

Operator:

Good morning, and welcome to Sabesp's Fourth Quarter of 2025 Earnings Presentation.

With us here today are Carlos Piani, Chief Executive Officer; Daniel Szlak, Chief Financial Officer; and Thiago Levy, Head of Investor Relations.

Before we begin, we clarify that the statements made during this presentation will not include projections or estimates of future events. However, they may contain forward-looking statements indicating potential trends related to Sabesp, based on the reasonable expectations, beliefs, and assumptions of Sabesp's management as of today. These statements involve risks and uncertainties and are based on assumptions and factors — such as market, regulatory, and economic conditions — which may not materialize, in addition to the risk factors disclosed in Sabesp's filings with the Brazilian Securities and Exchange Commission (CVM), B3 and on its investor relations website.

Investors should understand that changes in such factors may lead to outcomes that differ from current trends and that undue reliance should not be placed on these statements.

The full disclaimer will be presented next and must be read carefully by all participants. This presentation is being recorded and all participants will be in listen-only mode during the presentation. After that, we will begin the question and answer session for analysts and investors only.

If you wish to ask a question please raise your hand and submit it via the Zoom Q&A, informing your name and company.

I will now turn the floor over to Daniel Szlak, who will discuss the results.

Daniel, you may proceed.

Daniel Szlak:

Thank you, operator. Good morning, everyone. Thank you for joining us for SABESP's full-year 2025 earnings call. I'm Daniel Szlak, CFO of the company.

Today, I'll present our financial and operational highlights, then pass the mic to our CEO, Carlos Piani, where he'll discuss the strategic transformation underway, and then we'll open the floor for Q&A.

Let's begin with our operational highlights for the quarter. Operational KPIs remain solid as we continue expanding service coverage and advancing towards universalization targets. Water production totaled 789 million cubic meters in the quarter, broadly stable as a result of our disciplined system management to ensure water safety.

At the same time, our customer base continued to expand. Water connections reached approximately 9.5 million, increasing 0.4% year-over-year, while sewage connections grew 0.8%, reaching 8.3 million. These numbers reflect the advance of our investment program and the expansion of sewage infrastructure across our concession area, improving the standard of living for the population of Sao Paulo.

Moving to financial highlights for the quarter. Our results once again demonstrate the operational and financial improvements achieved since the company's transformation began, which give us the capacity to continue investing back and expand service for our population.

Adjusted net revenue reached BRL5.7 billion, growing 2.1% year-over-year.

Adjusted EBITDA totaled BRL3.4 billion, representing 13% growth versus the year ago, with margins expanding to 60%, reflecting cost discipline and efficiency initiatives.

Adjusted net income remained stable at around BRL1.9 billion.

Cash generation was particularly strong. Cash flow from operations reached BRL3 billion, representing a 24% growth, and cash conversion increased to 83%, showing the quality of our earnings and disciplined working capital management, which pumps more resources to our CapEx program.

Looking at the full-year for 2025, the transformation becomes even clearer. Adjusted net revenue totaled BRL22.2 billion, representing a 2.2% growth versus '24. However, the key highlight is profitability.

Adjusted EBITDA reached BRL13.2 billion, growing 17% year-over-year, with margins expanding to 60%.

Adjusted net income reached BRL6.3 billion, representing a 22% growth, reflecting both operational improvements and stronger financial discipline.

Operational cash generation also improved meaningfully, with cash flow from operations reaching BRL8.1 billion, reinforcing our ability to fund our investment program, while maintaining a fortress-like balance sheet.

To start deep diving into the results, let me briefly explain the bridge between reported and adjusted figures for the quarter. As usual, we exclude construction and the financial asset bifurcation, which are merely derived from accounting norms. In addition, this quarter includes some specific non-recurring items, like BRL60 million from the continuation of our logistics network restructuring, a reduction of legal accruals of BRL28 million, mostly behind settlements, and a BRL370 million in one-off tax gains recognized during the quarter.

Adjusting for these effects, we get net revenue of BRL5.7 billion and EBITDA of BRL3.4 billion, which in our view as management better represent the underlying performance of the business. A similar reconciliation applies to full-year results, where we have the impact of, among others, SABESP Gente [ph] court-ordered payments in favor of the company and other items. A detailed bridge by line of these effects can be found in the appendix. Once these items are excluded, we arrive at an adjusted EBITDA of BRL13.2 billion, representing a 17% increase year-over-year.

Let's now break down the drivers of revenue growth for the quarter. We saw a 2% growth driven by three factors:

First, pricing, which includes the continued removal of discounts previously granted to large clients. This initiative alone contributed about 1.5 percentage points to revenue growth.

Second, volume growth, reflecting the addition of new units, which contributed roughly 3 percentage points to revenue growth.

And third, mix, where we've doubled the number of consumers with access to our subsidized rate program. These programs are an important tool of affordability for those in need, and their financial impacts are expected to be addressed in the next rate revision.

Looking at the full-year revenue bridge, the drivers follow the same pattern, with revenue growing 2.2% behind the removal of large client discounts and 2024's rate cycle carryover, combined with volume growth behind the expansion of our consumer base. We also see a partial offset through mix from the full-year impact of the expansion of subsidized rate programs. This dynamic reflects SABESP's dual mandate, expanding access and affordability, while maintaining financial sustainability.

The next slide shows the evolution of pricing and consumer mix in more detail. The price index excluding mix effects remained stable, as expected, given there were no rate reviews for the year 2025. However, prices for large clients have increased, reflecting the ongoing removal of discounts. This process has already delivered meaningful improvements in revenue quality. At the same time, the number of units benefiting from subsidized rates reached nearly 2 million connections, or roughly 6 million people. This is about double the average from 2024 and reinforces SABESP's role in supporting social inclusion, while expanding service coverage.

Moving now to EBITDA performance. We grew 13% in the quarter and 17% in the year. Key drivers include G&A improvements, partly driven by better collection performance, energy efficiency, supported by the migration to the free market, achieving 82% of our consumption in that market, which more than offset higher power prices in the captive market throughout 2025. Headcount optimization following the voluntary dismissal program and lower consumption of general and treatment materials. Partially offsetting these improvements were higher services expenses, mainly related to IT and automation, which we expect to generate a return for the company in the midterm. Overall, these results demonstrate the progress of our efficiency agenda to unlock resources for the CapEx program.

In the quarter, personnel expenses declined despite a 5.5% collective bargain increase, reflecting a 15% reduction in headcount following the voluntary dismissal programs. Net for the year, we had about 3,800 departures and 2,500 arrivals, ending the year at 9,200 people in December. These changes are part of a broader effort to update our workforce, while investing heavily in technology and process standardization.

Moving to reported net income. For the fourth quarter, we reached BRL2.7 billion, representing 87% growth year-over-year, mainly driven by strong EBITDA growth with the operational improvements we discussed earlier. For the full-year, reported net income reached BRL8.5 billion. This result was negatively impacted by lapping a BRL4.5 billion non-cash gain from 2024 related to the contract with URAE-1, the bifurcation of financial assets, and positively impacted by stronger operational EBITDA, and the BRL1.5 billion monetary update of court-ordered payments.

But our transformation is mostly visible in the investment program. In 2025, CapEx reached BRL15.2 billion, representing more than double the level invested in 2024. In the fourth quarter alone, investments totaled BRL4.8 billion, more than a full-year of the SOE SABESP used to do. These investments are directly supporting the targets established in our concession agreement. On the universal access targets, we achieved 2025's target a month in advance and started 2026 strong out of the gate. As of February, we have already reached 84% of water targets, 74% of sewage collection, and 70% of sewage treatment for the year of 2026.

Diving into what was physically delivered in 2025, 32 major projects with more than 827 kilometers of new infrastructure and expanded sewage treatment access to more than 3.8 million people. Looking ahead, 38 additional projects are scheduled to be delivered in 2026, including key initiatives under the Integra Tiete program, water safety projects, and infrastructure expansion in both coastline and the countryside. We have also concluded that the end of 2025, all conceptual engineering designs through '29.

With that, we also took the opportunity to update our CapEx plan for the period. Starting from the BRL70 billion defined at 2022's prices, we've updated for inflation through December 2025, and also brought forward some projects from the next cycles, mainly in water safety and metering upgrades, combined with network sensors. These projects will help us fight water losses and provide all our consumers with more water safety. Lastly, there were some changes in regulatory requirements. We're discussing this plan with the regulator, and we'll keep our shareholders informed of developments on this front.

Turning now to our balance sheet. At the end of 2025, gross debt stood at BRL40 billion, with net debt at BRL28 billion. Our average cost of debt remains attractive at CDI, our benchmark rate, minus 0.2%, and the weighted average maturity is approximately 5.6 years. More importantly, 49% of our debt matures after 2031, reflecting a well-structured long-term maturity profile. We also ended the year with BRL12 billion in cash, which covers more than three years of amortizations, providing strong liquidity and flexibility to support our investment program.

Finally, looking at our key financial ratios. Our net debt to adjusted EBITDA stands at approximately 2.2x, remaining at a comfortable level despite the acceleration of the investment program. Profitability indicators also continue improving. ROIC achieved 11% and ROE achieved 17%, reflecting both stronger earnings and more efficient capital structure. These indicators reinforce that SABESP is successfully combining investment with financial discipline and profitability growth.

With that, I will now pass the floor to our CEO, Mr. Carlos Piani. See you back in the Q&A.

Carlos Piani:

Thanks, Daniel. Let's now move to the second part of today's presentation, our strategic focus areas and the progress we made during the quarter.

As we've been outlining, our strategy remains centered on three priorities.

First, delivering the new concession agreement obligations, accelerating universalization, closing regulatory gaps, and continuing to add new consumers to affordable tariffs.

Second, achieving a step change in operational and commercial efficiency with higher quality, stronger service reliability, and improved revenue assurance.

Third, improving financial efficiency by optimizing costs and strengthening our capital structure.

In the fourth quarter, we made progress across all three fronts with clear and measurable results.

Turning to Slide 21, I'll start with investment execution. In the fourth quarter alone, CapEx reached BRL4.8 billion, bringing total investments in 2025 to BRL15.2 billion, a 120% increase year-over-year. This reinforces our commitment to accelerate universalization and expand the required infrastructure capacity.

These investments translated into tangible outcomes. An additional 1.8 million people now have access to potable water, an additional 2.1 million gain access to sewage collection, and an additional 3.8 million now have their sewage treated. Most importantly, we have reached the quarterly execution pace required to deliver our universalization targets.

On people and culture, we embedded our new SABESP culture principles into daily routines, reinforcing transparency, ethics, and collaboration. Through the SABESP Gente program, we expanded internships, launched our first trainee program, and completed an organizational optimization cycle that improved efficiency and strategic alignment.

Building on these efforts, last quarter, we also strengthened long-term alignment and retention by expanding our long-term incentive plan to 52 leadership and key employees, reinforcing meritocracy and alignment with SABESP's long-term value creation agenda. Over time, we expect to further broaden participation as the organization continues to evolve. Our expansion backlog remains strong, with approximately BRL39 billion in contracted investments through 2029.

On the regulatory front, 74% of injunctions related to large client discounts have already been rolled in SABESP's favor. We also launched a new integrated community engagement plan, working side by side with major communities to support universalization and address local social needs.

In operational efficiency, we advanced the renewal of our metering infrastructure. During 2025, we installed 1.5 million new meters, improving accuracy and fairness in billing. We expect to install around 9 million additional meters between 2026 and 2029. We also completed the first full zero-based budgeting cycle in the company's history, strengthening accountability and reinforcing a cost-disciplined culture across the organization.

Service quality and customer experience continue to improve. Our Net Promoter Score reached 47, up 2 points year-over-year. WhatsApp service scaled rapidly, reaching 2.6 million conversations in February, reducing average service time by 21% and achieving a 4.4 satisfaction rating.

Quality indicators remained strong. Distributed water quality reached 98.8%, treatment plant quality 99.9%, and in wastewater regulatory compliance, 96.2%, the highest level ever recorded by the company. Collection performance also remained solid, with 100% collection rate in the quarter, excluding court-ordered payments.

Moving to Slide 22. Water resilience remains a center pillar of our long-term strategy. Between 2015 and 2025, we increased system transfer capacity by 14.2 cubic meters per second. Looking ahead, projects scheduled between 2026 and 2030 will add another 12.8 cubic meters per second, supported by BRL5.9 billion in investments. These projects were brought forward due to their strategic importance in our strong capital structure.

Reservoir levels have been improving month-over-month, with the metropolitan integrated system above 50% and Cantareira surpassing 40% as we approach the end of the rainy season in April.

Turning to Slide 23. SABESP's growth continued to translate into tangible benefits for society. In 2025, we generated BRL8.5 billion in net income, with 75% reinvested to support infrastructure expansion. These investments supported BRL15.2 billion in economic activity, approximately 40,000 jobs, BRL5.8 billion in taxes, BRL1.3 billion through FAUSPI to smoothen tariff impacts. Social tariff access expanded to about 6 million people, a 60% increase year-over-year.

Finally, on Slide 24, we concluded the acquisition of EMAE's voting and non-voting controlling shares in January of this year. In addition, last week, we acquired an additional stake from the Oceania Fund, representing 23.17% of EMAE's

common shares and 9.22% of its total capital, at 80% of the price paid to the controlling shareholder of the voting shares adjusted by CDI.

As a result, SABESP now holds approximately 98% of EMAE's common shares, and the tender offer for the remaining voting shares is expected to take place in April.

EMAE is a highly strategic asset with the potential to increase reservoir capacity in the metropolitan system by up to 52% in the long-term.

Ultimately, these results reinforce that SABESP's transformation is not only about operational efficiency and financial performance. It's about converting scale, discipline, and capital into long-term value for society and shareholders.

With this, I conclude this session. We can now move to the Q&A.

Questions And Answers

Operator:

Thank you. We will now begin our Q&A session for investors and analysts, to ask a question please submit via Zoom Q&A, inform your name and company. Our first question comes from Bruno Amorim with Goldman Sachs.

Q - Bruno Amorim:

Hi. Good morning. Thanks for taking my questions. The first one is related to the message that you conveyed in Slide 16 of the presentation. Can you give us an idea of the potential upside to the BRL70 billion number for total CapEx in this cycle? Also, what types of investments are we talking about? Is it investments that could drive further cost efficiency gains, additional volumes, just so we have an idea of how much value you can create with these additional investments?

And the second question, on the fourth quarter the annualized level of CapEx was around BRL19 billion per year. So, does it mean we can see another step up in CapEx to this level or was for fourth quarter kind of a one-off? Thank you.

A - Daniel Szlak:

Thank you, Bruno.

Good morning to all our shareholders once again. Look, in terms of your first question, right, the number of CapEx that we've been conveying to the market has been defined at 2022, 2023's levels. So, since then, we've naturally seen an accumulative impact from inflation that adds up to that number. So, that's one piece of the story.

The other piece of the story is we understand better the business and we start seeing the different needs of the business as the business evolves. There are investments that were initially planned for cycles in the future that are now being advanced to this cycle. So, one of the examples is water safety, naturally. So, one of the things that we're doing is we're doing the first indirect reuse water facility at scale here in the metropolitan region. We're integrating and bringing new water sources into our integrated system. So, this is one of the things that we're doing.

The other thing that we're doing is we're advancing metering upgrades with the smart meters. In the contract, we had about five cycles -- sorry, seven cycles of metering upgrade every five years. We're doing that with the different technology, more advanced technology that requires less updates, but we're doing more early on. And on top of that, we're trying to add sensors and control remotely a big part of our network that gives us better operational flexibility and improves our loss prevention and detection, thus saving water, which is an important resource.

So, going back to your first question, those are the main drivers behind that increase. And we expect that this is more or less the plan. We're still negotiating them and discussing them with the regulator to make sure that these are prudent and they make sense for the consumers in general. And we'll keep the market updated on that.

I think the second question about the pace, look, we're trying to accelerate as much as we can. If we are -- if -- and if we believe that we are able to deliver universal access before, for sure, do it. So, in the end, that's our main goal, right? Last year, we had the 3.8 million people that didn't have sewage treatment. Imagine the impact to their lives, right? I grew up with that for my whole life, but for who didn't have that, that makes a lot of sense. So, we're trying to anticipate as much as we can. We're trying to accelerate as much as we can. If we believe and if we're able to execute more in 2026, we will do more in 2026. And we'll try to maintain that pace, if not accelerate that pace as much as we can.

Operator:

Our next question comes from Francisco Navarrete with Bradesco BBI. You can open your microphone.

Q - Francisco Navarrete:

Thank you for the conference call. I have one operational question and one more strategic question.

On the operational side, we observed that in 4Q25 the personnel expense line came in significantly lower. We understand that the company has been capturing meaningful gains from cost reductions, workforce adjustments, and higher efficiency. I would like to know whether there was a higher level of capitalization of these expenses in 4Q25 compared to 4Q24, and if so, whether this is a seasonal or one-off effect, or something that should not be extrapolated going forward.

On the strategic side, I would like to understand how you are thinking about CAPEX allocation in the current São Paulo concession — which tends to grow — versus opportunities outside the state, such as Copasa or other potential privatizations in the sanitation sector over the next 12 to 36 months. Specifically regarding Copasa, beyond price, what are the main points of attention that would determine the decision to participate or not in the process?

A - Daniel Szlak:

Thank you, Nav. I can address the first part and then Piani can take the second one, if that's okay.

Regarding personnel expenses, every year we review the company's cost centers. With CAPEX growth, we have been able to absorb a larger portion of indirect expenses into investments. This reflects a structural review carried out throughout the year, rather than a one-off quarterly effect. Last year we conducted an initial review, and this year we went further, including a review of operational cost centers, something that had not been done before. As we centralize operations, we are able to allocate more appropriately what should be classified as CAPEX versus OPEX.

A - Carlos Piani:

On the strategic side, SABESP is a large company with a high market capitalization. Generating meaningful incremental value in terms of net present value (NPV) is a challenge. Therefore, when we look at inorganic opportunities, we focus on large-scale transactions. Smaller deals, even with high returns, tend to be less relevant for shareholders.

Copasa is the second-largest listed asset in the sector and is naturally an opportunity of interest. For our decision-making process, there are two main pillars beyond price. The first is the regulatory framework. The second is the structure of the sale process, whether through an auction or a bookbuilding.

In Copasa's case, the timeline has been challenging and some regulatory decisions are still pending, such as the renewal of contracts with certain key municipalities. This is critical for understanding the asset's economics and how value is shared among the involved stakeholders. The format of the process may also favor either strategic or financial investors, which impacts our level of interest.

In summary, we seek good investments in good companies, but these conditions need to be clearly defined for us to move forward. We will continue to monitor the evolution of the process and keep the market informed.

In addition, in the State of São Paulo, we continue to evaluate smaller opportunities, so-called tuck-ins, to defend our geographic position, given that the marginal cost of service provision is virtually zero. With respect to universalization and urban drainage, we see relevant opportunities in the medium and long term, but they require caution and an adequate regulatory framework.

Operator:

Our next question comes from Ricardo Bello with Safra. You can open your microphone.

Q - Ricardo Bello:

Congratulations on the results. My question is about tariffs. Could you comment on the progress of removing discounts granted to large customers and how much remains to complete this process?

Additionally, could you provide an update on the progress of water security investments for this year and next?

A - Daniel Szlak:

Thank you, Ricardo. Regarding discounts for large customers, in 2025 we captured approximately R\$ 450 million from the removal of these discounts and have virtually eliminated the existing contracts. Only a few active contracts remain. We still have between R\$ 50 million and R\$ 100 million related to injunctions under dispute, of which we have already won about 70%.

On water security, we invested around R\$ 700 million in 2025. For this year, we expect to invest between R\$ 1.5 billion and R\$ 2.0 billion, with a total pipeline estimated at approximately R\$ 8 billion over the term of the contract. We are working with the regulator and the concession authority to determine which projects to bring forward in order to maximize benefits to the population.

Operator:

The Q&A session is now over. We wish to give the floor to Mr. Carlos Piani for the company's closing remarks.

A - Carlos Piani:

Thank you for your questions and for your continued interest in SABESP. We appreciate your participation and ongoing engagements, and we look forward to keeping you updated on our progress in the quarters ahead. Have you all a great day. Thank you. Bye-bye.

Operator:

Thank you. SABESP earnings presentation is now closed. Thank you very much for your participation and we wish you all a very good day.