# Aegea
# Earnings Release 1Q23

5/5/2023

# Pro forma EBITDA of R$1.1 billion in 1Q23, with margin of 45.6%

**São Paulo, May 5, 2023.** Aegea Saneamento e Participações S.A. (“Aegea” or “Company”), the leader in Brazil’s private sanitation sector, announces today its results for the first quarter of 2023 (“1Q23”). The quarterly information also presents the Company’s performance in 1Q23 in comparison with the first quarter of 2022 ("1Q22"). Any and all non-accounting information or information based on non-accounting figures was not reviewed by independent auditors.

## HIGHLIGHTS

- **Pro forma Net Revenue[1] of the Aegea Ecosystem** (including Águas do Rio) **reaches R$2.4 billion, increasing 15.3%** in relation to 1Q22;

- **Pro forma EBITDA[2] of the Aegea Ecosystem** (including Águas do Rio) **reaches R$1.1 billion, up 16.1%** from 1Q22;

- **Aegea received the international Blue Dot certification from the OECD** (Organization for Economic Cooperation and Development) **for the economic, social and environmental impact of the Águas do Rio concession. According to the Blue Dot Network Group, Águas do Rio is a major water and sewage project in Brazil that aims to improve the well-being of millions of people through the universalization of sanitation, contributing to environmental restoration and generating thousands of local jobs.** Four projects were certified by Blue Dot at a global level that have robust evidence of alignment with the G20 principles for investments in quality infrastructure and **that will help the country to achieve the UN Sustainable Development Goals;**

- On February 3, **we signed a Public-Private Partnership (PPP) agreement with Companhia de Água e Esgoto do Estado do Ceará (Cagece)** and began assisted operations in Block 1 of the Metropolitan Regions of Fortaleza and Cariri, through **Ambiental Ceará**, benefiting over **1.1 million people**;

- In January, **Brazil’s antitrust authority CADE approved, without restrictions, the acquisition of up to 100% of the total capital of Companhia Riograndense de Saneamento (Corsan) by Aegea’s and fund managers Perfin and Kinea investment vehicles.** The Company is awaiting the outcome of judicial decisions to sign the Share Purchase Agreement and closing the operation.

1 Including the results of associated company Águas do Rio, which are not consolidated in Aegea's financial statements
2 Including the results of associated company Águas do Rio, which are not consolidated in Aegea's financial statements

# Message from Management

We began 2023 with an improvement in operating and financial results, due to investments in our assets. In 1Q23, considering the Aegea Ecosystem, which includes the non-consolidated associated company Águas do Rio, we reached 8.3 million households, an increase of 11.9% from 1Q22, and 381.5 million cubic meters of billed water and sewage, up 13.2% from the previous year. As a result, Net Revenue came to R$2.4 billion, 15.3% higher than in 1Q22, and EBITDA stood at R$1.1 billion, an increase of 16.1% from 1Q22.

As part of our contribution to reducing Brazil's sanitation deficit, in the last 12 months we invested R$2.1 billion through the Ecosystem of companies managed by Aegea, an increase of R$1.0 billion from the previous year, thus fostering the economy of the municipalities where we operate by prioritizing local employees and suppliers, and driving progress through the expansion of sanitation.

In terms of social positive impacts of sanitation, and going beyond the economic impacts of employment and income generation, we highlight the reduction in waterborne diseases caused by the lack of sanitation. In Teresina, where we began operations in 2017, data from the Municipal Health Foundation (FMS) shows that between 2017 and 2021, the number of hospitalizations caused by diarrhea fell by approximately 68%. In Manaus, according to data from Fundação de Vigilância em Saúde, the number of hepatitis A cases decreased 82%, while the number of patients with leptospirosis decreased 26% in recent years.

To achieve universal access to sanitation, especially considering that the incidence of waterborne diseases is higher in vulnerable areas, we have been successfully implementing solutions specially designed to provide clean and potable water and collect and treat sewage from the residents of these locations, including highly complex areas such as stilt houses and alleys in Manaus and slums in Rio de Janeiro. Notable actions include the 150 km of water networks implemented in stilt houses in Manaus, which include aerial networks, and, more recently, the conclusion of works at Beco Nonato, the first area of stilt houses to have sewage networks installed, benefiting around 900 people, and marking the start of works for expanding sewage networks in the most vulnerable areas of Manaus.

The innovation in our Aegea Operational Model is applied not only in our engineering works but also in the operations of water and sewage systems. As an example, Águas de Manaus, which had already achieved the mark of around 500,000 beneficiaries of the Social Tariff program, ranking first in Brazil as the capital city with the highest number of families registered, has innovated once again by launching the "Tariff 10" project, which charges a fixed amount of R$10 for both water and sewage bills combined. Initially, at least 28,000 families will be benefited, which should cover over 140,000 people. Based on the strategy of applying and expanding tariff remedies such as these across all our concessionaires, we create shared value with society that goes beyond quality water and sewage collection and treatment. We also reduced water losses and promoted conscientious water consumption, reduced delinquency and brought dignity and citizenship by providing the first formal proof of residence, represented by the water bill.

From the environmental positive impacts of sanitation standpoint, data from the Brazilian

Sanitation Information System (SNIS) shows that 71% of all sewage collected in the country in 2021 was disposed of in the environment without adequate treatment. We believe that advances in sanitation are fundamental for the environmental agenda, especially due to the potential for recuperating water bodies, rivers, seas and lakes, as well as its positive contribution to ecosystems and the climate. One example of this is the conclusion, by Águas do Rio, of the cleaning of the Ocean Interceptor, which will operate at full capacity since its inauguration 52 years ago. We removed 2,000 tons of waste that had been accumulating for decades in the structure that is 9 km long and 5.5 meters in diameter. The conclusion of this investment marks an important step in improving the sewage systems in Rio de Janeiro, contributing especially to the environmental recovery of the Flamengo and Botafogo beaches, which, since the startup of the Company's operations, have been offering bathing conditions not seen in decades. In 1Q23, through the Aegea Ecosystem, we collected and treated 142 billion liters of sewage, equivalent to 57,000 Olympic swimming pools, preventing wastewater from being discharged into nature.

In the economic pillar, the study "*ESG e Tendências no Setor de Saneamento do Brasil*" (ESG and Trends in the Sanitation Sector in Brazil), by Instituto Trata Brasil in partnership with KPMG, shows that, in a scenario when Brazil achieves universal access to sanitation, the economic benefits for the country must be approximately R$1.5 trillion, of which R$864 billion related to direct benefits (income generated by investment, activities and taxes paid) and R$591 billion related to indirect benefits, such as reduced government spending on health, as well as income generation in sectors such as tourism. According to the same study, the costs incurred in the period should be R$639 billion. As such, the benefits must exceed costs by R$816 billion, or R$40.8 billion per year, indicating a rather promising social balance for the country.

Moreover, given the challenges to achieve universal access, we believe that private and public initiatives working together and complementing each other, such as in PPP projects, is a critical factor for success. In addition to such joint efforts, due to the need for huge investments in the sector, the maintenance of an environment of legal certainty is important, as underscored by the role of the National Water and Basic Sanitation Agency (ANA) and other local regulatory agencies, as well as the expansion of financing mechanisms - issues that were not changed by recent decrees.

We also understand that the most significant aspects established in the Regulatory Framework for achieving universal access, such as proven financial capacity of service providers and periodical measurement of achievement of targets, are maintained. In addition, the end of the 25% limit for the participation of private companies in PPPs in the sanitation area, increases the alternatives for expanding investments, especially in sewage collection and treatment, contributing to the achievement of universalization targets.

As such, we continue to monitor the developments and decisions involving the sector, assessing the different ways of contributing to universal access to sanitation in Brazil, and we understand that companies, society and the State, must come together for the sanitary inclusion of millions of people that are currently excluded. We remain confident and continue to believe in universal access to sanitation as a prosperity way for Brazilian municipalities, for recovering the environment and for better health and dignity for the people of Brazil. We will remain focused on this purpose and will move forward in our trajectory of strong and consistent growth, creating value for our shareholders and stakeholders, for the people we serve and for the country.

**The Management**

# Aegea Pro forma Results

Águas do Rio, with a little over a year of operations, marked an important achievement for Aegea, adding nearly 10 million people to the population served by the Company. Aegea co-controls Águas do Rio jointly with its shareholders and hence its results are recognized under equity income and not consolidated with Aegea's Financial Statements. Hence, we present below the highlights of Aegea's pro forma results, indicating the operating and financial results managed by Aegea.

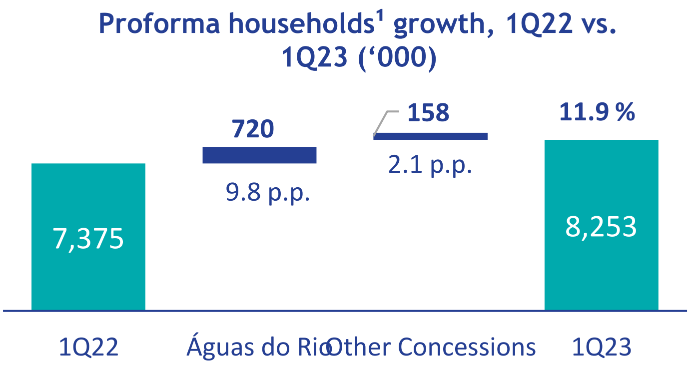
| Highlights Proforma Aegea | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Employees | 12,189 | 9,346 | 30.4% |
| Households[1] (thousand) | 8,253 | 7,375 | 11.9% |
| Billed volume ('000 m³) | 381,460 | 337,100 | 13.2% |
| Net Revenue (R$ million) | 2,375.4 | 2,060.5 | 15.3% |
| EBITDA (R$ million) | 1,083.1 | 933.0 | 16.1% |
| EBITDA Margin | 45.6% | 45.3% | 0.3 p.p. |
| Net Income (R$ million) | 161.6 | 274.0 | -41.0% |
| Capex LTM (R$ million) | 2,140.6 | 1,092.7 | 95.9% |
| Net Debt (R$ million) | 16,138.2 | 12,415.7 | 30.0% |
| Net Debt / EBITDA (x) | 4.35 | 4.69 | -0.34 x |

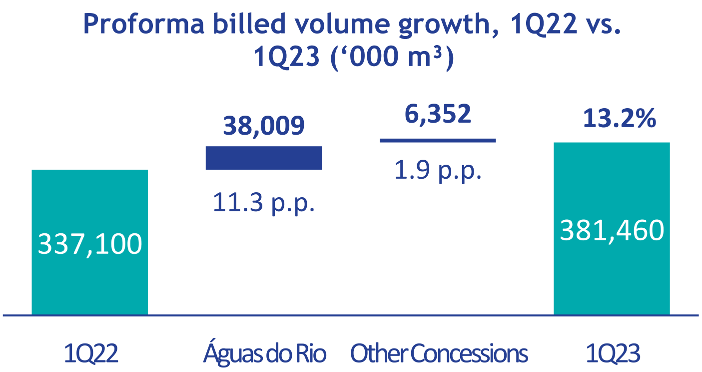
In 1Q23, the Aegea Ecosystem, which includes the non-consolidated associated company Águas do Rio, registered the following results:

**Operating results:**

- 8.3 million active households, an increase of 11.9% from 1Q22. Águas do Rio was responsible for 82.0% of this increase, while other Aegea concessions accounted for 18.0%, with growth mostly in sewage coverage networks;

- As a result of network expansion and commercial initiatives, especially in Águas do Rio, billed volume came to 381.5 million cubic meters, increasing 13.2%, with Águas do Rio accounting for 85.7% of the increase and other Aegea concessions 14.3%.



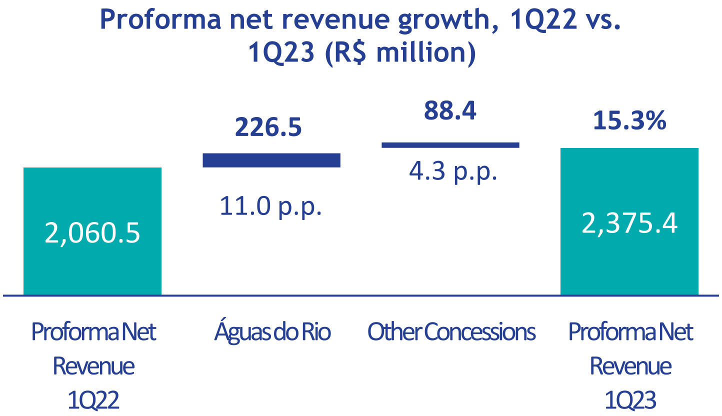



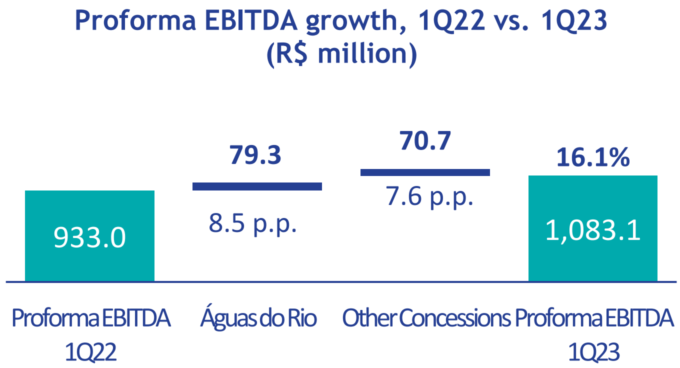

1 Consider billed households from Águas do Rio 1 and Águas do Rio 4

## Financial results:

- Net revenue in 1Q23 came to R$2.4 billion, up 15.3% from 1Q22, due to the increase in billed volume and tariff adjustments during the period;

- EBITDA came to R$1.1 billion in 1Q23, up 16.1% from 1Q22, also due to the increase in billed volume and tariff adjustments, which more than offset the increase in costs and expenses;




- In the last 12 months, the companies managed by Aegea invested a total of R$2.1 billion, an increase of 95.9% from the previous year, when Águas do Rio was fully operational for only five months;

- Aegea's pro forma net debt was R$16.1 billion in 1Q23, up 30.0% from 1Q22. In 1Q23, pro forma net leverage, measured by the ratio of net debt/EBITDA, reduced to 4.35x, from 4.69x in 1Q22.

Aegea's accounting results will be presented in the following items, while Águas do Rio's results are provided concisely in the "Equity Income (Loss) and Dividends Declared" section of this Earnings Release and, in greater detail, in the Earnings Release of Águas do Rio at:

https://ri.aegea.com.br/debentures-companhias-abertas/aguas-do-rio/
https://ri.aegea.com.br/debentures-companhias-abertas/aguas-do-rio-4/

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

# Financial Highlights

| Aegea consolidated (R$ '000) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| **Net operating revenue [1]** | **982,904** | **866,365** | **13.5%** |
| Water revenue | 705,092 | 633,932 | 11.2% |
| Sewage revenue [2] | 241,896 | 199,701 | 21.1% |
| Other revenue | 89,714 | 61,587 | 45.7% |
| PPP revenue [3] | 45,167 | 55,346 | -18.4% |
| Deductions from revenue | (98,965) | (84,201) | 17.5% |
| **Operating Costs and Expenses[4]** | **(235,460)** | **(297,456)** | **-20.8%** |
| **Equity income** | **45,632** | **93,804** | **-51.4%** |
| **EBITDA** | **793,076** | **662,713** | **19.7%** |
| **EBITDA Margin** | **80.7%** | **76.5%** | **4.2 p.p.** |
| Financial Result | (400,204) | (237,000) | 68.9% |
| **Net Income** | **165,654** | **237,044** | **-30.1%** |

# Net Revenue

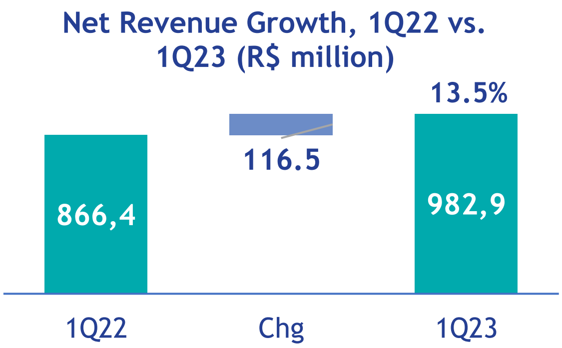
In 1Q23, net operating revenue[1] amounted to R$982.9 million, increasing 13.5% from 1Q22.

The main growth drivers in the first quarter were:

(i) Tariff adjustments and rebalancing, notably the following:
  a. Águas Guariroba: 6.8% adjustment in January 2023;
  b. Prolagos: 11.3% in December 2022;
  c. Manaus: 17.5% in January 2023;
  d. Teresina: 13.6% in July 2022; and

(ii) Increase of 4.6% in billed volume, mainly due to the growth in households served by the Company's sewage services.

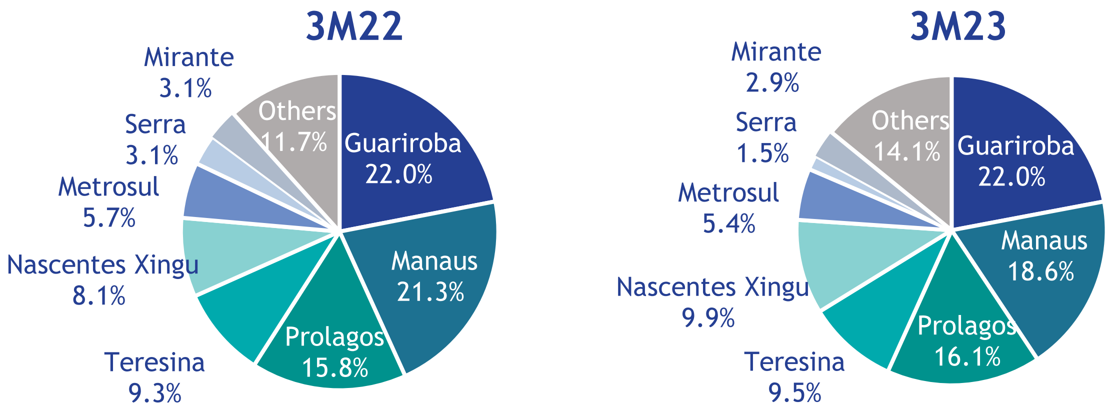
The following chart shows net revenue growth in the comparison period:




The following charts present a breakdown of revenue by SPE:

1 Net operating revenue recorded in the Financial Statements, less construction revenue with near-zero margin (OCP05) and no cash effects, in the amount of R$198.1 million in 1Q23 and R$190.2 million in 1Q22.
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, Ambiental Cariacica and Ambiental Metrosul (CPC47): sum of the lines of 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.

**Revenue Breakdown by Company (%)**




# Active Households[1]

In 1Q23, active households served by Aegea reached 3.9 million, an increase of 4.3% from 1Q22, excluding the units served by Águas do Rio.

The number of households served by sewage collection and treatment services increased 6.9%, to 1.9 million. The growth of the client base is mainly associated with:

(i) the network expansion in the PPPs, which accounted for 71% of the increase, notably the expansions of MS Pantanal, Metrosul and Serra;

(ii) the expansion of networks at Águas Guariroba, Águas de Manaus and Águas de Teresina, which jointly accounted for 19% of the increase; and

(iii) the operational startup of the Ambiental Crato sewage concession in Ceará on August 1st, which contributed 10% to the increase.

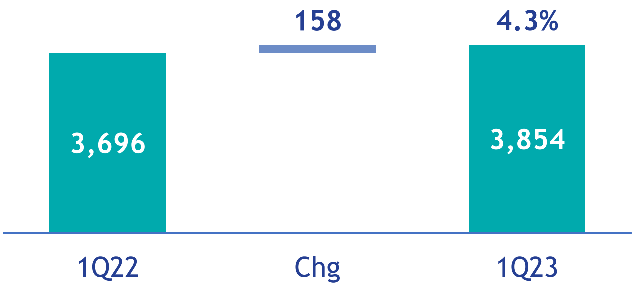
In 1Q23, the number of active households with water supply increased 1.8% from 1Q22, to 2.0 million.

| Total Active households | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Water | 1,973,687 | 1,937,843 | 1.8% |
| Sewage | 1,880,702 | 1,758,495 | 6.9% |
| **Total** | **3,854,389** | **3,696,338** | **4.3%** |

The following chart shows the growth in total households between the periods compared:

1 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. E.g.: a building with 10 apartments has one connection and 10 households. Active Households: Households excluding those disconnected due to commercial actions or at the consumer's request.

Growth in active households, 1Q22 vs. 1Q23 ('000)




## Billed volume

In 1Q23, total billed volume was 143,008 thousand m³, up 4.6% from 1Q22.

Sewage billed volume increased 8.6% from the previous quarter, driven by:

(i) the network expansion at the PPPs, which accounted for 56% of the growth in total sewage billed volume, mainly driven by MS Pantanal and Metrosul;

(ii) the expansion of networks and organic growth of other concessions, notably Águas de Manaus and Águas de Teresina, which jointly accounted for 15% of the increase; and

(iii) the operational startup of the sewage concession in Crato, Ceará, which accounted for 11% of the increase.

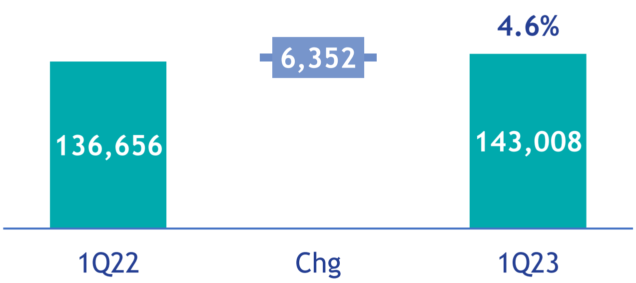
Water billed volume grew 1.9% in 1Q23, with Águas de Manaus, Águas de Teresina and Nascentes do Xingu mainly responsible for the growth.

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

| Billed volume ('000 m³) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Water | 81,422 | 79,936 | 1.9% |
| Sewage | 61,586 | 56,720 | 8.6% |
| **Total** | **143,008** | **136,656** | **4.6%** |

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

Growth in Billed Volume, 1Q22 vs. 1Q23 ('000 m³)



The following chart shows water billed volume by category. The biggest concentration of consumers is in the residential segment, which corresponded to 89.0% of billed volume.

**Water Billed Volume by Category, 1Q22 vs. 1Q23 (%)**


# Costs and Expenses

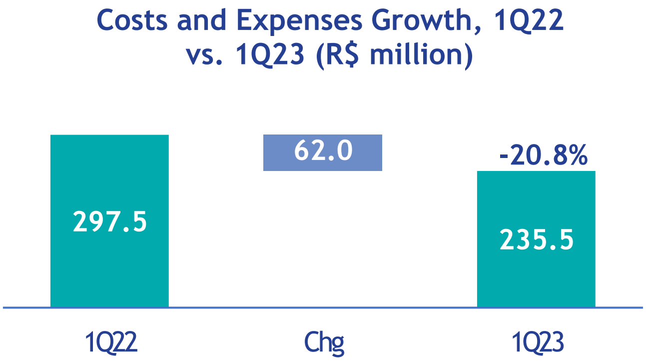
In 1Q23, costs and expenses, excluding the effects of amortization, depreciation and zero-margin construction costs, totaled R$235.5 million, decreasing 20.8% from 1Q22. Excluding the positive effect of the declaration of interim dividends (other non-operating revenues) by Águas do Rio in both periods, amounting to R$166.5 million in 1Q23 and R$64.1 million in 1Q22, costs and expenses increased 11.2% (R$40.4 million) in the quarter, mainly due to higher labor costs and expenses, reflecting the increase in headcount and in wages on account of collective bargaining agreements during the period, as well as the provision for long-term variable compensation of R$17.0 million, which did not occur in 1Q22.

This increase were partially offset by the decrease in expected credit losses due to the annual revision of the provision rates, as well as the reduction in electricity costs and expenses due to the reduction in energy tariffs resulting from the change in the energy tariff flag between the periods.

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

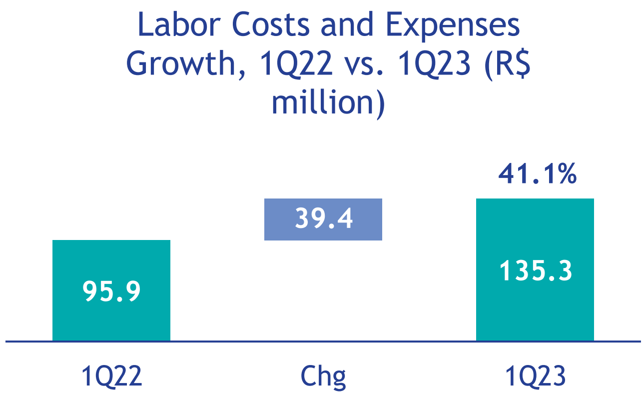
| Costs and expenses (R$ '000) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Labor | (135,274) | (95,870) | 41.1% |
| Outsourced services | (60,711) | (59,488) | 2.1% |
| Maintenance | (11,724) | (10,331) | 13.5% |
| Materials, equipment and vehicles | (8,750) | (7,541) | 16.0% |
| Concession costs | (12,164) | (11,358) | 7.1% |
| Electricity | (70,236) | (82,902) | -15.3% |
| Chemicals | (15,131) | (15,393) | -1.7% |
| PDA | (17,839) | (35,017) | -49.1% |
| Provisions for civil, labor, tax, and environmental risks | (6,964) | (5,437) | 28.1% |
| Construction costs | (19,338) | (12,843) | 50.6% |
| Taxes, charges and social contributions | (2,408) | (2,123) | 13.4% |
| Rentals | (19,523) | (14,563) | 34.1% |
| Others | 144,602 | 55,410 | 161.0% |
| **Subtotal** | **(235,460)** | **(297,456)** | **-20.8%** |
| Depreciation and amortization | (129,110) | (98,930) | 30.5% |
| **Total** | **(364,570)** | **(396,386)** | **-8.0%** |

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



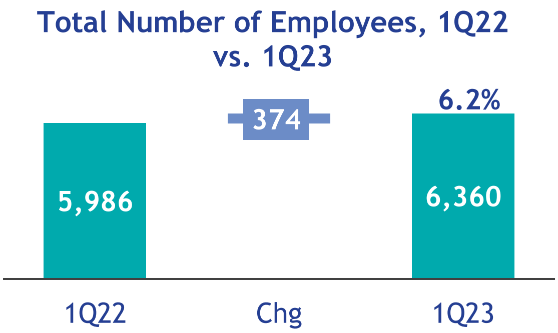

- **Labor:**

In 1Q23, labor costs and expenses totaled R$135.3 million, up 41.1% from 1Q22, mainly due to the increase in headcount and the collective bargaining agreements signed during the period, as well as the provision for long-term variable compensation amounting to R$17.0 million, which did not occur in 1Q22. Excluding the provision for long-term variable compensation, labor costs and expenses increased 23.4% in 1Q23 from 1Q22.



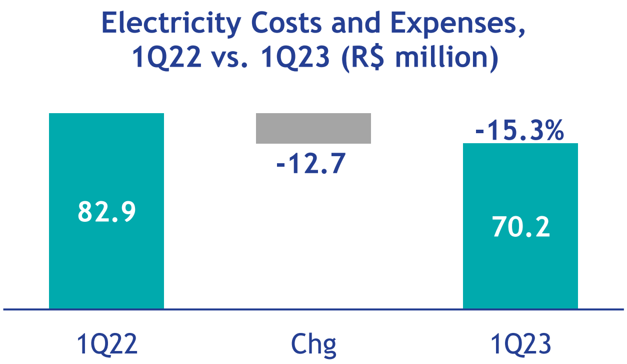

The Company ended 1Q23 with 6,360 employees, an increase of 374 employees from 1Q22, including 142 new employees in the Holding Company, Aegea Administrative Shared Service Center (SSC) and the Engineering area to meet administrative needs and other support activities for the new operations, and 96 new employees hired by the new concessionaire Ambiental Crato.

Below is the evolution of headcount at Aegea as per accounting consolidation, i.e., excluding Águas do Rio. Including Águas do Rio, whose results are booked under the equity income method, the Aegea Ecosystem ended 1Q23 with 12,189 direct employees, an increase of 2,800 (30%) employees from 1Q22.

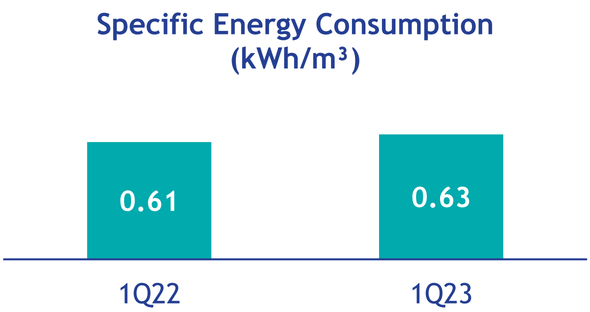



- <u>**Electricity:**</u>

In 1Q23, electricity expenses totaled R$70.2 million, decreasing 15.3% from 1Q22, mainly due to the reduction in tariffs resulting from the change in the tariff flag - from water scarcity in 1Q22 to green flag in 1Q23 – and the increase in electricity contracted in the Free Market, from 71.6% in 1Q22 to 75.6% in 1Q23. In the free market, electricity purchase modes are supported by 100% renewable energy sources.




In 1Q23, specific electricity consumption increased 3.3% from 1Q22 to end the quarter at 0.63 kWh/m³.




In 1Q23, unit electricity costs[1] were R$0.31/m³, 18.4% lower than in 1Q22, mainly due to the reduction in electricity tariffs, as already mentioned.

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

**Unit Electricity Costs and Expenses**
**(R$/m³)**


- **<u>Outsourced services:</u>**

In 1Q23, outsourced services totaled R$60.7 million, 2.1% higher than in 1Q22 practically stable in relation to the previous quarter.

- **<u>Expected Credit Losses (PECLD):</u>**

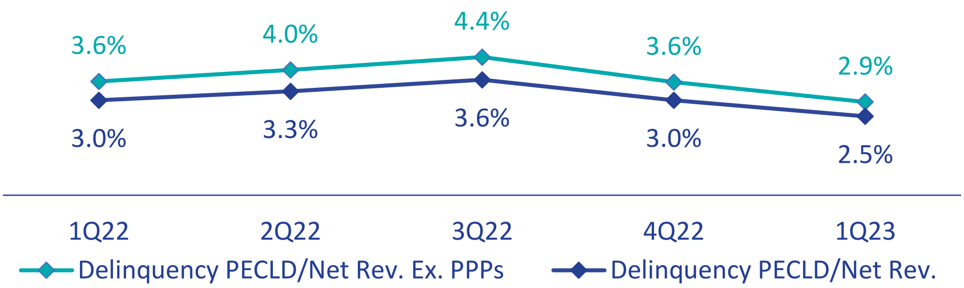
In 1Q23, expected credit losses totaled R$17.8 million, down 49.1% from 1Q22, primarily due to the annual revision of provision rates, including those that estimate losses in renegotiations and installments allowed by concessionaires, partially offset by the higher volume of provisions in line with the increase in billing.

# Delinquency Rate[1]

In the 12 months ended 1Q23, the delinquency rate[1] stood at 2.9%, down 0.7 p.p. from 1Q22, primarily reflecting the annual revision of the provision rate for expected credit losses, as aforementioned earlier.

To calculate a delinquency rate of 2.9%, we excluded the revenues of PPPs which, by their nature, are not affected by consumer defaults. If the revenues of PPPs are included, the delinquency rate comes to 2.5%.

**Delinquency Rate LTM**




1 Calculation of delinquency: gross revenue excluding cancellations / costs and expenses with expected credit losses

## Water Distribution Loss Rate[2]

## Equity Income and Dividends Declared – Águas do Rio

Águas do Rio, which has been operating for a little over a year, recorded Net Revenue of R$1.5 billion, EBITDA of R$502.1 million and Net Income of R$208.1 million in 1Q23. Aegea recognized R$45.6 million in 1Q23 under equity income , as well as R$166.5 million recognized via interim dividends under Other Non-operating Revenues. Below is the breakdown of Águas do Rio's results recognized in Aegea's consolidated results:

| Águas do Rio Results | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Equity Income (R$ million) | 45.6 | 93.8 | -51.4% |
| Dividends Declared (R$ million) | 166.5 | 64.1 | 159.8% |
| **Total** | **212.1** | **157.9** | **34.3%** |

In 1Q23, the number of households served by Águas do Rio increased 19.6%, while billed volume grew 19.0% compared to 1Q22. The drivers of these results include an action plan focused on each consumer category:

- For large consumers, which account for 10% of total households and contribute around 75% of Net Revenue, the concessionaire implemented a program dedicated to customer relations 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 service excellence with guarantee of normalization and eliminating fraud by growing the number of beneficiaries in the Social Tariff program. At the end of the quarter, 351,100 families were registered in the program.

Below is a comparison of Águas do Rio-specific indicators:

| Águas do Rio | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Employees | 5,829 | 3,360 | 73.5% |
| Households (thousand) | 4,398 | 3,678 | 19.6% |
| Billed volume ('000 m³) | 238,452 | 200,443 | 19.0% |
| Net Revenue (R$ million) | 1,482.2 | 1,255.7 | 18.0% |
| EBITDA (R$ million) | 502.1 | 422.8 | 18.8% |
| EBITDA Margin | 33.9% | 33.7% | 0.2 p.p. |
| Net Income (R$ million) | 208.1 | 190.0 | 9.5% |
| Capex LTM (R$ million) | 1,155.6 | 282.2 | 309.5% |
| Net Debt (R$ million) | 7,681.5 | 7,060.6 | 8.8% |
| Net Debt / EBITDA (x) | 5.14 | 9.69 | -4.56 x |

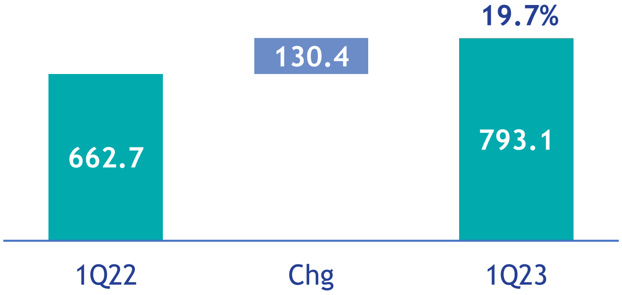
More information on the results of Águas do Rio 1 and 4 can be found in the Earnings Releases of these companies, which are available on the Aegea Investor Relations website:

https://ri.aegea.com.br/debentures-companhias-abertas/aguas-do-rio/
https://ri.aegea.com.br/debentures-companhias-abertas/aguas-do-rio-4/.

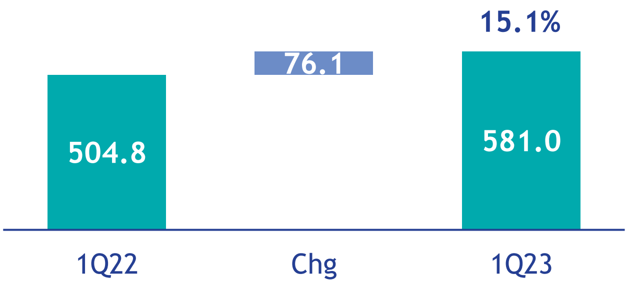
# EBITDA

In 1Q23, EBITDA was R$793.1 million, up 19.7% from 1Q22, with EBITDA Margin of 80.7%, increasing 4.2 p.p. This increase was mainly due to higher billed volume and tariff adjustments. Excluding the positive effects of Águas do Rio in the periods, which include R$45.6 million of equity income and R$166.5 million of dividends declared in 1Q23, as well as R$93.8 million of equity income and R$64.1 million of dividends declared in 1Q22, EBITDA was R$581.0 million in 1Q23 and R$504.8 million in 1Q22, up 15.1%, with EBITDA margin of 59.1%, up 0.8 p.p.

EBITDA Growth, 1Q22 vs. 1Q23 (R$ million)




EBITDA Growth ex. Águas do Rio, 1Q22 vs. 1Q23 (R$ million)

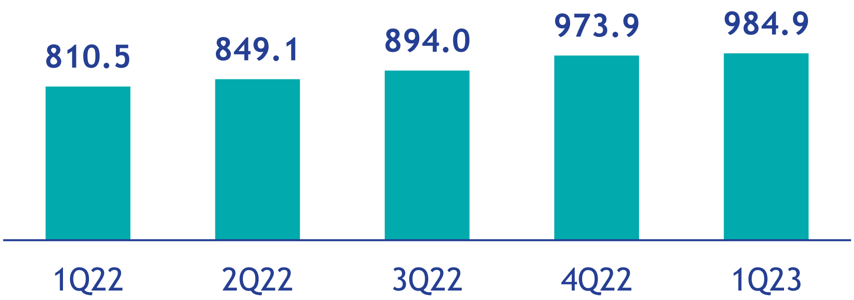



| EBITDA (R$´000) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| **Net Income** | **165,654** | **237,044** | **-30.1%** |
| (+) Financial result | 400,204 | 237,000 | 68.9% |
| (+) Income taxes | 98,108 | 89,739 | 9.3% |
| (+) Depreciation and amortization | 129,110 | 98,930 | 30.5% |
| **EBITDA** | **793,076** | **662,713** | **19.7%** |
| Águas do Rio Events | 212,114 | 157,892 | 34.3% |
| **EBITDA ex. Águas do Rio** | **580,961** | **504,821** | **15.1%** |
| **EBITDA Margin** | **80.7%** | **76.5%** | **4.2 p.p.** |
| **EBITDA Margin ex. Águas do Rio** | **59.1%** | **58.3%** | **0.8 p.p.** |

# CAPEX

In the 12 months ended 1Q23, the Company invested R$984.9 million, 21.5% more than in the 12 months ended 1Q22, due to new portfolio additions and expansion of coverage network across all operations.

CAPEX LTM (R$ million)



# Debt[2]

Gross debt reached R$10.3 billion in 1Q23, increasing R$2.6 billion from 1Q22 as a result of new funding operations in 2022 and the increase in SELIC. Cash balance totaled R$1.8 billion in 1Q23, 1.2 times higher than the Company's short-term debt. Net debt totaled R$8.5 billion, increasing 57.9% year on year, mainly due to capital injections in Águas do Rio, which totaled R$884.0 million between April 2022 and March 2023, as well as the increase in interest on loans and financing paid by the Company in the period.

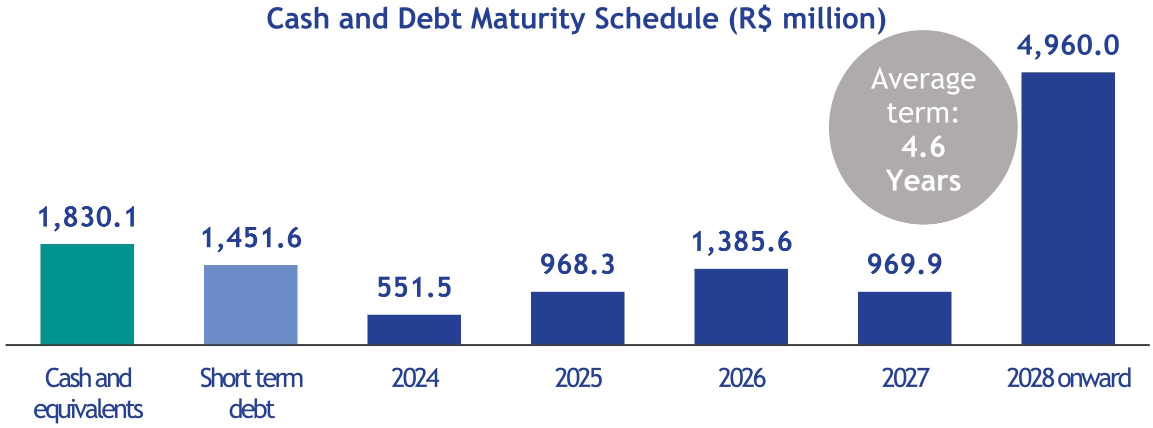
EBITDA in the 12 months ended in 1Q23 totaled R$2.6 billion, up 22.0% from the same period in 2022. Financial leverage, measured by the ratio of Net Debt to EBITDA, stood at 3.25x, lower than the Company's most restrictive covenant, which is a Net Debt/EBITDA ratio of 3.5x.

| Indebtedness (R$ thousand) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| **Net Debt** | **8,456,719** | **5,355,116** | **57.9%** |
| (+) Gross debt | 10,286,829 | 7,672,193 | 34.1% |
| (+) Loans, financing and debentures | 10,223,397 | 8,297,853 | 23.2% |
| (-) Derivatives | (266,081) | 683,511 | -138.9% |
| (+) Cash flow hedge and fair value | (202,649) | 57,851 | -450.3% |
| (-) Cash and equivalents and financial investments | (1,830,110) | (2,317,077) | -21.0% |
| **EBITDA (12 months)** | **2,601,402** | **2,132,597** | **22.0%** |
| **Net Debt / EBITDA** | **3.25x** | **2.51x** | **0.74x** |

At the end of 1Q23, the average term of Aegea's debt was 4.6 years, with short-term debt corresponding to 14.1% of total debt.

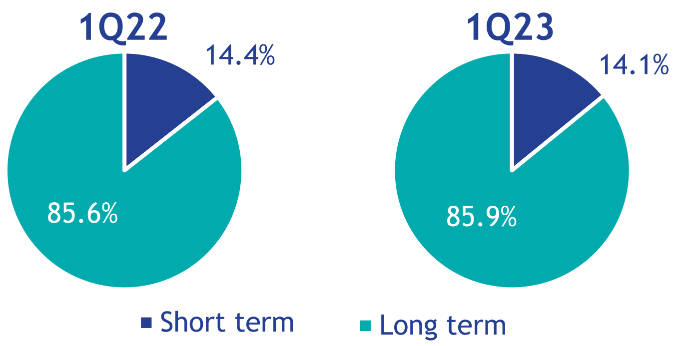
Following is the debt amortization schedule[3]:

**Cash and Debt Maturity Schedule (R$ million)**

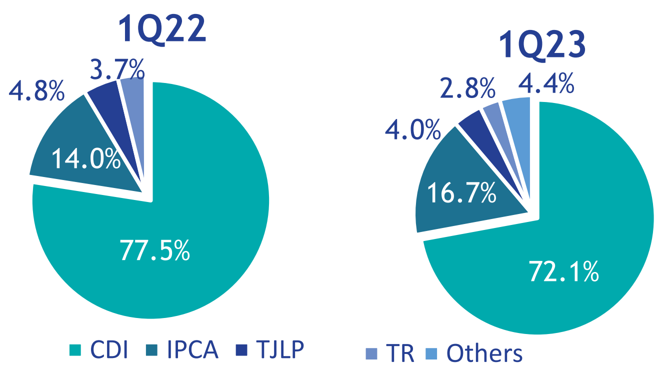



**Debt Maturity Profile (%)**

2 The balance of Cash and Cash Equivalents includes restricted cash of R$59.0 million on the reporting date of the Financial Statements.
3 The amortization schedule includes gains and losses from derivative operations and excludes mark-to-market effects.




Gross Debt by Indexer (%)




# Financial Result

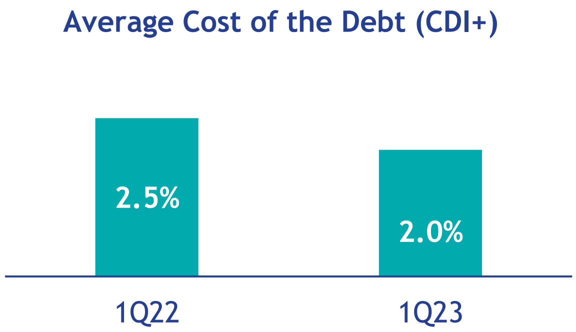
In 1Q23, the financial result was an expense of R$400.2 million, up 68.9% from 1Q22. The increase in net financial expense is mainly due to the higher interest rates and Company's higher balance of gross debt.

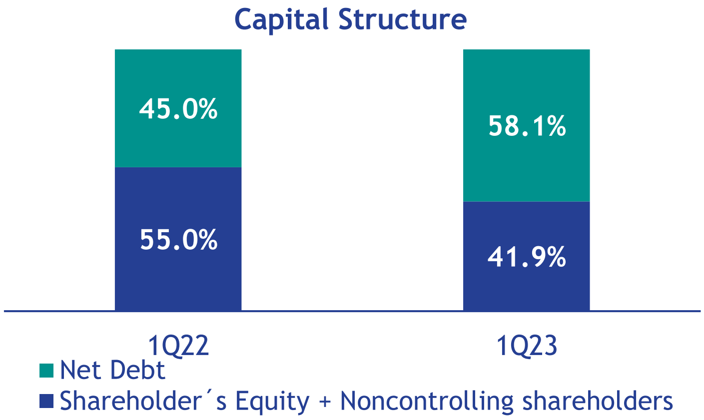
| Financial Result ('000) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Financial income | 299,773 | 439,562 | -31.8% |
| Financial expense | (699,977) | (676,562) | 3.5% |
| **Total** | **(400,204)** | **(237,000)** | **68.9%** |

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) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Financial income | 225,392 | 76,689 | 193.9% |
| Financial expense | (625,596) | (313,689) | 99.4% |
| **Total** | **(400,204)** | **(237,000)** | **68.9%** |

In 1Q23, the average cost of Aegea's debt was the CDI rate + 2.0%, 0.5 p.p lower versus 1Q22. In terms of fixed rate, the cost of debt was 15.9% in 1Q23 vs. 15.5% in 1Q22.




# Managerial Cash Flow

In 1Q23, Operating Cash Generation was R$275.2 million, up 14.1%, mainly due to the increase in revenues collection, more than offsetting higher operating costs and expenses and taxes paid.

| Managerial Cash Flow ('000) | 1Q23 | 1Q22 | Δ % |
|---|---|---|---|
| Revenue collected | 851,988 | 720,791 | 18.2% |
| Taxes paid | (132,928) | (115,110) | 15.5% |
| Operating costs and expenses | (443,882) | (364,432) | 21.8% |
| **Operational cash generation** | **275,178** | **241,249** | **14.1%** |

# APPENDICES

# Financial Statements

## Balance Sheet (R$ '000)

| | 03/31/2023 | 12/31/2022 |
|---|---|---|
| **Total current assets** | **3,297,822** | **3,362,101** |
| Cash and cash equivalents | 56,948 | 74,054 |
| Short-term investments | 1,701,064 | 1,752,091 |
| Trade accounts receivable | 926,534 | 1,119,376 |
| Inventories | 39,794 | 33,520 |
| Taxes recoverable | 173,041 | 144,929 |
| Dividends and interest on equity receivable | 313,970 | 147,486 |
| Derivative financial instruments | 1,313 | 1,806 |
| Other receivables | 85,158 | 88,839 |
| **Total noncurrent assets** | **14,575,221** | **13,818,631** |
| Long-term investments | 72,097 | 113,178 |
| Trade accounts receivable | 986,959 | 953,206 |
| Taxes recoverable | 144,320 | 157,934 |
| Deferred tax assets | 45,520 | 42,588 |
| Securities | 5,856,435 | 5,293,435 |
| Derivative financial instruments | 22,462 | 25,104 |
| Judicial deposits | 66,513 | 53,486 |
| Other receivables | 69,155 | 38,738 |
| Investments | 882,134 | 827,857 |
| Property, plant and equipament | 411,641 | 412,255 |
| Concession-related assets | 523,845 | 602,199 |
| Intangible assets | 5,494,140 | 5,298,651 |
| **TOTAL ASSETS** | **17,873,043** | **17,180,732** |
| **Total current liabilities** | **2,069,355** | **1,997,003** |
| Suppliers and contractors | 179,261 | 188,445 |
| Loans, financing and debentures | 1,416,059 | 1,329,443 |
| Labor and social obligations | 110,415 | 131,623 |
| Tax obligations | 37,052 | 37,329 |
| Income and social contribution taxes | 83,113 | 66,743 |
| Derivative financial instruments | 67,466 | 81,629 |
| Taxes payable in installments | 643 | 638 |
| Dividends payable | 8,207 | 8,207 |
| Other deferred taxes | 11,579 | 11,233 |
| Other accounts payable | 155,560 | 141,713 |
| **Total noncurrent liabilities** | **9,706,803** | **9,228,421** |
| Suppliers and contractors | 47,248 | 54,334 |
| Loans, financing and debentures | 8,807,338 | 8,475,426 |
| Taxes payable in installments | 1,923 | 2,034 |
| Provisions | 70,748 | 68,883 |
| Deferred tax liabilities | 248,434 | 236,412 |
| Derivative financial instruments | 222,390 | 84,837 |
| Other deferred taxes | 34,422 | 33,153 |
| Other accounts payable | 274,300 | 273,342 |
| **Equity** | **6,096,885** | **5,955,308** |
| Capital | 1,266,450 | 1,266,439 |
| New share issue costs | (50,511) | (50,511) |
| Capital reserve | 3,497,160 | 3,497,160 |
| Income reserves | 796,094 | 794,332 |
| Proposed additional dividends | 168,059 | 185,211 |
| Equity adjustments | (201,542) | (205,500) |
| Translation adjustments | 2,732 | 2,732 |
| Noncontrolling shareholders | 478,638 | 465,445 |
| **TOTAL LIABILITIES** | **17,873,043** | **17,180,732** |

# Cash Flow Statement (R$ '000)

| | 03/31/2023 | 03/31/2022 |
|---|---|---|
| **Gross revenue** | **1,279,965** | **1,140,720** |
| Direct revenue (Water and Sewage) | 1,036,702 | 895,220 |
| Construction Revenue | 243,263 | 245,500 |
| Deduction from gross revenue | (98,965) | (84,201) |
| **Net operating revenue** | **1,181,000** | **1,056,519** |
| **Cost of services** | **(530,023)** | **(487,130)** |
| Operating costs | (312,589) | (284,133) |
| Construction costs | (217,434) | (202,997) |
| **Operating expenses** | **(32,643)** | **(99,410)** |
| General and administrative | (186,190) | (162,550) |
| Research and development | (13,518) | (2,411) |
| Other operating income | 167,065 | 65,551 |
| **Equity income** | **45,632** | **93,804** |
| **Operating income (loss)** | **663,966** | **563,783** |
| Financial result | (400,204) | (237,000) |
| Income tax and social contribution | (98,108) | (89,739) |
| **Net income** | **165,654** | **237,044** |

# Cash Flow Statement (R$ ‘000)

| | 03/31/2023 | 03/31/2022 |
|---|---|---|
| **Income before taxes** | **263,762** | **326,783** |
| **Adjustments:** | **314,310** | **165,548** |
| Amortization and depreciation | 129,110 | 98,930 |
| Provision for civil, labor, tax and environmental risks | 6,964 | 5,437 |
| (Reversal) Expected loss on allowance for doubtful accounts | (25,571) | 13,096 |
| Write-off of notes from accounts receivable | 43,410 | 21,921 |
| P&L from write-off of PP&E | 3 | - |
| P&L from write-off of Intangible assets | - | 4,031 |
| Dividend income | (166,484) | (64,088) |
| Equity pickup | (45,632) | (93,804) |
| Income on financial investments and private debentures | (53,465) | (57,698) |
| Net (gain) loss on derivative financial instruments | 130,345 | 373,110 |
| Charges on loans and financing and debentures | 300,694 | 210,670 |
| Amortization of funding costs | 12,853 | 6,915 |
| Net exchange differences | (72,933) | (361,745) |
| Fair value of debt through profit or loss | 11,120 | - |
| Present value adjustment to trade accounts receivable | 26,797 | 8,602 |
| Provision for Executive Board's bonus | 17,095 | - |
| Monetary restatement of civil, labor, tax and environmental risks | 4 | 170 |
| Updating other accounts payable | - | 1 |
| **Changes in assets and liabilities** | **(2,995)** | **(232,566)** |
| **(Increase)/decrease in other assets** | **77,022** | **(165,745)** |
| Trade accounts receivable | 114,392 | (156,686) |
| Inventories | (6,274) | 224 |
| Taxes recoverable | (6,365) | (8,938) |
| Judicial deposits | (822) | 602 |
| Other receivables | (23,909) | (947) |
| **Increase/(decrease) in liabilities** | **(80,017)** | **(66,821)** |
| Suppliers and contractors | (16,270) | (27,307) |
| Labor and social obligations | (21,208) | (14,666) |
| Tax obligations | (277) | (1,977) |
| Taxes payable in installments | (106) | (102) |
| Payment of civil, labor, tax and environmental risks | (7,932) | (7,154) |
| Other deferred taxes | 1,615 | 3,470 |
| Other accounts payable | (35,839) | (19,085) |
| Interest paid | (217,082) | (97,167) |
| Income and social contribution taxes paid | (70,440) | (61,856) |
| **Net cash flow (used in) provided by operating activities** | **287,555** | **100,742** |
| Short-term investments and private debentures, net | 83,972 | 166,687 |
| Income from short-term investments and private debentures, net | 51,467 | 33,680 |
| Capital contribution in associates | (571,641) | (96,000) |
| Acquisition of property and equipment | (4,362) | (498) |
| Acquisition of concession-related assets | (184,455) | (181,032) |
| Acquisition of intangible assets | (9,575) | (2,971) |
| **Net cash flow used in investing activities** | **(634,594)** | **(80,134)** |
| Loans, financing and debentures raised | 589,534 | - |
| Borrowing costs of loans, financing and debentures | (16,496) | - |
| Loans, financing and debentures paid | (202,804) | (40,273) |
| Dividends paid out | (40,312) | (50,514) |
| Cash from capital contribution | 11 | - |
| **Net cash flow provided by financing activities** | **329,933** | **(90,787)** |
| Net increase (decrease) in cash and cash equivalents | (17,106) | (70,179) |
| Cash and cash equivalents as at January 1 | 74,054 | 105,689 |
| Translation adjustments | 0 | (29) |
| Cash and cash equivalents at March 31 | 56,948 | 35,481 |
| Net increase (decrease) in cash and cash equivalents | (17,106) | (70,179) |

# Additional Information

| Additional Information | 1Q23 |
|---|---|
| Volume produced ($m^3$) | 159,091,742 |
| Volume treated ($m^3$) | 62,033,266 |
| Active water connections | 1,705,735 |
| Active sewage connections | 1,501,010 |
| EBITDA Águas Guariroba (´1000) | 145,008 |
| EBITDA Prolagos (´1000) | 108,740 |
| EBITDA Águas de Manaus (´1000) | 106,620 |
| EBITDA Águas de Teresina (´1000) | 46,704 |

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