

## CIA. DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP

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### SABESP announces 1Q23 results

**São Paulo, May 11, 2023** - Companhia de Saneamento Básico do Estado de São Paulo - SABESP (B3: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of customers, announces today its **first quarter of 2023 results**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reais, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2022.

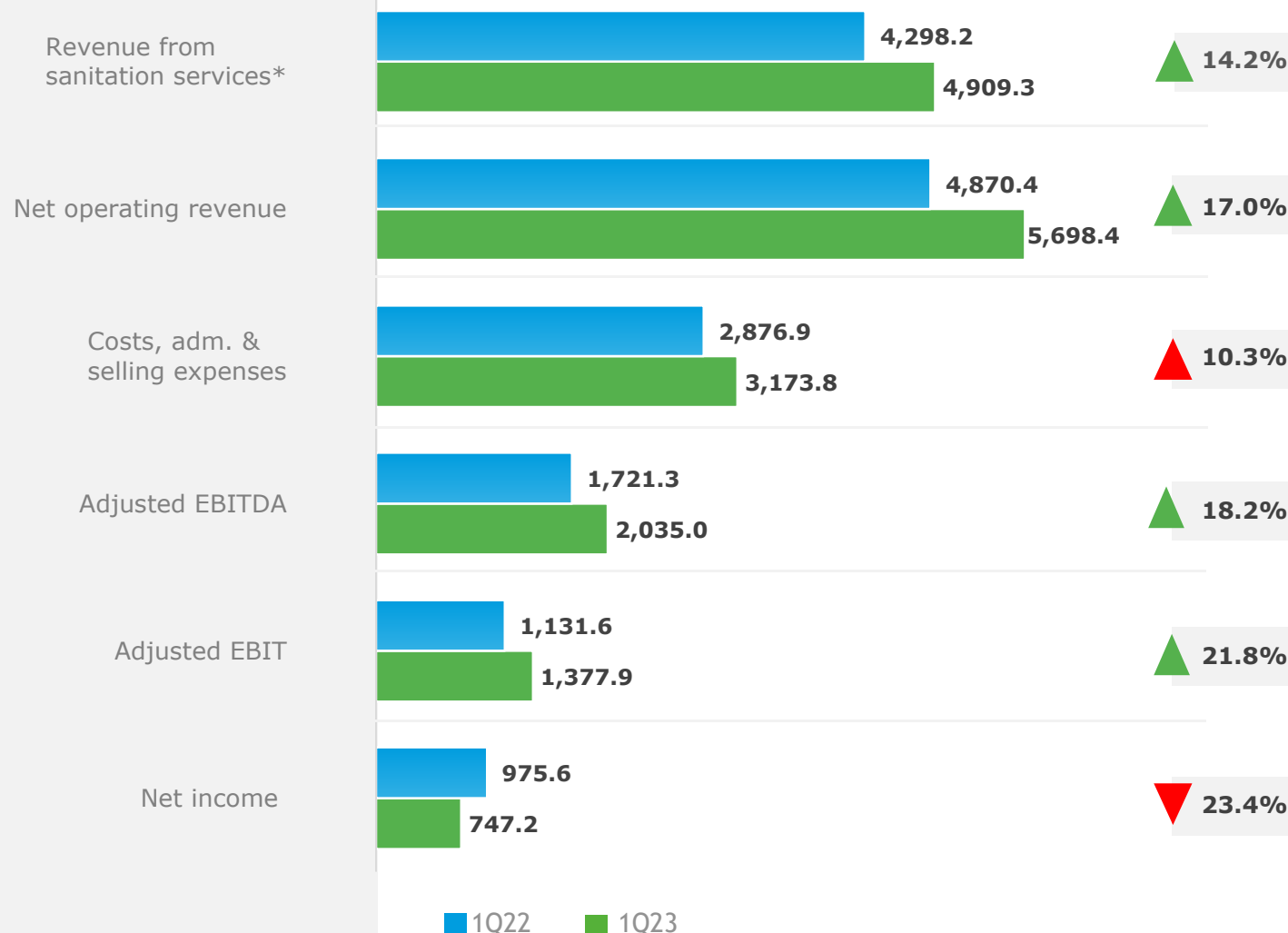


**SBSP3:** R\$ 48.46/share  
**SBS:** US\$ 9.80 (ADR=1 share)  
**Total shares:** 683,509,869  
**Market value:** R\$ 33.12 billion  
**Closing quote:** 05/11/2023

**SBSP**  
B3 LISTED NM

**SBS**  
LISTED  
NYSE

#### R\$ million



(\*) Does not include construction revenue

### Highlights

The Company recorded a net income of R\$ 747.2 million in 1Q23, compared to the R\$ 975.6 million reported in 1Q22, a decrease of R\$ 228.4 million (-23.4%).

Adjusted EBITDA totaled R\$ 2,035.0 million, up by R\$ 313.7 million (+18.2%) over the R\$ 1,721.3 million reported in 1Q22.

### Revenue from sanitation services

Increase of R\$ 611.1 million, impacted by: (i) an average tariff adjustment of 12.8% since May 2022; and (ii) a 1.4% increase in total billed volume.

### Costs, administrative and selling expenses (excluding construction costs)

Growth of R\$ 296.9 million, mainly due to the: (i) R\$ 112.8 million increase in services; (ii) R\$ 76.1 million increase in salaries, payroll charges, benefits, and pension plan obligations; (iii) R\$ 67.4 million increase in depreciation and amortization; and (iv) R\$ 35.7 million increase with general expenses.

### Impacts from the exchange variation

Exchange variation income on borrowings and financing fell by R\$ 510.4 million, due to the lower appreciation of the Brazilian real against the U.S. dollar and the Japanese yen in 1Q23, compared to the appreciation of 1Q22, as shown in the following table:

|   | 1Q23    | 1Q22    |
|---|---------|---------|
| Debt in foreign currency - R\$ million                  | 2,634.0 | 2,603.7 |
| Foreign currency debt as a percentage of total debt - % | 14.0    | 15.0    |
| U.S. dollar variation in the quarter - %                | (2.6)   | (15.1)  |
| Japanese yen variation in the quarter - %               | (3.3)   | (19.5)  |

## 1. Financial Highlights

|  | <i>R\$ million</i> |                |                |               |
|--|--------------------|----------------|----------------|---------------|
|  | 1Q23               | 1Q22           | Var. (R\$)     | %             |
| Revenue from sanitation services   | 4,909.3            | 4,298.2        | 611.1          | 14.2          |
| Construction revenue   | 1,179.5            | 888.2          | 291.3          | 32.8          |
| COFINS and PASEP/TRCF taxes  | (390.4)            | (316.0)        | (74.4)         | 23.5          |
| <b>(=) Net operating income</b>  | <b>5,698.4</b>     | <b>4,870.4</b> | <b>828.0</b>   | <b>17.0</b>   |
| Costs and expenses   | (3,173.8)          | (2,876.9)      | (296.9)        | 10.3          |
| Construction costs   | (1,153.0)          | (867.5)        | (285.5)        | 32.9          |
| Equity results   | 6.3                | 5.6            | 0.7            | 12.5          |
| Other operating income (expenses), net   | 14.6               | 2.6            | 12.0           | 461.5         |
| <b>(=) Earnings before financial result, income tax, and social contribution</b> | <b>1,392.5</b>     | <b>1,134.2</b> | <b>258.3</b>   | <b>22.8</b>   |
| Financial result   | (259.5)            | 340.1          | (599.6)        | (176.3)       |
| <b>(=) Earnings before income tax and social contribution</b>                    | <b>1,133.0</b>     | <b>1,474.3</b> | <b>(341.3)</b> | <b>(23.1)</b> |
| Income tax and social contribution   | (385.8)            | (498.7)        | 112.9          | (22.6)        |
| <b>(=) Net income</b>  | <b>747.2</b>       | <b>975.6</b>   | <b>(228.4)</b> | <b>(23.4)</b> |
| Earnings per share (R\$)*  | 1.09               | 1.43           |                |               |

\* Total shares = 683,509,869

### Adjusted EBITDA reconciliation (non-accounting measures)

|  | <i>R\$ million</i> |                |              |             |
|--|--------------------|----------------|--------------|-------------|
|  | 1Q23               | 1Q22           | Var. (R\$)   | %           |
| Net income                             | 747.2              | 975.6          | (228.4)      | (23.4)      |
| Income tax and social contribution     | 385.8              | 498.7          | (112.9)      | (22.6)      |
| Financial result                       | 259.5              | (340.1)        | 599.6        | (176.3)     |
| Other operating income (expenses), net | (14.6)             | (2.6)          | (12.0)       | 461.5       |
| <b>(=) Adjusted EBIT*</b>              | <b>1,377.9</b>     | <b>1,131.6</b> | <b>246.3</b> | <b>21.8</b> |
| Depreciation and amortization          | 657.1              | 589.7          | 67.4         | 11.4        |
| <b>(=) Adjusted EBITDA**</b>           | <b>2,035.0</b>     | <b>1,721.3</b> | <b>313.7</b> | <b>18.2</b> |
| (%) Adjusted EBITDA margin             | 35.7               | 35.3           |              |             |

\* Adjusted EBIT corresponds to income before: (i) other operating income (expenses), net; (ii) financial result; and (iii) income tax and social contribution.

\*\* Adjusted EBITDA corresponds to income before: (i) other operating income (expenses), net; (ii) financial result; (iii) income tax and social contribution; and (iv) depreciation and amortization expenses.

The net operating revenue, which considers construction revenue, totaled R\$ 5,698.4 million in 1Q23, up by 17.0% over 1Q22.

Costs and expenses, which consider construction costs, totaled R\$ 4,326.8 million, up by 15.6% over 1Q22.

Adjusted EBIT, of R\$ 1,377.9 million, increased by 21.8% over the R\$ 1,131.6 million recorded in 1Q22.

Adjusted EBITDA, of R\$ 2,035.0 million, increased by 18.2% over the R\$ 1,721.3 million recorded in 1Q22 (R\$ 7,401.4 million in the last 12 months).

The adjusted EBITDA margin was 35.7% in 1Q23, compared to 35.3% in 1Q22 (32.3% in the last 12 months).

Excluding the effects of revenue and construction costs, the adjusted EBITDA margin reached 44.5% in 1Q23, compared to 42.7% in 1Q22 (41.1% in the last 12 months).

The Company recorded a net income of R\$ 747.2 million in 1Q23, compared to R\$ 975.6 million in 1Q22.

## 2. Revenue from sanitation services

The gross operating revenue from sanitation services, which excludes construction revenue, totaled R\$ 4,909.3 million in 1Q23, an increase of R\$ 611.1 million (+14.2%) over the R\$ 4,298.2 million recorded in 1Q22.

The main factors that led to the increase were:

- Average tariff adjustment of 12.8% since May 2022; and
- Increase of 1.4% in the total billed volume.

## 3. Construction revenue

Construction revenue increased by R\$ 291.3 million (+32.8%), due to higher investments made.

## 4. Billed volume

The following tables show the water and sewage billed volumes, on quarter-over-quarter basis, per customer category and region.

| WATER AND SEWAGE BILLED VOLUME <sup>1</sup> PER CUSTOMER CATEGORY - million m <sup>3</sup> |              |              |            |              |              |            |                |                |            |
|--|--------------|--------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| Category   | Water        |              |            | Sewage       |              |            | Water + Sewage |                |            |
|  | 1Q23         | 1Q22         | %          | 1Q23         | 1Q22         | %          | 1Q23           | 1Q22           | %          |
| Residential  | 472.2        | 472.6        | (0.1)      | 412.8        | 409.5        | 0.8        | 885.0          | 882.1          | 0.3        |
| Commercial   | 46.7         | 41.4         | 12.8       | 43.9         | 40.3         | 8.9        | 90.6           | 81.7           | 10.9       |
| Industrial   | 8.6          | 8.1          | 6.2        | 9.3          | 9.1          | 2.2        | 17.9           | 17.2           | 4.1        |
| Public   | 10.0         | 9.5          | 4.9        | 9.2          | 8.5          | 8.1        | 19.1           | 18.0           | 6.4        |
| <b>Total retail</b>  | <b>537.5</b> | <b>531.6</b> | <b>1.1</b> | <b>475.2</b> | <b>467.4</b> | <b>1.7</b> | <b>1,012.6</b> | <b>999.0</b>   | <b>1.4</b> |
| Wholesale <sup>3</sup>   | 12.2         | 11.9         | 2.5        | 5.6          | 5.8          | (3.4)      | 17.8           | 17.7           | 0.6        |
| <b>Total</b>   | <b>549.7</b> | <b>543.5</b> | <b>1.1</b> | <b>480.8</b> | <b>473.2</b> | <b>1.6</b> | <b>1,030.4</b> | <b>1,016.7</b> | <b>1.4</b> |

| WATER AND SEWAGE BILLED VOLUME <sup>1</sup> PER REGION - million m <sup>3</sup> |              |              |            |              |              |            |                |                |            |
|---|--------------|--------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| Region  | Water        |              |            | Sewage       |              |            | Water + Sewage |                |            |
|   | 1Q23         | 1Q22         | %          | 1Q23         | 1Q22         | %          | 1Q23           | 1Q22           | %          |
| Metropolitan  | 358.8        | 354.3        | 1.3        | 316.5        | 311.0        | 1.8        | 675.2          | 665.3          | 1.5        |
| Regional <sup>2</sup>   | 178.7        | 177.3        | 0.8        | 158.7        | 156.4        | 1.5        | 337.4          | 333.7          | 1.1        |
| <b>Total retail</b>   | <b>537.5</b> | <b>531.6</b> | <b>1.1</b> | <b>475.2</b> | <b>467.4</b> | <b>1.7</b> | <b>1,012.6</b> | <b>999.0</b>   | <b>1.4</b> |
| Wholesale <sup>3</sup>  | 12.2         | 11.9         | 2.5        | 5.6          | 5.8          | (3.4)      | 17.8           | 17.7           | 0.6        |
| <b>Total</b>  | <b>549.7</b> | <b>543.5</b> | <b>1.1</b> | <b>480.8</b> | <b>473.2</b> | <b>1.6</b> | <b>1,030.4</b> | <b>1,016.7</b> | <b>1.4</b> |

1. Not reviewed by external auditors

2. Including coastal and interior regions

3. Wholesale includes volumes of reuse water and non-domestic sewage

### 5. Costs, administrative & selling expenses and construction costs

Costs, administrative and selling expenses, and construction costs increased by R\$ 582.4 million in 1Q23 (+15.6%). Excluding construction costs, the increase was R\$ 296.9 million (+10.3%).

Costs, administrative and selling expenses, and construction costs as a percentage of net revenue were 75.9% in 1Q23 compared to 76.9% in 1Q22.

|  | <i>R\$ million</i> |                |              |             |
|--|--------------------|----------------|--------------|-------------|
|  | 1Q23               | 1Q22           | Var. (R\$)   | %           |
| Salaries, payroll charges and benefits, and Pension plan obligations | 744.2              | 668.1          | 76.1         | 11.4        |
| General supplies   | 87.5               | 71.9           | 15.6         | 21.7        |
| Treatment supplies   | 164.9              | 147.3          | 17.6         | 11.9        |
| Services   | 624.9              | 512.1          | 112.8        | 22.0        |
| Electricity  | 395.8              | 412.0          | (16.2)       | (3.9)       |
| General expenses   | 314.8              | 279.1          | 35.7         | 12.8        |
| Tax expenses   | 21.8               | 19.0           | 2.8          | 14.7        |
| Depreciation and amortization  | 657.1              | 589.7          | 67.4         | 11.4        |
| Allowance for doubtful accounts                                      | 162.8              | 177.7          | (14.9)       | (8.4)       |
| <b>Costs, administrative &amp; selling expenses</b>                  | <b>3,173.8</b>     | <b>2,876.9</b> | <b>296.9</b> | <b>10.3</b> |
| Construction costs   | 1,153.0            | 867.5          | 285.5        | 32.9        |
| <b>Costs, adm &amp; selling expenses, and construction costs</b>     | <b>4,326.8</b>     | <b>3,744.4</b> | <b>582.4</b> | <b>15.6</b> |
| % of net revenue   | 75.9               | 76.9           |              |             |

#### Salaries, payroll charges and benefits, and Pension plan obligations

The R\$ 76.1 million increase (+11.4%) recorded in 1Q23 was mainly due to:

- The average salary adjustment of 12.9% (R\$ 54.1 million) in May 2022 and the application of 1% referring to the Career and Salary Plan in February 2023, partially offset by the 1.8% decline in the average number of employees; and
- R\$ 16.4 million in healthcare expenses.

#### General supplies

Increase of R\$ 15.6 million (+21.7%), mostly with the maintenance of water and sewage systems, networks, and connections, totaling R\$ 16.1 million.

#### Treatment supplies

Increase of R\$ 17.6 million (+11.9%), due to: (i) the increase in product prices, some of which were impacted by the international market, such as aluminum polychloride; and (ii) the higher use of algacides, coagulants, and disinfectants in several water treatment plants to maintain the quality of raw water.

#### Services

Service expenses totaled R\$ 624.9 million, an increase of R\$ 112.8 million (+22.0%) over the R\$ 512.1 million recorded in 1Q22. The main increases were:

- R\$ 38.2 million paid to technical services, mainly IT consulting, maintenance, and support;
- R\$ 19.9 million for the maintenance of water and sewage networks, connections, and systems;

- R\$ 18.5 million with meter reading and bill delivery;
- R\$ 10.4 million with paving and replacing of sidewalks;
- R\$ 9.1 million with advertising; and
- R\$ 8.6 million with surveillance.

### Electricity

Electricity expenses totaled R\$ 395.8 million in 1Q23, a decrease of R\$ 16.2 million (-3.9%) from the R\$ 412.0 million recorded in 1Q22. Of the total, the Free Market Tariffs (FMT) accounted for 55.1% of total expenses in 1Q23 (52.0% in 1Q22) while the Regulated Market Tariffs (RMT) accounted for 44.9% (48.0% in 1Q22). The main factors that contributed to this variation were:

- An average decrease of 2.2% in FMT prices (including Grid Market Tariffs - TUSD), with a 4.8% increase in consumption; and
- An average decrease of 14.0% in RMT tariffs, with a decrease of 2.1% in consumption.

Electricity tariffs were impacted, among others, by: (i) the tariff flag from water shortage in 1Q22; and (ii) the lower tax burden on electricity bills since June 2022, as a consequence of Supplementary Law 194/2022.

### General expenses

Increase of R\$ 35.7 million (+12.8%), totaling R\$ 314.8 million in 1Q23, compared to the R\$ 279.1 million recorded in 1Q22, mainly from the higher provision for transfer to the municipal funds for environmental sanitation and infrastructure, of R\$ 23.5 million. Expenses with municipal transfers totaled R\$ 186.5 million in 1Q23, compared to the R\$ 163.0 million reported in 1Q22 (+14.4%), mainly due to higher operating revenue.

### Depreciation and amortization

The R\$ 67.4 million increase (+11.4%) was mainly due to the beginning of operations of intangible assets, totaling R\$ 5.3 billion.

### Allowance for doubtful accounts

Decrease of R\$ 14.9 million, from R\$ 177.7 million in 1Q22 to R\$ 162.8 million in 1Q23, due to the higher number of overdue bills received in 1Q23.

## 6. Financial result

|                                       | <i>R\$ million</i> |              |                |                |
|---------------------------------------|--------------------|--------------|----------------|----------------|
|                                       | 1Q23               | 1Q22         | Var. (R\$)     | %              |
| Financial expenses, net of income     | (257.2)            | (171.9)      | (85.3)         | 49.6           |
| Monetary and exchange variations, net | (2.3)              | 512.0        | (514.3)        | (100.4)        |
| <b>Financial Result</b>               | <b>(259.5)</b>     | <b>340.1</b> | <b>(599.6)</b> | <b>(176.3)</b> |

### Financial expenses, net of revenue

|  | <i>R\$ million</i> |                |                |             |
|--|--------------------|----------------|----------------|-------------|
|  | 1Q23               | 1Q22           | Var. (R\$)     | %           |
| Financial expenses   |                    |                |                |             |
| Interest and charges on domestic borrowings and financing      | (273.1)            | (189.6)        | (83.5)         | 44.0        |
| Interest and charges on international borrowings and financing | (21.0)             | (8.6)          | (12.4)         | 144.2       |
| Other financial expenses                                       | (122.1)            | (114.3)        | (7.8)          | 6.8         |
| <b>Total financial expenses</b>                                | <b>(416.2)</b>     | <b>(312.5)</b> | <b>(103.7)</b> | <b>33.2</b> |
| Financial revenue  | 159.0              | 140.6          | 18.4           | 13.1        |
| <b>Financial expenses, net of revenue</b>                      | <b>(257.2)</b>     | <b>(171.9)</b> | <b>(85.3)</b>  | <b>49.6</b> |

The main impacts resulted from:

- Increase of R\$ 83.5 million in interest and charges on domestic borrowings and financing, mainly due to: (i) higher interest on debentures, of R\$ 49.5 million, including the effect of the amortization of the 17th and 21st issuances, as well as the proceeds of the 30th issuance which totaled R\$ 32.2 million in financial expenses; and (ii) a rise in the average DI rate (from 10.27% in 1Q22 to 13.65% in 1Q23), which impacted interest on domestic borrowings;
- Increase of R\$ 12.4 million in interest and charges on international borrowings and financing, mainly the lower appreciation of the Brazilian real against the U.S. dollar and the Japanese yen in 1Q23 (2.63% and 3.29%, respectively), compared to the appreciation observed in 1Q22 (15.10% and 19.50%, respectively); and
- Increase of R\$ 18.4 million in financial revenues, mainly on financial investments in 1Q23, as a result of the higher average DI rate.

### Monetary and exchange variation, net

|  | <i>R\$ million</i> |              |                |                |
|--|--------------------|--------------|----------------|----------------|
|  | 1Q23               | 1Q22         | Var. (R\$)     | %              |
| Monetary and exchange variations on liabilities              |                    |              |                |                |
| Monetary variations on borrowings and financing              | (70.5)             | (70.7)       | 0.2            | (0.3)          |
| Exchange variations on borrowings and financing              | 83.8               | 594.2        | (510.4)        | (85.9)         |
| Other monetary variations                                    | (75.7)             | (69.9)       | (5.8)          | 8.3            |
| <b>Total monetary and exchange variations on liabilities</b> | <b>(62.4)</b>      | <b>453.6</b> | <b>(516.0)</b> | <b>(113.8)</b> |
| Monetary and exchange variations on assets                   | 60.1               | 58.4         | 1.7            | 2.9            |
| <b>Monetary and exchange variations, net</b>                 | <b>(2.3)</b>       | <b>512.0</b> | <b>(514.3)</b> | <b>(100.4)</b> |

The effect on the net monetary and exchange variations in 1Q23 was R\$ 514.3 million, highlighting the negative variation of R\$ 510.4 million in exchange variations on borrowings and financing, due to the lower

appreciation of the Brazilian real against the U.S. dollar and the Japanese yen in 1Q23 (2.63% and 3.29%, respectively), compared to the appreciation observed in 1Q22 (15.10% and 19.50%, respectively).

## 7. Income tax and social contribution

The R\$ 112.9 million decrease in 1Q23 was mainly due to:

- Higher costs and expenses, of R\$ 582.4 million; and
- Lower gains with exchange variation, of R\$ 510.4 million.

The factors above were mitigated by higher net operating revenue, of R\$ 828.0 million.

## 8. Indicators

### a) Operating

| Operating indicators*                            | 1Q23   | 1Q22   | %     |
|--|--------|--------|-------|
| Water connections <sup>1</sup>                   | 10,206 | 9,872  | 3.4   |
| Sewage connections <sup>1</sup>                  | 8,684  | 8,451  | 2.8   |
| Population directly served - water <sup>2</sup>  | 28.1   | 27.8   | 1.1   |
| Population directly served - sewage <sup>2</sup> | 24.8   | 24.6   | 0.8   |
| Number of employees                              | 12,211 | 12,435 | (1.8) |
| Water volume produced <sup>3</sup>               | 733.0  | 714.5  | 2.6   |
| IPM - Micromeasured Water Loss (%) <sup>4</sup>  | 29.5   | 27.9   | 5.7   |
| IPDt (liters/connection x day) <sup>4</sup>      | 255    | 248    | 2.8   |

1. Total active and inactive connections in thousands of units at the end of the period

2. In millions of inhabitants, at the end of the period. Excluding wholesale supply

3. In millions of m<sup>3</sup>. Excluding volumes produced in the municipalities of Aguai, Tapiratiba, and Tejupá in 1Q22.

4. Excluding volumes and connections of Mauá, Aguai, and Tapiratiba in 1Q22

\* Not reviewed by external auditors

### b) Economic

| Economic variables at the end of the quarter*      | 1Q23    | 1Q22    |
|--|---------|---------|
| IPCA - Amplified Consumer Price Index <sup>1</sup> | 2.09    | 3.20    |
| INPC - National Consumer Price Index <sup>1</sup>  | 1.88    | 3.42    |
| IPC - Consumer Price Index <sup>1</sup>            | 1.46    | 2.95    |
| DI - Interbank Deposit <sup>2</sup>                | 13.65   | 10.27   |
| U.S. dollar <sup>3</sup>                           | 5.0804  | 4.7378  |
| Japanese yen <sup>3</sup>                          | 0.03827 | 0.03902 |

1. Accrued in the quarter (%)

2. Average quarterly rate (%)

3. Ptax sale rate on the last day

\* Not reviewed by external auditors



## 9. Loans and financing

R\$ thousand

| INSTITUTION                      | DEBT PROFILE     |                  |                  |                  |                  |                  |                  | TOTAL             | % of total |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------|
|                                  | 2023             | 2024             | 2025             | 2026             | 2027             | 2028             | 2029 onwards     |                   |            |
| <b>Local Currency</b>            |                  |                  |                  |                  |                  |                  |                  |                   |            |
| Debêntures                       | 377,852          | 1,077,166        | 1,207,210        | 1,085,512        | 1,720,562        | 651,547          | 1,527,548        | 7,647,397         | 42         |
| Caixa Econômica Federal          | 74,079           | 101,891          | 108,253          | 115,014          | 122,187          | 129,675          | 901,743          | 1,552,842         | 9          |
| BNDES                            | 179,344          | 234,620          | 214,281          | 204,396          | 191,790          | 72,559           | 221,836          | 1,318,826         | 7          |
| IDB 2202                         | 90,674           | 181,349          | 181,349          | 181,349          | 181,349          | 181,349          | 1,257,504        | 2,254,923         | 12         |
| IDB INVEST                       | 32,770           | 53,650           | 82,575           | 144,821          | 147,159          | 182,022          | 695,813          | 1,338,810         | 7          |
| IFC                              | 80,000           | 80,000           | 80,000           | 80,000           | 80,000           | 80,000           | 271,224          | 751,224           | 4          |
| Lease <sup>1</sup>               | 55,373           | 16,401           | 9,518            | 4,061            | 476              | 0                | 0                | 85,829            | 1          |
| Leasing (others) <sup>2</sup>    | 0                | 44,849           | 47,149           | 36,931           | 30,224           | 33,411           | 154,407          | 346,971           | 2          |
| Others                           | 8,296            | 2,986            | 2,753            | 141              | 0                | 0                | 0                | 14,176            | 0          |
| Interest and other charges       | 348,622          | 2,301            | 0                | 0                | 0                | 0                | 0                | 350,923           | 2          |
| <b>Total in Local Currency</b>   | <b>1,247,010</b> | <b>1,795,213</b> | <b>1,933,088</b> | <b>1,852,225</b> | <b>2,473,747</b> | <b>1,330,563</b> | <b>5,030,075</b> | <b>15,661,921</b> | <b>86</b>  |
| <b>Foreign Currency</b>          |                  |                  |                  |                  |                  |                  |                  |                   |            |
| IDB                              | 26,108           | 52,217           | 63,444           | 22,455           | 22,455           | 22,455           | 328,061          | 537,195           | 3          |
| IBRD                             | 15,444           | 30,887           | 30,887           | 30,887           | 30,887           | 30,887           | 218,304          | 388,183           | 2          |
| JICA                             | 87,629           | 164,209          | 164,209          | 164,209          | 164,209          | 164,209          | 748,430          | 1,657,104         | 9          |
| IDB 1983AB                       | 39,010           | 0                | 0                | 0                | 0                | 0                | 0                | 39,010            | 0          |
| Interest and other charges       | 12,510           | 0                | 0                | 0                | 0                | 0                | 0                | 12,510            | 0          |
| <b>Total in Foreign Currency</b> | <b>180,701</b>   | <b>247,313</b>   | <b>258,540</b>   | <b>217,551</b>   | <b>217,551</b>   | <b>217,551</b>   | <b>1,294,795</b> | <b>2,634,002</b>  | <b>14</b>  |
| <b>TOTAL</b>                     | <b>1,427,711</b> | <b>2,042,526</b> | <b>2,191,628</b> | <b>2,069,776</b> | <b>2,691,298</b> | <b>1,548,114</b> | <b>6,324,870</b> | <b>18,295,923</b> | <b>100</b> |

1. Refers to work contracts signed as Assets Lease

2. Obligations related to leasing agreements, mainly vehicle leases

### Covenants

The table below shows the most restrictive clauses in 1Q23:

|   | Restrictive clauses          |
|---|------------------------------|
| Adjusted EBITDA / Adjusted Financial Expenses     | Equal to or higher than 2.80 |
| EBITDA / Financial Expenses Paid                  | Equal to or higher than 2.35 |
| Adjusted Net Debt / Adjusted EBITDA               | Equal to or lower than 3.80  |
| Net Debt / Adjusted EBITDA                        | Equal to or lower than 3.50  |
| Total Adjusted Debt / Adjusted EBITDA             | Lower than 3.65              |
| Other Onerous Debt <sup>1</sup> / Adjusted EBITDA | Equal to or lower than 1.30  |
| Adjusted Current Ratio                            | Higher than 1.00             |

1. "Other Onerous Debt" corresponds to the sum of pension plan obligations, healthcare plan, installment payment of tax debts, and installment payment of debts with the electricity supplier

In 1Q23, the Company met the requirements of its loans and financing agreements.

## 10. CAPEX

Investments totaled R\$ 1,236.1 million in 1Q23, presented as additions in the notes to the quarterly information under Contract Asset, Intangible Assets, and Property, Plant and Equipment, of R\$ 1,204.8 million, R\$ 0.4 million, and R\$ 30.9 million, respectively. Cash disbursed in 1Q23 referring to investments, including from previous periods, totaled R\$ 601.3 million.

The table below shows investments broken down by water, sewage, and region:

|                     | <i>R\$ million</i> |              |                |
|---------------------|--------------------|--------------|----------------|
|                     | Water              | Sewage       | Total          |
| Metropolitan Region | 315.8              | 568.4        | 884.2          |
| Regional Systems    | 188.0              | 163.9        | 351.9          |
| <b>Total</b>        | <b>503.8</b>       | <b>732.3</b> | <b>1,236.1</b> |



## Conference

### Conference (with simultaneous translation into English):

**May 12, 2023 – Friday**

10:00 a.m. (US EST) / 11:00 a.m. (Brasília time)

[Click here](#) for the webcast

For more information, please contact:

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## Income Statement

| Brazilian Corporate Law                                   | R\$ '000         |                  |
|---|------------------|------------------|
|   | Jan-Mar<br>2023  | Jan-Mar<br>2022  |
| <b>Net Operating Income</b>                               | <b>5,698,369</b> | <b>4,870,390</b> |
| Operating Costs   | (3,653,723)      | (3,116,386)      |
| <b>Gross Profit</b>                                       | <b>2,044,646</b> | <b>1,754,004</b> |
| <b>Operating Expenses</b>                                 |                  |                  |
| Selling   | (225,657)        | (196,587)        |
| Allowance for doubtful accounts                           | (162,805)        | (177,694)        |
| Administrative expenses                                   | (284,679)        | (253,792)        |
| Other operating revenue (expenses), net                   | 14,634           | 2,564            |
| <b>Operating Income Before Shareholdings</b>              | <b>1,386,139</b> | <b>1,128,495</b> |
| Equity Result   | 6,334            | 5,583            |
| <b>Earnings Before Financial Results, net</b>             | <b>1,392,473</b> | <b>1,134,078</b> |
| Financial, net  | (343,151)        | (252,742)        |
| Exchange gain (loss), net                                 | 83,623           | 592,866          |
| <b>Earnings before Income Tax and Social Contribution</b> | <b>1,132,945</b> | <b>1,474,202</b> |
| <b>Income Tax and Social Contribution</b>                 |                  |                  |
| Current   | (383,488)        | (489,505)        |
| Deferred  | (2,245)          | (9,158)          |
| <b>Net Income for the period</b>                          | <b>747,212</b>   | <b>975,539</b>   |
| <b>Registered common shares ('000)</b>                    | <b>683,509</b>   | <b>683,509</b>   |
| <b>Earnings per shares - R\$ (per share)</b>              | <b>1.09</b>      | <b>1.43</b>      |
| <b>Depreciation and Amortization</b>                      | <b>(657,145)</b> | <b>(589,746)</b> |
| <b>Adjusted EBITDA</b>                                    | <b>2,034,984</b> | <b>1,721,260</b> |
| % over net revenue  | 35.7%            | 35.3%            |

## Balance Sheet

| Brazilian Corporate Law                     |                   | R\$ '000          |
|---|-------------------|-------------------|
| ASSETS                                      | 03/31/2023        | 12/31/2022        |
| <b>Current assets</b>                       |                   |                   |
| Cash and cash equivalents                   | 836,450           | 1,867,485         |
| Financial investments                       | 1,649,313         | 1,677,873         |
| Trade receivables                           | 3,194,099         | 3,062,574         |
| Related parties and transactions            | 198,687           | 205,793           |
| Inventories                                 | 117,296           | 124,247           |
| Restricted cash                             | 48,301            | 37,474            |
| Current recoverable taxes                   | 266,437           | 242,906           |
| Other assets                                | 93,173            | 66,312            |
| <b>Total current assets</b>                 | <b>6,403,756</b>  | <b>7,284,664</b>  |
| <b>Noncurrent assets</b>                    |                   |                   |
| Trade receivables                           | 213,390           | 215,234           |
| Related parties and transactions            | 958,670           | 950,950           |
| Escrow deposits                             | 175,872           | 170,093           |
| National Water and Sanitation Agency – ANA  | 9,168             | 9,193             |
| Other assets                                | 146,545           | 146,362           |
| Equity investments                          | 149,551           | 110,765           |
| Investment properties                       | 46,714            | 46,726            |
| Contract assets                             | 8,714,054         | 8,613,968         |
| Intangible assets                           | 39,744,201        | 39,320,871        |
| Property, plant and equipment               | 364,870           | 338,939           |
| <b>Total noncurrent assets</b>              | <b>50,523,035</b> | <b>49,923,101</b> |
| <b>Total assets</b>                         | <b>56,926,791</b> | <b>57,207,765</b> |
| LIABILITIES AND EQUITY                      | 03/31/2023        | 12/31/2022        |
| <b>Current liabilities</b>                  |                   |                   |
| Trade payables                              | 257,746           | 430,946           |
| Borrowings and financing                    | 1,976,816         | 2,245,960         |
| Accrued payroll and related charges         | 495,529           | 498,504           |
| Taxes and contributions                     | 338,254           | 293,461           |
| Dividends and interest on capital payable   | 741,725           | 741,725           |
| Provisions                                  | 911,048           | 924,038           |
| Services payable                            | 604,532           | 723,242           |
| Public-Private Partnership – PPP            | 225,982           | 222,413           |
| Program Contract Commitments                | 62,601            | 100,188           |
| Other liabilities                           | 549,562           | 476,865           |
| <b>Total current liabilities</b>            | <b>6,163,795</b>  | <b>6,657,342</b>  |
| <b>Noncurrent liabilities</b>               |                   |                   |
| Borrowings and financing                    | 16,319,107        | 16,712,711        |
| Deferred income tax and social contribution | 191,523           | 189,278           |

# Earnings Results

## 1Q23



|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Deferred Cofins and Pasep           | 161,314           | 159,723           |
| Provisions                          | 738,163           | 686,746           |
| Pension obligations                 | 2,143,788         | 2,150,191         |
| Public-Private Partnership – PPP    | 2,647,480         | 2,736,768         |
| Program Contract Commitments        | 12,322            | 12,197            |
| Other liabilities                   | 468,554           | 569,276           |
| <b>Total noncurrent liabilities</b> | <b>22,682,251</b> | <b>23,216,890</b> |
| <b>Total liabilities</b>            | <b>28,846,046</b> | <b>29,874,232</b> |
| <b>Equity</b>                       |                   |                   |
| Capital stock                       | 15,000,000        | 15,000,000        |
| Earnings reserves                   | 12,155,890        | 12,155,890        |
| Other comprehensive income          | 177,643           | 177,643           |
| Retained earnings                   | 747,212           | -                 |
| <b>Total equity</b>                 | <b>28,080,745</b> | <b>27,333,533</b> |
| <b>Total equity and liabilities</b> | <b>56,926,791</b> | <b>57,207,765</b> |

## Cash Flow

| Brazilian Corporate Law   | R\$ '000         |                  |
|---|------------------|------------------|
|   | Jan-Mar<br>2023  | Jan-Mar<br>2022  |
| <b>Cash flow from operating activities</b>  |                  |                  |
| <b>Profit before income tax and social contribution</b>                           | <b>1,132,945</b> | <b>1,474,202</b> |
| <b>Adjustment for Net income reconciliation:</b>                                  |                  |                  |
| Depreciation and amortization   | 657,145          | 589,746          |
| Residual value of property, plant and equipment and intangible assets written-off | 3,515            | 2,406            |
| Allowance for doubtful accounts   | 162,805          | 177,694          |
| Provision and inflation adjustment  | 70,031           | 78,415           |
| Interest calculated on loans and financing payable                                | 316,805          | 219,454          |
| Inflation adjustment and foreign exchange gains (losses) on loans and financing   | (13,316)         | (523,312)        |
| Interest and inflation adjustment losses  | 6,915            | 7,604            |
| Interest and inflation adjustment gains   | (28,976)         | (63,518)         |
| Financial charges from customers  | (95,653)         | (81,830)         |
| Margin on intangible assets arising from concession                               | (26,519)         | (20,685)         |
| Provision for Consent Decree (TAC) and Knowledge retention program (KRP)          | (345)            | (743)            |
| Equity result   | (6,334)          | (5,583)          |
| Interest and inflation adjustment (Public-Private Partnership)                    | 123,045          | 122,150          |
| Provision from São Paulo agreement  | 155,387          | 134,962          |
| Pension obligations   | 51,921           | 47,173           |
| Other adjustments   | 4,119            | 3,451            |
|   | <b>2,513,490</b> | <b>2,161,586</b> |
| <b>Changes in assets</b>  |                  |                  |
| Trade accounts receivable   | (183,680)        | (299,418)        |
| Accounts receivable from related parties  | 10,172           | (10,415)         |
| Inventories   | 6,951            | (4,000)          |
| Recoverable taxes   | (23,531)         | 12,978           |
| Escrow deposits   | (742)            | (13,378)         |
| Other assets  | (33,323)         | (36,990)         |
| <b>Changes in liabilities</b>   |                  |                  |
| Trade payables and contractors  | (414,033)        | (218,600)        |
| Services payable  | (274,097)        | (55,564)         |
| Accrued payroll and related charges   | (2,630)          | (73,155)         |
| Taxes and contributions payable   | (225,360)        | (64,184)         |
| Deferred Cofins/Pasep   | 1,591            | 135              |
| Provisions  | (31,604)         | (86,310)         |
| Pension obligations   | (58,324)         | (53,476)         |
| Other liabilities   | (232,389)        | 4,652            |
| <b>Cash generated from operations</b>   | <b>1,052,491</b> | <b>1,263,861</b> |
| Interest paid   | (543,850)        | (347,631)        |
| Income tax and contribution paid  | (113,335)        | (299,387)        |
| <b>Net cash generated from operating activities</b>                               | <b>395,306</b>   | <b>616,843</b>   |

| <b>Cash flows from investing activities</b>             |                    |                    |
|---|--------------------|--------------------|
| Acquisition of contract assets and intangible assets    | (570,332)          | (651,660)          |
| Restricted cash   | (10,827)           | 1,261              |
| Financial investments                                   | 28,560             | (443,715)          |
| Purchases of tangible assets                            | (30,954)           | (8,566)            |
| <b>Net cash used in investing activities</b>            | <b>(583,553)</b>   | <b>(1,102,680)</b> |
| <b>Cash flow from financing activities</b>              |                    |                    |
| Loans and financing                                     |                    |                    |
| Proceeds from loans                                     | 121,611            | 1,084,506          |
| Repayments of loans                                     | (716,239)          | (661,268)          |
| Public-Private Partnership – PPP                        | (208,764)          | (156,364)          |
| Program Contract Commitments                            | (39,396)           | (7,474)            |
| <b>Net cash used in financing activities</b>            | <b>(842,788)</b>   | <b>259,400</b>     |
| <b>Increase/(decrease) in cash and cash equivalents</b> | <b>(1,031,035)</b> | <b>(226,437)</b>   |
| <b>Represented by:</b>                                  |                    |                    |
| Cash and cash equivalents at beginning of the year      | 1,867,485          | 717,929            |
| Cash and cash equivalents at end of the year            | 836,450            | 491,492            |
| <b>Increase/(decrease) in cash and cash equivalents</b> | <b>(1,031,035)</b> | <b>(226,437)</b>   |