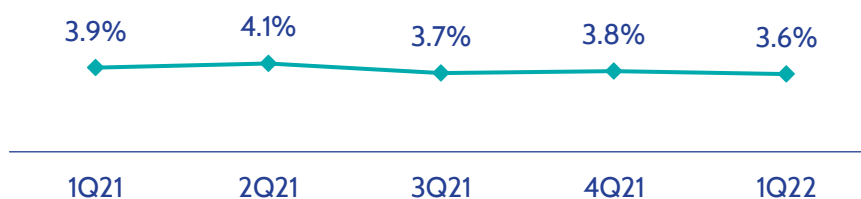
In 1Q22, expected credit losses amounted to R\$35.0 million, increasing 7.3% from 1Q21, mainly due to the annual revision of the PECLD provision for Águas de Manaus, which increased in line with revenue growth over recent years. This increase was partially offset by the results of the customer recovery programs and the reduction in PECLD in other concessions.

¹ The calculation base of unit cost (R\$/m³) includes only costs with electricity for water production and sewage treatment, and excludes administrative electricity expenses.

Delinquency Rate

In the 12 months to 1Q22, the delinquency rate stood at 3.6%, down 0.3 p.p. from 1Q21. The highlights were the customer recovery programs, such as Vem com a Gente, Água Legal, Feirão Conta em Dia, Zera Dívida, and the resumption of connection cuts at concessionaires, which contributed to keep delinquency rate below 4%.

Delinquency Rate LTM¹



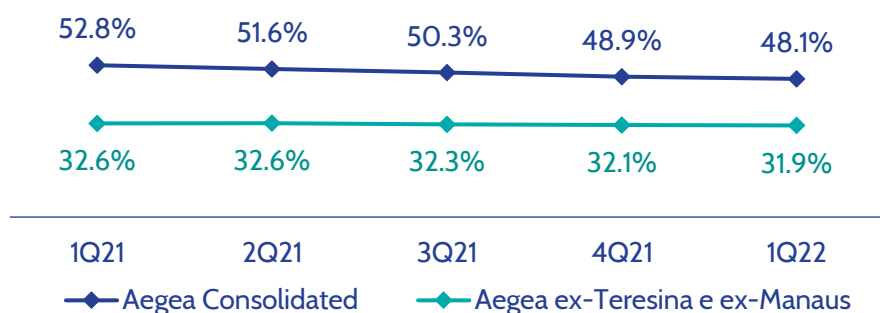
Water Distribution Loss Rate

In 1Q22, Aegea's consolidated loss rate fell to 48.1%, down 4.7 p.p. from 1Q21. The reduction reflects the efforts made by the Company to reduce physical and commercial losses in water distribution at its concessions, especially at Águas de Teresina and Águas de Manaus, which are early-stage concessions with loss rates above those of more mature concessions.

Considering only the more mature concessionaires, the Company's loss rate stood at 31.9% in 1Q22, down 0.8 p.p. from 1Q21.

The following chart shows the evolution in the: (i) consolidated water loss rate; and (ii) loss rate of mature concessions, i.e., excluding the subsidiaries Águas de Teresina and Águas de Manaus.

Water Distribution Loss Rate²



¹Calculation of delinquency: gross revenue excluding cancellations / PECLD costs and expenses. Excludes PPPs Serra, Vila Velha, Cariacica, Metrosul, MS Pantanal and Mirante.

² INO49 (SNIS) – Calculation of Percentage Loss in Distribution (%): $\frac{\text{Water Production Volume (m}^3\text{)} + \text{Treated Water Imported Volume (m}^3\text{)} - \text{Water Service Volume (m}^3\text{)}}{\text{Water Production Volume (m}^3\text{)} + \text{Treated Water Imported Volume (m}^3\text{)}} - \text{Water Service Volume (m}^3\text{)}$

Equity Income (Loss) – Águas do Rio

Águas do Rio, which started operating in November 2021, recorded Net Revenue of R\$1,3 billion, EBITDA of R\$423 million and Net Income of R\$190 million in 1Q22. Aegee recognized R\$93.8 million in 1Q22 under equity income (loss). In the first quarter, Águas do Rio increased the number of households it serves by 10% and its billed volume by 22% in relation to the original plan.

Drivers of these results included an action plan focusing on each consumer category:

- For large consumers, which account for 10% of total households and contribute to approximately 75% of Net Revenue, the concessionaire implemented programs dedicated to customer relations, installation of telemetry systems and replacement of water meters.
- For other consumers, the Company is focusing on strengthening customer relations, via the Afluentes and Vem com a Gente programs, providing quality service with regularization of water supply and eliminating fraud by growing the number of beneficiaries in the Social Tariff program. In the Barreira do Vasco community, for example, Águas do Rio concluded installation of water meters and the registration of families in the Social Tariff program, with 100% of consumers added to the base.

The good performance of Águas do Rio translates into lower need for capital injections. For 1Q22, we had planned capital injections of R\$434 million in Águas do Rio, of which R\$96 million, or 22% of the original plan, was effectively performed.

More information on the results of Águas do Rio 1 and 4 can be found in the *Earnings Releases* of these companies, which are available on the Aegee Investor Relations website: <https://ri.aegee.com.br/debentures-companhias-abertas/aguas-do-rio/> and <https://ri.aegee.com.br/debentures-companhias-abertas/aguas-do-rio-4/>.

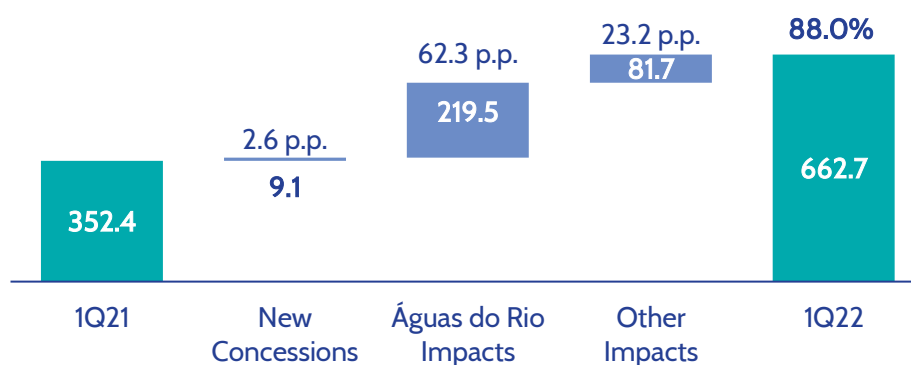
Equity Income Result ('000)	1Q22
Águas do Rio 1	1,544
Águas do Rio 4	92,260
Total	93,804

EBITDA

In 1Q22, EBITDA came to R\$662.7 million, advancing by 88.0% or R\$310.3 million compared to 1Q21. The main drivers of EBITDA growth were: (i) the higher billed volume, tariff adjustments in the period and higher revenue from government payments under PPPs, factors that combined accounted for R\$158.5 million of EBITDA growth; (ii) the positive impacts from Águas do Rio, mainly the R\$93.8 million under Equity Income (Loss) and R\$64.1 million in interim dividends. Aegee's consolidated EBITDA Margin reached 76.5% in 1Q22, expanding 22.0 p.p. in relation to 1Q21.

Excluding Águas do Rio impacts, EBITDA was R\$443.2 million, advancing by 25.8% compared to 1Q21.

EBITDA Growth, 1Q21 vs. 1Q22 (R\$ million)

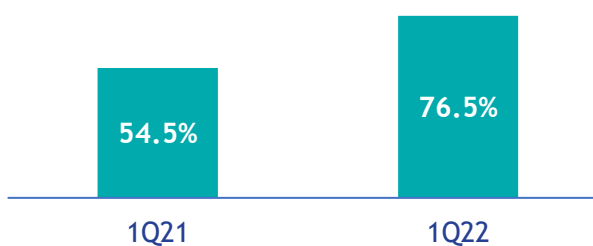


EBITDA (R\$'000)	1Q22	1Q21	Δ %
Net Income	237,044	95,715	147.7%
(+) Financial result	237,000	108,030	119.4%
(+) Income taxes	89,739	71,165	26.1%
(+) Depreciation and amortization	98,930	77,516	27.6%
EBITDA	662,713	352,426	88.0%
EBITDA Margin	76.5%	54.5%	22.0 p.p.

EBITDA Growth, 1Q21 vs. 1Q22 (R\$ million)



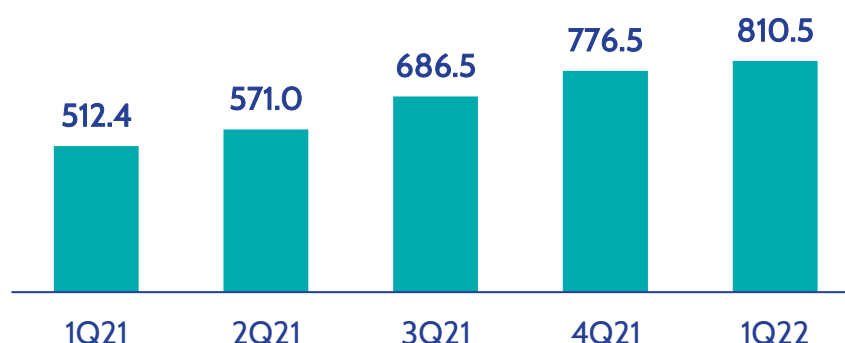
EBITDA Margin Growth, 1Q21 vs. 1Q22 (R\$ million)



CAPEX

In the 12 months ended in 1Q22, the Company invested R\$810.5 million, an increase of 58.2% than in the 12 months to 1Q21, reflecting the addition of new PPPs to Aegea's portfolio in 2021 and expansion in the coverage networks of the concessions.

CAPEX LTM (R\$ million)



Debt¹

The Company's gross debt, including derivative instruments, stood at R\$7.7 billion in 1Q22, an increase of R\$1.2 billion compared to 1Q21, due to the new funding operations.

The balance of cash, cash equivalents and financial investments stood at R\$2.3 billion in the quarter, 2.1x higher than the Company's short-term debt.

Net debt reached R\$5.4 billion, 44.9% higher than a year earlier.

EBITDA in the 12 months to 1Q22 amounted to R\$2.1 billion, up 66.3% from the same period of 2021. This result had a positive impact on the Company's financial leverage, measured by the ratio of Net Debt to EBITDA, which decreased from 2.88x in 1Q21 to 2.51x in 1Q22.

Indebtedness (R\$ thousand)	1Q22	1Q21	Δ %
Net Debt	5,355,116	3,694,995	44.9%
(+) Gross debt (including derivatives, without MtM impact) ¹	7,672,193	6,486,544	18.3%
(+) Loans, financing and debentures	8,297,853	7,596,611	9.2%
(-) Derivatives	683,511	1,386,255	-50.7%
(+) Cash flow hedge	57,851	276,188	-79.1%
(-) Cash and equivalents and financial investments	(2,317,077)	(2,791,549)	-17.0%
EBITDA (12 months)	2,132,597	1,282,462	66.3%
Net Debt / EBITDA	2.51x	2.88x	-0.37x

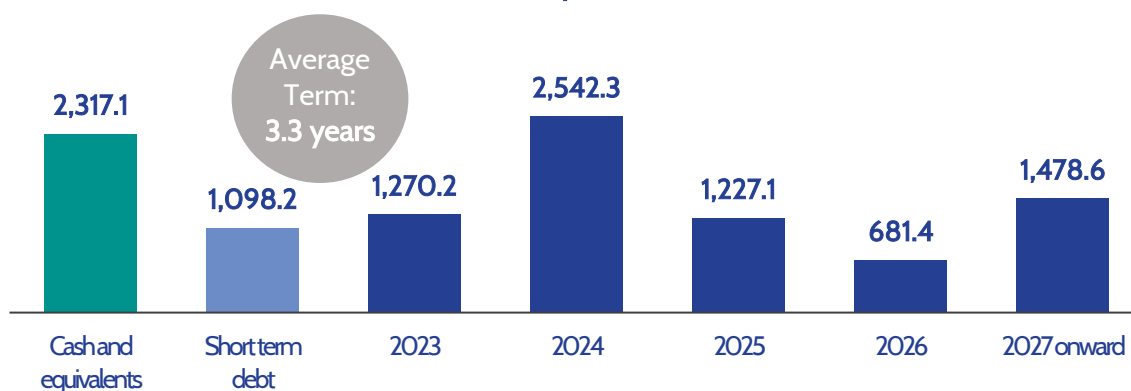
In 1Q22, the average maturity of Aegean's debt was 3.3 years. In the end of 1Q22, short-term liabilities corresponded to 13.2% of total debt and 47.0% of cash and financial investments.

On May 6, the Company settled the issue of SLB in the amount of US\$500 million, with maturity in seven years and coupon of 6.75% p.a. The issue was 100% hedged and its final cost was 137% of CDI rate or CDI

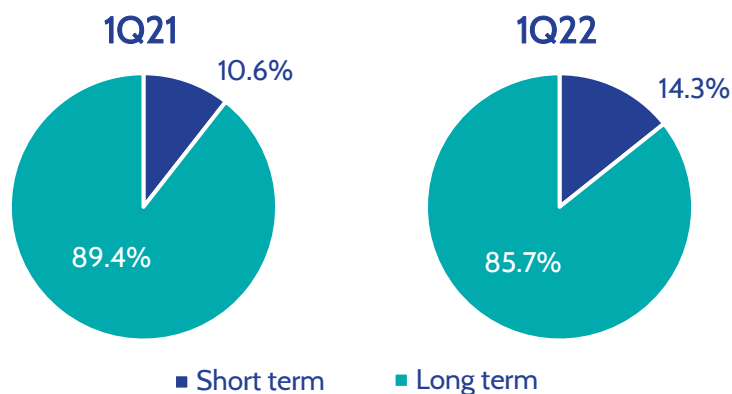
¹ The calculation of Gross Debt excludes the mark-to-market effects from the swap operation into Brazilian real, in the amount of R\$57.9 million, as explained in Note 22 to the Company's Financial Statements, while the balance of Cash and Cash Equivalents includes the restricted cash of R\$59.0 million on the reporting date of the Financial Statements.

rate + 4.2%. With this issue and others issues ongoing, the Company's average debt term will increase to 4.4 years.

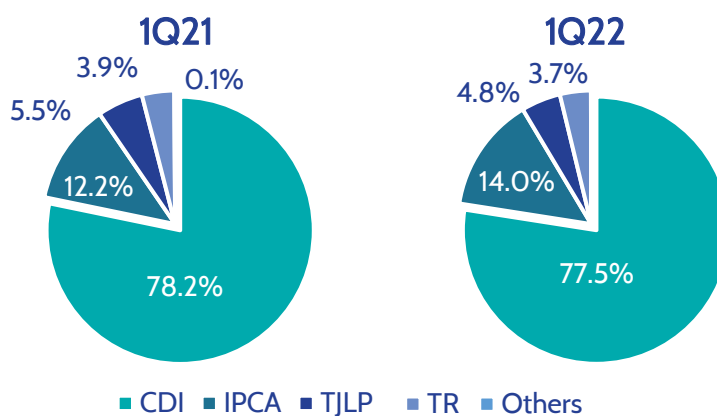
Cash and Debt Maturity Schedule¹ (R\$ million)



Debt Maturity Profile (%)



Gross Debt by Indexer (%)



¹ The debt maturity schedule excludes gains and losses from derivative operations and includes the effects from mark-to-market adjustments in the amount of R\$57.9 million.

Financial Result

In 1Q22, the financial result was an expense of R\$237.0 million, R\$129.0 million higher than in 1Q21. The increase in net financial expense is explained mainly by the increases in the rates of the indexers linked to the Company's debt (e.g., CDI, IPCA and TJLP) and by the Company's higher gross debt.

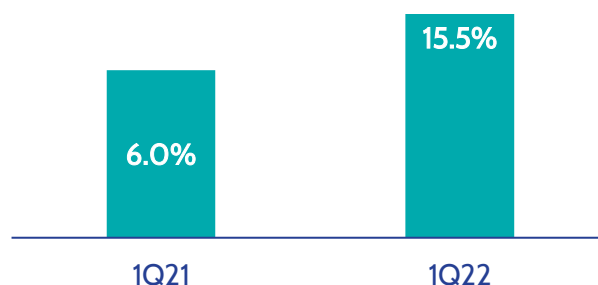
Financial Result ('000)	1Q22	1Q21	Δ %
Financial income	439,562	270,188	62.7%
Financial expense	(676,562)	(378,218)	78.9%
Total	(237,000)	(108,030)	119.4%

To isolate the effects on debt of derivative operations and exchange variation from the Company's financial result, the following table shows the pro forma financial result:

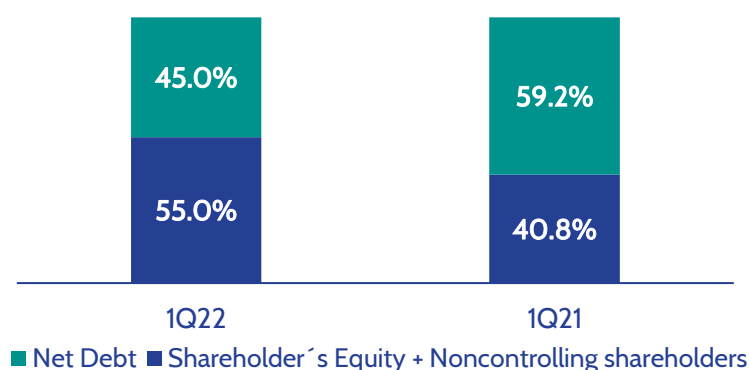
Financial Result PROFORMA ('000)	1Q22	1Q21	Δ %
Financial income	76,689	23,385	227.9%
Financial expense	(313,689)	(131,415)	138.7%
Total	(237,000)	(108,030)	119.4%

The average cost of Aegea's debt was 15.5% p.a., up 9.5 percentage points from the previous year, mainly due to the increases in the IPCA and CDI.

Average Cost of the Debt (% p.a.)



Capital Structure



Managerial Cash Flow

In 1Q22, Operating Cash Generation was R\$241.2 million, growing 14.2%, mainly due to the increase in billed volume of 23.7%. The increase on taxes paid is mainly related with the change in taxes payment regime at Águas Guariroba, Prolagos and Águas de Teresina, from annual to quarterly payments. The higher costs and expenses in the period are mainly related to the costs stemming from the operations of the new PPPs.

Managerial Cash Flow ('000)	1Q22	1Q21	Δ %
Revenue collected	720,791	582,790	23.7%
Taxes paid	(115,110)	(55,777)	106.4%
Operating costs and expenses	(364,432)	(315,830)	15.4%
Operational cash generation	241,249	211,184	14.2%

ANNEXES

Financial Statements

Balance Sheet (R\$ '000)

	31/03/2022	31/12/2021
Total current assets	3,511,188	3,641,782
Cash and cash equivalents	35,481	105,689
Short-term investments	2,241,710	2,391,566
Trade accounts receivable	853,470	847,932
Inventories	22,621	22,845
Taxes recoverable	132,571	105,755
Derivative financial instruments	1,717	6,661
Other receivables	98,321	100,126
Total noncurrent assets	12,381,586	12,458,955
Long-term investments	39,886	40,176
Accounts Receivable	839,706	732,183
Taxes recoverable	63,304	79,229
Deferred tax assets	36,007	62,268
Bonds and securities	4,339,361	4,243,361
Derivative financial instruments	681,794	1,187,351
Judicial deposits	46,603	46,863
Other receivables	19,553	15,604
Investments	681,599	587,795
Property, plant and equipment	296,431	235,710
Concession-related assets	410,516	408,512
Intangible assets	4,926,826	4,819,903
TOTAL ASSETS	15,892,774	16,100,737
Total current liabilities	1,570,161	1,055,621
Suppliers and contractors	188,536	209,548
Loans, financing and debentures	1,098,367	526,429
Labor and social obligations	92,988	107,654
Tax obligations	32,628	34,724
Income and social contribution taxes	67,530	64,340
Taxes payable in installments	612	604
Dividends payable	2,881	37,346
Other deferred taxes	12,915	11,917
Other accounts payable	73,704	63,059
Total noncurrent liabilities	7,790,346	8,641,370
Suppliers and contractors	19,813	26,128
Loans, financing and debentures	7,199,486	8,042,251
Taxes payable in installments	2,352	2,462
Provisions	102,928	103,278
Deferred tax liabilities	217,379	270,586
Other deferred taxes	23,503	21,031
Other accounts payable	224,885	175,634
Equity	6,532,267	6,403,746
Equity Capital	1,266,439	1,266,439
New share issue costs	(50,511)	(50,511)
Capital reserve	3,497,160	3,497,160
Income reserves	783,382	783,382
Proposed additional dividends	343,537	356,704
Equity adjustments	38,425	128,889
Translation adjustments	9,852	11,650
Noncontrolling shareholders	441,472	410,033
Retained earnings	202,511	-
TOTAL LIABILITIES	15,892,774	16,100,737

Income Statement (R\$ '000)

	31/03/2022	31/03/2021
Gross revenue	1,140,720	855,937
Direct revenue (Water and Sewage)	895,220	681,709
Construction Revenue	245,500	174,228
Deduction from gross revenue	(84,201)	(66,477)
Net operating revenue	1,056,519	789,460
Cost of services	(487,130)	(401,645)
Operating costs	(284,133)	(243,681)
Construction costs	(202,997)	(157,964)
Operating expenses	(99,410)	(112,905)
General and administrative	(162,550)	(112,009)
Research and development	(2,411)	(1,102)
Other operating income	65,551	206
Equity income	93,804	0
Operating income (loss)	563,783	274,910
Financial result	(237,000)	(108,030)
Income tax and social contribution	(89,739)	(71,165)
Net income	237,044	95,715

Cash Flow Statement (R\$ '000)

	31/03/2022	31/03/2021
Income before taxes	326.783	166.880
Adjustments:	165.548	194.604
Amortization and depreciation	98,930	77,516
Provision for lawsuits	5,437	2,688
Expected loss on allowance for doubtful accounts	13,096	29,461
Recovery of notes from accounts receivable	21,921	3,161
P&L from write-off of Intangible assets	4,031	16
Equity Equivalence Result	(93,804)	-
Interest on short-term investments and private debentures	(57,698)	(13,721)
Gains on derivative financial instruments	373,110	(246,803)
Charges on loans and financing and debentures	210,670	113,201
Amortization of funding costs	6,915	8,864
Foreign exchange differences	(361,745)	218,384
Provision for (Reversal) of present value adjustment to trade accounts receivable	8,602	1,184
Monetary restatement of lawsuits	170	35
Dividends Income	(64,088)	0
Restatement of other accounts payable	1	618
Changes in assets and liabilities	(232,566)	(212,418)
(Increase)/decrease in other assets	(165,745)	(92,357)
Accounts receivable	(156,686)	(100,922)
Inventories	224	2,428
Taxes recoverable	(8,938)	2,797
Judicial deposits	602	(2,097)
Other receivables	(947)	5,437
Increase/(decrease) in liabilities	(66,821)	(120,061)
Suppliers and contractors	(27,307)	7,092
Labor and social obligations	(14,666)	(13,247)
Tax obligations	(1,977)	(1,387)
Taxes payable in installments	(102)	(322)
Payment of litigation - related amounts	(7,154)	(6,877)
Other deferred taxes	3,470	1,975
Other accounts payable	(19,085)	(107,295)
Interest paid	(97,167)	(57,062)
Income and social contribution taxes paid	(61,856)	(18,462)
Net cash flow (used in) provided by operating activities	100,742	73,542
Short-term investments and private debentures, net	166,687	(167,061)
Income from short-term investments and private debentures	33,680	5,731
Capital contribution in affiliates	(96,000)	-
Tax incentive reserve	-	73
Acquisition/Sale of PP&E	(498)	(480)
Acquisition of concession-related assets	(181,032)	(136,353)
Acquisition of intangible assets	(2,971)	(13,647)
Net cash flow used in investing activities	(80,134)	(311,737)
Loans, financing and debentures raised	-	381,759
Borrowing costs of loans, financing and debentures	-	(1,037)
Loans, financing and debentures paid	(40,273)	(307,145)
Dividends paid out	(50,514)	-
Cash from capital contribution	-	121,547
New share issue costs	-	(8,493)
Net cash flow provided by financing activities	(90,787)	186,631
Net increase (decrease) in cash and cash equivalents	(70,179)	(51,564)
Cash and cash equivalents as at January 1	105,689	81,948
Translation adjustments	(29)	50
Cash and cash equivalents at December 31	35,481	30,434
Net increase (decrease) in cash and cash equivalents	(70,179)	(51,564)

Additional Information

Additional Information	1T22
Volume produced (m ³)	160,829,183
Volume treated (m ³)	58,244,990
Active water connections	1,643,008
Active sewage connections	1,234,383
EBITDA Águas Guariroba (´1000)	126,072
EBITDA Prolagos (´1000)	93,259
EBITDA Águas de Manaus (´1000)	94,944
EBITDA Águas de Teresina (´1000)	37,318



Investor Relations
ri@aegea.com.br
+55 11 3818-8150
www.aegea.com.br/ri

Aegea Saneamento – Holding

Av. Brigadeiro Faria Lima, nº 1.663, 1º andar - Jardim Paulistanos - São Paulo/SP
+55 11 3818-8150

Aegea Saneamento – CAA

Rua General Osório, nº 711 - Centro – Santa Bárbara D'Oeste/SP
+55 19 3459-8300

www.aegea.com.br

