

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

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## SABESP announces 2Q22 results

**São Paulo, August 11, 2022** - 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 **second quarter of 2022 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 2021.

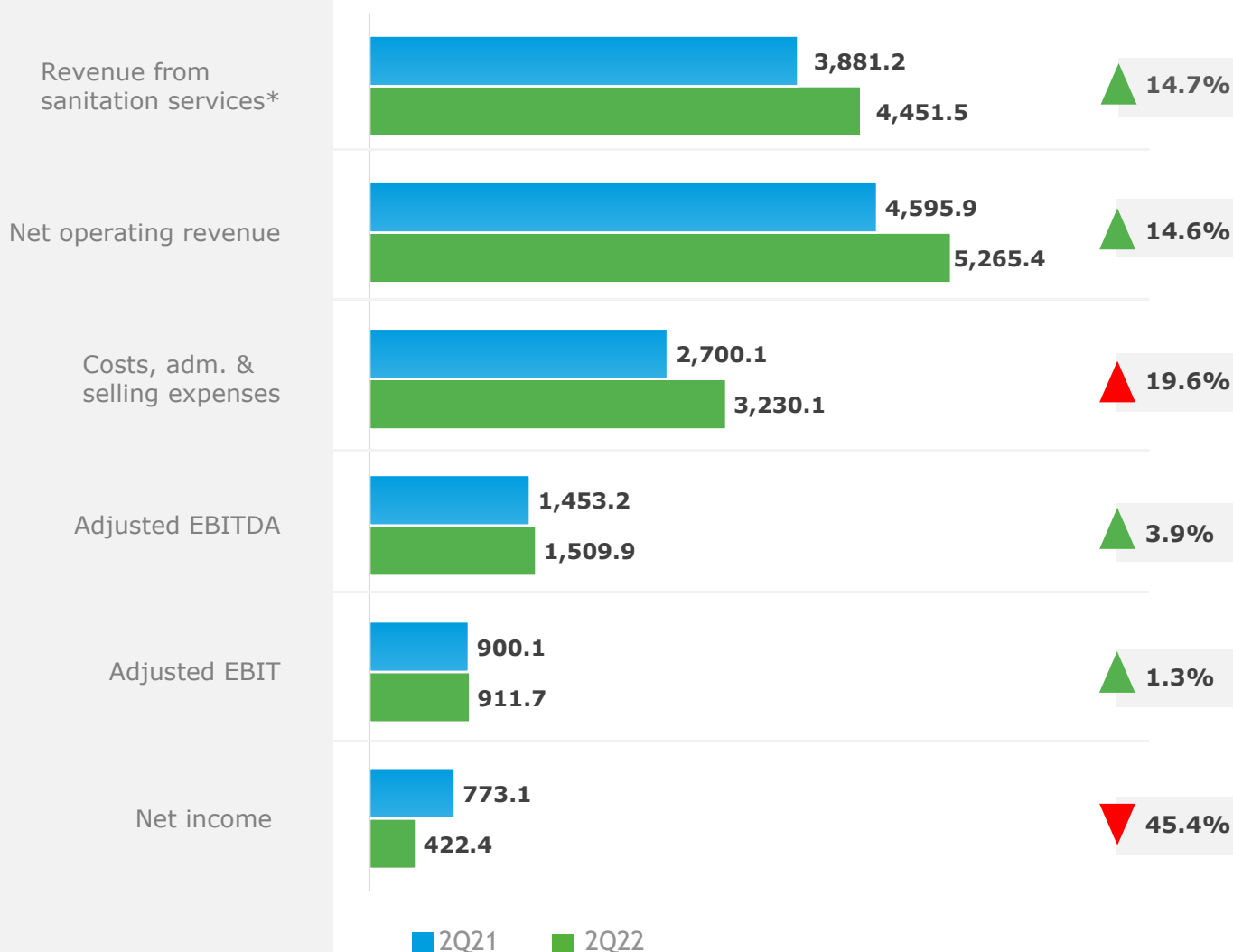


**SBSP3:** R\$ 45.88/share  
**SBS:** US\$ 8.88 (ADR=1 share)  
**Total shares:** 683,509,869  
**Market value:** R\$ 31.26 billion  
**Closing quote:** 08/11/2022

**SBSP**  
B3 LISTED NM

**SBS**  
LISTED  
NYSE

### R\$ million



(\*) Does not include construction revenue

## Highlights

The Company recorded a net income of R\$ 422.4 million in 2Q22, compared to the R\$ 773.1 million reported in 2Q21, a decrease of R\$ 350.7 million (-45.4%).

Adjusted EBITDA totaled R\$ 1,509.9 million, up by R\$ 56.7 million over the R\$ 1,453.2 million reported in 2Q21 (+3.9%).

### Revenue from sanitation services

Increase of R\$ 570.3 million, impacted by: (i) tariff adjustments of 7.0% since May 2021 and 12.8% since May 2022; (ii) 1.8% increase in billed volume; and (iii) higher average tariff due to the increase in the billed volume in the commercial and public categories.

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

Growth of R\$ 530.0 million, mainly due to the following increases: (i) R\$ 119.2 million in services; (ii) R\$ 108.8 million in the allowance for doubtful accounts; (iii) R\$ 97.7 million with salaries, payroll charges, benefits, and pension plan obligations; and (iv) R\$ 60.2 million with treatment supplies.

### Impacts from the exchange variation

Exchange variation expenses on borrowings and financing increased by R\$ 507.1 million, due to the appreciation of the U.S. Dollar and the depreciation of the Japanese Yen against the Brazilian Real in 2Q22, compared to the depreciation reported in 2Q21 for both currencies, as shown in the table below:

|   | 2Q22    | 2Q21    |
|---|---------|---------|
| Debt in foreign currency - R\$ million                  | 2,695.1 | 3,096.2 |
| Foreign currency debt as a percentage of total debt - % | 15.2    | 18.8    |
| USD variation in the quarter - %                        | 10.6    | (12.2)  |
| Yen variation in the quarter - %                        | (1.1)   | (12.6)  |

## 1. Financial Highlights

*R\$ million*

|  | 2Q22           | 2Q21           | Var. (R\$)     | %             | 1H22            | 1H21           | Var. (R\$)   | %           |
|--|----------------|----------------|----------------|---------------|-----------------|----------------|--------------|-------------|
| Revenue from sanitation services   | 4,451.5        | 3,881.2        | 570.3          | 14.7          | 8,749.7         | 7,818.4        | 931.3        | 11.9        |
| Construction revenue   | 1,154.7        | 1,022.9        | 131.8          | 12.9          | 2,042.9         | 2,046.2        | (3.3)        | (0.2)       |
| COFINS and PASEP/TRCF taxes  | (340.8)        | (308.2)        | (32.6)         | 10.6          | (656.8)         | (591.3)        | (65.5)       | 11.1        |
| <b>(=) Net operating income</b>  | <b>5,265.4</b> | <b>4,595.9</b> | <b>669.5</b>   | <b>14.6</b>   | <b>10,135.8</b> | <b>9,273.3</b> | <b>862.5</b> | <b>9.3</b>  |
| Costs and expenses   | (3,230.1)      | (2,700.1)      | (530.0)        | 19.6          | (6,107.0)       | (5,290.9)      | (816.1)      | 15.4        |
| Construction costs   | (1,129.5)      | (999.9)        | (129.6)        | 13.0          | (1,997.0)       | (2,000.2)      | 3.2          | (0.2)       |
| Equity results   | 5.9            | 4.2            | 1.7            | 40.5          | 11.5            | 12.2           | (0.7)        | (5.7)       |
| Other operating income (expenses), net   | 2.4            | (0.9)          | 3.3            | (366.7)       | 4.9             | 9.8            | (4.9)        | (50.0)      |
| <b>(=) Earnings before financial result, income tax, and social contribution</b> | <b>914.1</b>   | <b>899.2</b>   | <b>14.9</b>    | <b>1.7</b>    | <b>2,048.2</b>  | <b>2,004.2</b> | <b>44.0</b>  | <b>2.2</b>  |
| Financial result   | (324.4)        | 248.8          | (573.2)        | (230.4)       | 15.7            | (105.6)        | 121.3        | (114.9)     |
| <b>(=) Earnings before income tax and social contribution</b>                    | <b>589.7</b>   | <b>1,148.0</b> | <b>(558.3)</b> | <b>(48.6)</b> | <b>2,063.9</b>  | <b>1,898.6</b> | <b>165.3</b> | <b>8.7</b>  |
| Income tax and social contribution   | (167.3)        | (374.9)        | 207.6          | (55.4)        | (665.9)         | (628.7)        | (37.2)       | 5.9         |
| <b>(=) Net income</b>  | <b>422.4</b>   | <b>773.1</b>   | <b>(350.7)</b> | <b>(45.4)</b> | <b>1,398.0</b>  | <b>1,269.9</b> | <b>128.1</b> | <b>10.1</b> |
| Earnings per share (R\$)*  | 0.62           | 1.13           |                |               | 2.05            | 1.86           |              |             |

\* Total shares = 683,509,869

## Adjusted EBITDA Reconciliation (Non-accounting measures)

*R\$ million*

|  | 2Q22           | 2Q21           | Var. (R\$)  | %          | 1H22           | 1H21           | Var. (R\$)   | %          |
|--|----------------|----------------|-------------|------------|----------------|----------------|--------------|------------|
| Net income                             | 422.4          | 773.1          | (350.7)     | (45.4)     | 1,398.0        | 1,269.9        | 128.1        | 10.1       |
| Income tax and social contribution     | 167.3          | 374.9          | (207.6)     | (55.4)     | 665.9          | 628.7          | 37.2         | 5.9        |
| Financial result                       | 324.4          | (248.8)        | 573.2       | (230.4)    | (15.7)         | 105.6          | (121.3)      | (114.9)    |
| Other operating income (expenses), net | (2.4)          | 0.9            | (3.3)       | (366.7)    | (4.9)          | (9.8)          | 4.9          | (50.0)     |
| <b>(=) Adjusted EBIT*</b>              | <b>911.7</b>   | <b>900.1</b>   | <b>11.6</b> | <b>1.3</b> | <b>2,043.3</b> | <b>1,994.4</b> | <b>48.9</b>  | <b>2.5</b> |
| Depreciation and amortization          | 598.2          | 553.1          | 45.1        | 8.2        | 1,187.9        | 1,095.0        | 92.9         | 8.5        |
| <b>(=) Adjusted EBITDA**</b>           | <b>1,509.9</b> | <b>1,453.2</b> | <b>56.7</b> | <b>3.9</b> | <b>3,231.2</b> | <b>3,089.4</b> | <b>141.8</b> | <b>4.6</b> |
| (%) Adjusted EBITDA margin             | 28.7           | 31.6           |             |            | 31.9           | 33.3           |              |            |

\* 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\$ 5,265.4 million in 2Q22, up by 14.6% over 2Q21.

Costs and expenses, which consider construction costs, totaled R\$ 4,359.6 million, up by 17.8% over 2Q21.

Adjusted EBIT, of R\$ 911.7 million, increased by 1.3% over the R\$ 900.1 million recorded in 2Q21.

Adjusted EBITDA, of R\$ 1,509.9 million, increased by 3.9% over the R\$ 1,453.2 million recorded in 2Q21 (R\$ 6,514.4 million in the last 12 months).

Adjusted EBITDA margin was 28.7% in 2Q22, compared to the 31.6% reported in 2Q21 (32.0% in the last 12 months).

Excluding the effects of revenue and construction costs, the adjusted EBITDA margin reached 36.1% in 2Q22, compared to 40.0% in 2Q21 (40.2% in the last 12 months).

The Company recorded a net income of R\$ 422.4 million in 2Q22, compared to R\$ 773.1 million in 2Q21.

## 2. Revenue from sanitation services

The gross operating revenue from sanitation services, which excludes construction revenue, totaled R\$ 4,451.5 million in 2Q22, an increase of R\$ 570.3 million (+14.7%) over the R\$ 3,881.2 million recorded in 2Q21.

The main factors that led to the increase were:

- Average tariff adjustment of 7.0% since May 2021;
- Average tariff adjustment of 12.8% since May 2022;
- Higher average tariff due to the increase in the billed volume in the commercial and public categories; and
- Increase of 1.8% in the total billed volume.

## 3. Construction revenue

Construction revenue increased by R\$ 131.8 million (+12.9%) in 2Q22, due to higher investments made.

## 4. Billed volume

The following tables show the water and sewage billed volume, on a quarter-over-quarter and year-over-year 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 |                |            |
|  | 2Q22         | 2Q21         | %          | 2Q22         | 2Q21         | %          | 2Q22           | 2Q21           | %          |
| Residential  | 465.9        | 468.4        | (0.5)      | 406.7        | 406.5        | -          | 872.6          | 874.9          | (0.3)      |
| Commercial   | 46.7         | 40.0         | 16.8       | 44.8         | 38.0         | 17.9       | 91.5           | 78.0           | 17.3       |
| Industrial   | 8.7          | 8.6          | 1.2        | 9.5          | 9.3          | 2.2        | 18.2           | 17.9           | 1.7        |
| Public   | 11.7         | 8.3          | 41.0       | 10.1         | 7.4          | 36.5       | 21.8           | 15.7           | 38.9       |
| <b>Total retail</b>  | <b>533.0</b> | <b>525.3</b> | <b>1.5</b> | <b>471.1</b> | <b>461.2</b> | <b>2.1</b> | <b>1,004.1</b> | <b>986.5</b>   | <b>1.8</b> |
| Wholesale <sup>(3)</sup>   | 12.1         | 12.5         | (3.2)      | 4.1          | 3.7          | 10.8       | 16.2           | 16.2           | -          |
| <b>Total</b>   | <b>545.1</b> | <b>537.8</b> | <b>1.4</b> | <b>475.2</b> | <b>464.9</b> | <b>2.2</b> | <b>1,020.3</b> | <b>1,002.7</b> | <b>1.8</b> |

| WATER AND SEWAGE BILLED VOLUME <sup>(1)</sup> PER CUSTOMER CATEGORY - million m <sup>3</sup> |                |                |            |              |              |            |                |                |            |
|--|----------------|----------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| Category   | Water          |                |            | Sewage       |              |            | Water + Sewage |                |            |
|  | 1H22           | 1H21           | %          | 1H22         | 1H21         | %          | 1H22           | 1H21           | %          |
| Residential  | 935.2          | 946.7          | (1.2)      | 813.4        | 817.5        | (0.5)      | 1,748.6        | 1,764.2        | (0.9)      |
| Commercial   | 91.1           | 81.5           | 11.8       | 87.7         | 77.0         | 13.9       | 178.8          | 158.5          | 12.8       |
| Industrial   | 17.0           | 17.1           | (0.6)      | 18.7         | 17.9         | 4.5        | 35.7           | 35.0           | 2.0        |
| Public   | 21.3           | 17.2           | 23.8       | 18.7         | 15.1         | 23.8       | 40.0           | 32.3           | 23.8       |
| <b>Total retail</b>  | <b>1,064.6</b> | <b>1,062.5</b> | <b>0.2</b> | <b>938.5</b> | <b>927.5</b> | <b>1.2</b> | <b>2,003.1</b> | <b>1,990.0</b> | <b>0.7</b> |
| Wholesale <sup>(3)</sup>   | 24.2           | 25.7           | (5.8)      | 9.9          | 7.6          | 30.3       | 34.1           | 33.3           | 2.4        |
| <b>Total</b>   | <b>1,088.8</b> | <b>1,088.2</b> | <b>0.1</b> | <b>948.4</b> | <b>935.1</b> | <b>1.4</b> | <b>2,037.2</b> | <b>2,023.3</b> | <b>0.7</b> |

| WATER AND SEWAGE BILLED VOLUME <sup>(1)</sup> PER REGION - million m <sup>3</sup> |       |       |       |        |       |       |                |       |       |
|---|-------|-------|-------|--------|-------|-------|----------------|-------|-------|
| Region  | Water |       |       | Sewage |       |       | Water + Sewage |       |       |
|   | 2Q22  | 2Q21  | %     | 2Q22   | 2Q21  | %     | 2Q22           | 2Q21  | %     |
| Metropolitan  | 359.3 | 362.9 | (1.0) | 316.8  | 318.5 | (0.5) | 676.1          | 681.4 | (0.8) |
| Regional <sup>(2)</sup>   | 173.7 | 162.4 | 7.0   | 154.3  | 142.7 | 8.1   | 328.0          | 305.1 | 7.5   |

|                          |                |                |            |               |              |            |                       |                |            |
|--------------------------|----------------|----------------|------------|---------------|--------------|------------|-----------------------|----------------|------------|
| <b>Total retail</b>      | <b>533.0</b>   | <b>525.3</b>   | <b>1.5</b> | <b>471.1</b>  | <b>461.2</b> | <b>2.1</b> | <b>1,004.1</b>        | <b>986.5</b>   | <b>1.8</b> |
| Wholesale <sup>(3)</sup> | 12.1           | 12.5           | (3.2)      | 4.1           | 3.7          | 10.8       | 16.2                  | 16.2           | -          |
| <b>Total</b>             | <b>545.1</b>   | <b>537.8</b>   | <b>1.4</b> | <b>475.2</b>  | <b>464.9</b> | <b>2.2</b> | <b>1,020.3</b>        | <b>1,002.7</b> | <b>1.8</b> |
|                          | <b>Water</b>   |                |            | <b>Sewage</b> |              |            | <b>Water + Sewage</b> |                |            |
| <b>Region</b>            | <b>1H22</b>    | <b>1H21</b>    | <b>%</b>   | <b>1H22</b>   | <b>1H21</b>  | <b>%</b>   | <b>1H22</b>           | <b>1H21</b>    | <b>%</b>   |
| Metropolitan             | 713.7          | 722.4          | (1.2)      | 627.9         | 629.8        | (0.3)      | 1,341.6               | 1,352.2        | (0.8)      |
| Regional <sup>(2)</sup>  | 350.9          | 340.1          | 3.2        | 310.6         | 297.7        | 4.3        | 661.5                 | 637.8          | 3.7        |
| <b>Total retail</b>      | <b>1,064.6</b> | <b>1,062.5</b> | <b>0.2</b> | <b>938.5</b>  | <b>927.5</b> | <b>1.2</b> | <b>2,003.1</b>        | <b>1,990.0</b> | <b>0.7</b> |
| Wholesale <sup>(3)</sup> | 24.2           | 25.7           | (5.8)      | 9.9           | 7.6          | 30.3       | 34.1                  | 33.3           | 2.4        |
| <b>Total</b>             | <b>1,088.8</b> | <b>1,088.2</b> | <b>0.1</b> | <b>948.4</b>  | <b>935.1</b> | <b>1.4</b> | <b>2,037.2</b>        | <b>2,023.3</b> | <b>0.7</b> |

1. Unaudited 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\$ 659.6 million in 2Q22 (+17.8%). Excluding construction costs, the increase was R\$ 530.0 million (+19.6%).

Costs, administrative and selling expenses, and construction costs as a percentage of net revenue were 82.8% in 2Q22, compared to 80.5% in 2Q21.

R\$ million

|  | 2Q22           | 2Q21           | Var. (R\$)   | %           | 1H22           | 1H21           | Var. (R\$)   | %           |
|--|----------------|----------------|--------------|-------------|----------------|----------------|--------------|-------------|
| Salaries, payroll charges and benefits, and Pension plan obligations | 776.0          | 678.3          | 97.7         | 14.4        | 1,444.2        | 1,299.8        | 144.4        | 11.1        |
| General supplies   | 109.5          | 78.0           | 31.5         | 40.4        | 181.4          | 146.3          | 35.1         | 24.0        |
| Treatment supplies   | 142.5          | 82.3           | 60.2         | 73.1        | 289.8          | 181.3          | 108.5        | 59.8        |
| Services   | 599.4          | 480.2          | 119.2        | 24.8        | 1,111.4        | 984.1          | 127.3        | 12.9        |
| Electricity  | 376.1          | 340.7          | 35.4         | 10.4        | 788.0          | 699.6          | 88.4         | 12.6        |
| General expenses   | 356.7          | 325.7          | 31.0         | 9.5         | 635.8          | 584.6          | 51.2         | 8.8         |
| Tax expenses   | 18.8           | 17.7           | 1.1          | 6.2         | 37.9           | 35.0           | 2.9          | 8.3         |
| <b>Subtotal</b>  | <b>2,379.0</b> | <b>2,002.9</b> | <b>376.1</b> | <b>18.8</b> | <b>4,488.5</b> | <b>3,930.7</b> | <b>557.8</b> | <b>14.2</b> |
| Depreciation and amortization  | 598.2          | 553.1          | 45.1         | 8.2         | 1,187.9        | 1,095.0        | 92.9         | 8.5         |
| Allowance for doubtful accounts                                      | 252.9          | 144.1          | 108.8        | 75.5        | 430.6          | 265.3          | 165.3        | 62.3        |
| <b>Subtotal</b>  | <b>851.1</b>   | <b>697.2</b>   | <b>153.9</b> | <b>22.1</b> | <b>1,618.5</b> | <b>1,360.3</b> | <b>258.2</b> | <b>19.0</b> |
| <b>Costs, administrative &amp; selling expenses</b>                  | <b>3,230.1</b> | <b>2,700.1</b> | <b>530.0</b> | <b>19.6</b> | <b>6,107.0</b> | <b>5,291.0</b> | <b>816.0</b> | <b>15.4</b> |
| Construction costs   | 1,129.5        | 999.9          | 129.6        | 13.0        | 1,997.0        | 2,000.2        | (3.2)        | (0.2)       |
| <b>Costs, adm &amp; selling expenses, and construction costs</b>     | <b>4,359.6</b> | <b>3,700.0</b> | <b>659.6</b> | <b>17.8</b> | <b>8,104.0</b> | <b>7,291.2</b> | <b>812.8</b> | <b>11.1</b> |
| % of net revenue   | 82.8           | 80.5           |              |             | 80.0           | 78.6           |              |             |

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

Increase of R\$ 97.7 million (+14.4%) in 2Q22, mainly due to the application of 1% referring to the Career and Salary Plan in February 2022, and an average salary adjustment of 12.9% in May 2022, partially offset by the 2.3% decline in the average number of employees.

### General supplies

Increase of R\$ 31.5 million (+40.4%), mainly the:

- R\$ 9.5 million for the maintenance of water and sewage systems, connections, and networks;

- R\$ 8.2 million with fuel and lubricants, due to higher prices and an increased volume of field works in 2Q22 as a result of the cooling off of the COVID-19 pandemic; and
- R\$ 3.2 million with conservation of properties and facilities.

## Treatment supplies

Increase of R\$ 60.2 million (+73.1%), mainly due to higher product prices and higher use of algacides, coagulants, and disinfectants in several Water Treatment Plants to maintain the quality of raw water.

## Services

Service expenses totaled R\$ 599.4 million, an increase of R\$ 119.2 million (+24.8%) over the R\$ 480.2 million recorded in 2Q21. The main increases were:

- R\$ 18.8 million for the maintenance of water and sewage systems;
- R\$ 18.4 million with technical services, especially IT technical support;
- R\$ 17.8 million with paving and replacing of sidewalks;
- R\$ 15.1 million with surveillance;
- R\$ 13.3 million with customer service channels; and
- R\$ 5.8 million with conservation of properties and facilities.

## Electricity

Electricity expenses totaled R\$ 376.1 million in 2Q22, an increase of R\$ 35.4 million (+10.4%) over the R\$ 340.7 million recorded in 2Q21. The Free Market Tariffs (ACL) accounted for 49.3% of total expenses in 2Q22 (51.0% in 2Q21) while the Regulated Market Tariffs (ACR) accounted for 50.7% (49.0% in 2Q21).

The main factors that contributed to this variation were:

- Average increase of 6.6% in ACL prices (includes Grid Market Tariffs - TUSD), with a 3.7% decrease in consumption; and
- Average increase of 28.8% in ACR tariffs, with a 20.0% decrease in consumption.

## General expenses

Increase of R\$ 31.0 million (+9.5%), totaling R\$ 356.7 million in 2Q22, compared to the R\$ 325.7 million recorded in 2Q21, mainly from the higher provision for transfer to the Municipal Funds for Environmental Sanitation and Infrastructure, of R\$ 23.7 million.

Expenses with municipal transfers totaled R\$ 172.2 million in 2Q22, compared to the R\$ 148.6 million reported in 2Q21 (+15.9%), mainly due to higher operating revenue reported in 2Q22.

## Depreciation and amortization

The R\$ 45.1 million increase (+8.2%) was due to the beginning of operations of intangible assets, totaling R\$ 3.7 billion.

## Allowance for doubtful accounts

Increase of R\$ 108.8 million, from R\$ 144.1 million in 2Q21 to R\$ 252.9 million in 2Q22, due to higher provisioning arising from the increase in delinquency in 2Q22.

## 6. Financial result

|                                       | <i>R\$ million</i> |              |                |                |
|---------------------------------------|--------------------|--------------|----------------|----------------|
|                                       | 2Q22               | 2Q21         | Var. (R\$)     | %              |
| Financial expenses, net of income     | (157.2)            | (134.9)      | (22.3)         | 16.5           |
| Monetary and exchange variations, net | (167.2)            | 383.7        | (550.9)        | (143.6)        |
| <b>Financial Result</b>               | <b>(324.4)</b>     | <b>248.8</b> | <b>(573.2)</b> | <b>(230.4)</b> |

### Financial expenses, net of revenue

|   | <i>R\$ million</i> |                |                |             |
|---|--------------------|----------------|----------------|-------------|
|   | 2Q22               | 2Q21           | Var. (R\$)     | %           |
| Financial expenses  |                    |                |                |             |
| Interest and charges on domestic loans and financing      | (215.8)            | (106.6)        | (109.2)        | 102.4       |
| Interest and charges on international loans and financing | (9.8)              | (10.4)         | 0.6            | (5.8)       |
| Other financial expenses                                  | (92.7)             | (74.8)         | (17.9)         | 23.9        |
| <b>Total financial expenses</b>                           | <b>(318.3)</b>     | <b>(191.8)</b> | <b>(126.5)</b> | <b>66.0</b> |
| Financial revenue   | 161.1              | 56.9           | 104.2          | 183.1       |
| <b>Financial expenses, net of revenue</b>                 | <b>(157.2)</b>     | <b>(134.9)</b> | <b>(22.3)</b>  | <b>16.5</b> |

The main impacts resulted from:

- Increase of R\$ 109.2 million in interest and charges on domestic loans and financing, mainly due to: (i) higher interest on debentures, of R\$ 63.8 million, mainly from the proceeds of the 28th, 29th, and 30th issuances; and (ii) rise in the average DI rate (from 3.24% in 2Q21 to 12.38% in 2Q22), which impacted interest on several domestic borrowings;
- Increase of R\$ 17.9 million in other financial expenses, mostly due to higher recognition of interest on lawsuits in 2Q22; and
- Increase of R\$ 104.2 million in financial revenues, mainly on financial investments in 2Q22, as a result of the higher average DI rate.

### Monetary and exchange variation, net

|  | <i>R\$ million</i> |              |                |                |
|--|--------------------|--------------|----------------|----------------|
|  | 2Q22               | 2Q21         | Var. (R\$)     | %              |
| Monetary and exchange variations on liabilities              |                    |              |                |                |
| Monetary variations on loans and financing                   | (91.3)             | (43.0)       | (48.3)         | 112.3          |
| Exchange variations on loans and financing                   | (64.8)             | 442.3        | (507.1)        | (114.7)        |
| Other monetary variations                                    | (80.1)             | (52.2)       | (27.9)         | 53.4           |
| <b>Total monetary and exchange variations on liabilities</b> | <b>(236.2)</b>     | <b>347.1</b> | <b>(583.3)</b> | <b>(168.0)</b> |
| Monetary and exchange variations on assets                   | 69.0               | 36.6         | 32.4           | 88.5           |
| <b>Monetary and exchange variations, net</b>                 | <b>(167.2)</b>     | <b>383.7</b> | <b>(550.9)</b> | <b>(143.6)</b> |

The effect of net monetary and exchange variations was R\$ 550.9 million in 2Q22, higher than in 2Q21, mainly from:

- R\$ 48.3 million increase in monetary variations on loans and financing, due to the rise in the Amplified Consumer Price Index (IPCA) (from 1.68% in 2Q21 to 2.22% in 2Q22), and the 29th issuance of debenture;

- R\$ 507.1 million increase in exchange variations on loans and financing, due to the appreciation of the U.S. dollar and the depreciation of the Yen against the Real in 2Q22 (10.6% and -1.1%, respectively), when compared to the depreciation recorded in both currencies in 2Q21 (-12.2% and -12.6%, respectively);
- R\$ 27.9 million increase in other monetary variations, due to: (i) higher monetary variation on lawsuits, of R\$ 17.7 million; and (ii) higher monetary variation on asset leases, of R\$ 8.1 million, due to the rise of Consumer Price Index (IPC) in the quarter; and
- Increase of R\$ 32.4 million in monetary and exchange variation on assets, mainly due to higher adjustments on installment payment agreements and overdue invoices in 2Q22.

## 7. Income tax and social contribution

The R\$ 207.6 million decrease in 2Q22 was mainly due to:

- Higher costs and expenses, of R\$ 530.0 million;
- Negative exchange variation, of R\$ 507.1 million, from revenue of R\$ 442.3 million in 2Q21 to an expense of R\$ 64.8 million in 2Q22; and
- Higher net operating revenue, of R\$ 669.5 million.

## 8. Indicators

### a) Operating

| Operating indicators*                              | 2Q22   | 2Q21   | %     |
|--|--------|--------|-------|
| Water connections <sup>(1)</sup>                   | 9,916  | 10,174 | (2.5) |
| Sewage connections <sup>(1)</sup>                  | 8,500  | 8,608  | (1.3) |
| Population directly served - water <sup>(2)</sup>  | 27.8   | 27.6   | 0.7   |
| Population directly served - sewage <sup>(2)</sup> | 24.6   | 24.5   | 0.4   |
| Number of employees                                | 12,381 | 12,667 | (2.3) |

1. Total connections, active and inactive, in thousand units at the end of the period. Excludes Mauá
2. In million inhabitants, at the end of the period. Excludes wholesale

\* Not reviewed by external auditors

### b) Economic

| Economic variables at the end of the quarter* | 2Q22    | 2Q21    |
|---|---------|---------|
| Amplified Consumer Price Index <sup>(1)</sup> | 2.22    | 1.68    |
| National Consumer Price Index <sup>(1)</sup>  | 2.12    | 1.95    |
| Consumer Price Index <sup>(1)</sup>           | 2.33    | 1.67    |
| Interbank Deposit Certificate <sup>(2)</sup>  | 12.38   | 3.24    |
| U.S. dollar <sup>(3)</sup>                    | 5.2380  | 5.0022  |
| Yen <sup>(3)</sup>                            | 0.03860 | 0.04505 |

1. Accrued in the quarter (%)
2. Average rate in the quarter (%)
3. Ptax sale rate on the last day

\* Not reviewed by external auditors



## 9. Loans and financing

On July 15 and 26, 2022, Sabesp raised R\$ 466 million and R\$ 760 million referring to the financing contracts executed with IDB Invest and International Finance Corporation - IFC, respectively.

The funds from IDB Invest will be used for expansion works of the sanitation system in the Metropolitan Region of São Paulo to support Sabesp's counterpart in the IDB financing for Stage IV of the Tietê Project. The total financing term is 14.5 years and it has a grace period of one year.

The funds from IFC will be used for works in the New Pinheiros River, a state program to expand sewage collection and treatment in the basin, aiming at the river's clean-up by December 2022, as well as to improve water and sewage systems in coastal municipalities of the São Paulo State. The funds will also be used for the construction of a new water main in the São Lourenço System, in Greater São Paulo. Under the financing, Sabesp, in partnership with IFC, is carrying out the first blue loan transaction of Latin America, which consists of an innovative instrument by which the funds raised are certified and monitored to ensure the sustainable use of resources for economic growth and livelihood improvements, preserving the health of oceans and rivers. The total financing term is 10.5 years and it has a grace period of up to one year.

R\$ thousand

| INSTITUTION                      | DEBT PROFILE   |                  |                  |                  |                  |                  |                  | TOTAL             | % of total |
|----------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------|
|                                  | 2022           | 2023             | 2024             | 2025             | 2026             | 2027             | 2028 onwards     |                   |            |
| <b>Local Currency</b>            |                |                  |                  |                  |                  |                  |                  |                   |            |
| Debentures                       | 59,586         | 739,210          | 1,073,347        | 1,203,403        | 1,092,291        | 1,709,755        | 2,108,794        | 7,986,386         | 45         |
| Caixa Econômica Federal          | 51,260         | 97,083           | 96,530           | 102,565          | 108,980          | 115,784          | 936,957          | 1,509,159         | 9          |
| BNDES                            | 105,137        | 203,541          | 196,851          | 176,661          | 166,842          | 154,365          | 282,845          | 1,286,242         | 7          |
| IDB 2202                         | 90,674         | 181,349          | 181,349          | 181,349          | 181,349          | 181,349          | 1,438,136        | 2,435,555         | 14         |
| IDB INVEST                       | 18,670         | 37,340           | 39,550           | 44,300           | 106,390          | 108,728          | 554,424          | 909,402           | 5          |
| Lease <sup>(1)</sup>             | 34,693         | 46,969           | 13,308           | 8,360            | 3,786            | 619              | -                | 107,735           | 1          |
| Leasing (others) <sup>(2)</sup>  | 40,854         | 43,405           | 46,111           | 35,905           | 31,352           | 34,406           | 146,642          | 378,675           | 2          |
| Others                           | 2,964          | 6,228            | 2,966            | 2,734            | 141              | -                | -                | 15,033            | -          |
| Interest and other charges       | 393,324        | 10,037           | -                | -                | -                | -                | -                | 403,361           | 2          |
| <b>Total in Local Currency</b>   | <b>797,162</b> | <b>1,365,162</b> | <b>1,650,012</b> | <b>1,755,277</b> | <b>1,691,131</b> | <b>2,305,006</b> | <b>5,467,798</b> | <b>15,031,548</b> | <b>85</b>  |
| <b>Foreign Currency</b>          |                |                  |                  |                  |                  |                  |                  |                   |            |
| IDB                              | 26,918         | 53,837           | 53,837           | 60,649           | 13,624           | 13,624           | 207,457          | 429,946           | 2          |
| IBRD                             | 15,923         | 31,845           | 31,845           | 31,845           | 31,845           | 31,845           | 204,531          | 379,679           | 2          |
| JICA                             | 82,813         | 165,625          | 165,625          | 165,625          | 165,625          | 165,625          | 920,379          | 1,831,317         | 10         |
| IDB 1983AB                       | -              | 39,910           | -                | -                | -                | -                | -                | 39,910            | 1          |
| Interest and other charges       | 14,204         | -                | -                | -                | -                | -                | -                | 14,204            | -          |
| <b>Total in Foreign Currency</b> | <b>139,858</b> | <b>291,217</b>   | <b>251,307</b>   | <b>258,119</b>   | <b>211,094</b>   | <b>211,094</b>   | <b>1,332,367</b> | <b>2,695,056</b>  | <b>15</b>  |
| <b>Total</b>                     | <b>937,020</b> | <b>1,656,379</b> | <b>1,901,319</b> | <b>2,013,396</b> | <b>1,902,225</b> | <b>2,516,100</b> | <b>6,800,165</b> | <b>17,726,604</b> | <b>100</b> |

1. Concession Agreements, Program Contracts and Contract Asset. Refers to work contracts signed as assets leases
2. Obligations related to leasing agreements, mainly vehicle leases

## Covenants

The table below shows the most restrictive clauses in 2Q22:

|   | Covenants                    |
|---|------------------------------|
| 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.

As of June 30, 2022, the Company had met the requirements of its borrowing and financing agreements.

## 10. CAPEX

Investments totaled R\$ 1,240.1 million in 2Q22, presented as additions in the notes to the Quarterly Information under Contract Asset, Intangible Assets, and Property, Plant and Equipment, of R\$ 1,213.1 million, R\$ 12.8 million, and R\$ 14.2 million, respectively. Cash disbursed referring to the Company's investments, including from previous periods, totaled R\$ 857.2 million.

The table below shows investments in the 2Q22 broken down by water, sewage, and region:

|                     | <i>R\$ million</i> |              |                |
|---------------------|--------------------|--------------|----------------|
| Investment          | Water              | Sewage       | Total          |
| Metropolitan Region | 423.8              | 480.9        | 904.7          |
| Regional Systems    | 164.2              | 171.2        | 335.4          |
| <b>Total</b>        | <b>588.0</b>       | <b>652.1</b> | <b>1,240.1</b> |



## Conference

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

**August 16, 2022 – Tuesday**

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

[Click here](#) for the webcast

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## Income Statement

| Brazilian Corporate Law                                   | R\$ '000         |                  |
|---|------------------|------------------|
|   | 2Q22             | 2Q21             |
| <b>Net Operating Income</b>                               | <b>5,265,400</b> | <b>4,595,919</b> |
| Operating Costs   | (3,531,903)      | (3,063,427)      |
| <b>Gross Profit</b>                                       | <b>1,733,497</b> | <b>1,532,492</b> |
| <b>Operating Expenses</b>                                 |                  |                  |
| Selling   | (233,525)        | (199,661)        |
| Estimated losses with doubtful accounts                   | (252,932)        | (144,101)        |
| Administrative expenses                                   | (341,202)        | (292,774)        |
| Other operating revenue (expenses), net                   | 2,351            | (899)            |
| <b>Operating Income Before Shareholdings</b>              | <b>908,189</b>   | <b>895,057</b>   |
| Equity Result   | 5,923            | 4,161            |
| <b>Earnings Before Financial Results, net</b>             | <b>914,112</b>   | <b>899,218</b>   |
| Financial, net  | (261,419)        | (192,649)        |
| Exchange gain (loss), net                                 | (62,955)         | 441,462          |
| <b>Earnings before Income Tax and Social Contribution</b> | <b>589,738</b>   | <b>1,148,031</b> |
| <b>Income Tax and Social Contribution</b>                 |                  |                  |
| Current   | (180,174)        | (374,219)        |
| Deferred  | 12,894           | (760)            |
| <b>Net Income for the period</b>                          | <b>422,458</b>   | <b>773,052</b>   |
| <b>Registered common shares ('000)</b>                    | <b>683,509</b>   | <b>683,509</b>   |
| <b>Earnings per shares - R\$ (per share)</b>              | <b>0.62</b>      | <b>1.13</b>      |
| <b>Depreciation and Amortization</b>                      | <b>(598,165)</b> | <b>(553,055)</b> |
| <b>Adjusted EBITDA</b>                                    | <b>1,509,926</b> | <b>1,453,172</b> |
| % over net revenue  | 28.7%            | 31.6%            |

## Balance Sheet

| Brazilian Corporate Law                     |                   | R\$ '000          |
|---|-------------------|-------------------|
| ASSETS                                      | 06/30/2022        | 12/31/2021        |
| <b>Current assets</b>                       |                   |                   |
| Cash and cash equivalents                   | 643,569           | 717,929           |
| Financial investments                       | 1,967,901         | 2,433,385         |
| Trade receivables                           | 2,861,512         | 2,695,077         |
| Related parties and transactions            | 206,492           | 173,657           |
| Inventories                                 | 122,879           | 113,506           |
| Restricted cash                             | 31,592            | 28,467            |
| Current recoverable taxes                   | 287,213           | 276,104           |
| Other assets                                | 88,557            | 64,873            |
| <b>Total current assets</b>                 | <b>6,209,715</b>  | <b>6,502,998</b>  |
| <b>Noncurrent assets</b>                    |                   |                   |
| Trade receivables                           | 254,712           | 223,234           |
| Related parties and transactions            | 648,143           | 644,895           |
| Escrow deposits                             | 155,592           | 141,667           |
| National Water and Sanitation Agency – ANA  | 16,566            | 20,666            |
| Other assets                                | 163,214           | 161,369           |
| Equity investments                          | 86,991            | 79,437            |
| Investment properties                       | 46,102            | 46,126            |
| Contract assets                             | 9,007,636         | 8,550,102         |
| Intangible assets                           | 37,067,139        | 36,503,834        |
| Property, plant and equipment               | 297,228           | 291,157           |
| <b>Total noncurrent assets</b>              | <b>47,743,323</b> | <b>46,662,487</b> |
| <b>Total assets</b>                         | <b>53,953,038</b> | <b>53,165,485</b> |
| LIABILITIES AND EQUITY                      | 06/30/2022        | 12/31/2021        |
| <b>Current liabilities</b>                  |                   |                   |
| Trade payables                              | 311,737           | 236,763           |
| Borrowings and financing                    | 1,789,406         | 1,830,617         |
| Accrued payroll and related charges         | 459,173           | 426,616           |
| Taxes and contributions                     | 201,555           | 257,130           |
| Dividends and interest on capital payable   | 576               | 548,006           |
| Provisions                                  | 863,116           | 809,821           |
| Services payable                            | 581,437           | 469,027           |
| Public-Private Partnership – PPP            | 165,597           | 142,757           |
| Program Contract Commitments                | 99,973            | 77,652            |
| Other liabilities                           | 303,144           | 294,538           |
| <b>Total current liabilities</b>            | <b>4,775,714</b>  | <b>5,092,927</b>  |
| <b>Noncurrent liabilities</b>               |                   |                   |
| Borrowings and financing                    | 15,937,198        | 15,893,219        |
| Deferred income tax and social contribution | 280,003           | 283,739           |

# Earnings Results 2022



|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Deferred Cofins and Pasep           | 160,677           | 159,456           |
| Provisions                          | 644,764           | 638,672           |
| Pension obligations                 | 2,305,323         | 2,321,662         |
| Public-Private Partnership – PPP    | 2,824,281         | 2,917,428         |
| Program Contract Commitments        | 12,760            | 44,995            |
| Other liabilities                   | 738,092           | 881,528           |
| <b>Total noncurrent liabilities</b> | <b>22,903,098</b> | <b>23,140,699</b> |
| <b>Total liabilities</b>            | <b>27,678,812</b> | <b>28,233,626</b> |
| <b>Equity</b>                       |                   |                   |
| Paid-up capital                     | 15,000,000        | 15,000,000        |
| Profit reserve                      | 9,829,855         | 9,885,485         |
| Other comprehensive income          | 46,374            | 46,374            |
| Retained earnings                   | 1,397,997         | -                 |
| <b>Total equity</b>                 | <b>26,274,226</b> | <b>24,931,859</b> |
| <b>Total equity and liabilities</b> | <b>53,953,038</b> | <b>53,165,485</b> |

## Cash Flow

| Brazilian Corporate Law   | R\$ '000         |                  |
|---|------------------|------------------|
|   | Jan-Jun<br>2022  | Jan-Jun<br>2021  |
| <b>Cash flow from operating activities</b>  |                  |                  |
| <b>Profit before income tax and social contribution</b>                           | <b>2,063,940</b> | <b>1,898,646</b> |
| <b>Adjustment for Net income reconciliation:</b>                                  |                  |                  |
| Depreciation and amortization   | 1,187,911        | 1,095,106        |
| Residual value of property, plant and equipment and intangible assets written-off | 6,132            | 4,961            |
| Allowance for doubtful accounts   | 430,626          | 265,152          |
| Provision and inflation adjustment  | 196,108          | 111,294          |
| Interest calculated on loans and financing payable                                | 467,713          | 290,429          |
| Inflation adjustment and foreign exchange gains (losses) on loans and financing   | (367,162)        | (209,361)        |
| Interest and inflation adjustment losses  | 16,962           | 18,805           |
| Interest and inflation adjustment gains   | (23,479)         | (51,190)         |
| Financial charges from customers  | (192,460)        | (175,324)        |
| Margin on intangible assets arising from concession                               | (45,930)         | (46,005)         |
| Provision for Consent Decree (TAC) and Knowledge retention program (KRP)          | (650)            | 3,214            |
| Equity result   | (11,506)         | (12,215)         |
| Interest and inflation adjustment (Public-Private Partnership)                    | 245,923          | 225,623          |
| Provision from São Paulo agreement  | 277,747          | 128,265          |
| Pension obligations   | 94,333           | 90,730           |
| Other adjustments   | 7,639            | (19,510)         |
|   | <b>4,353,847</b> | <b>3,618,620</b> |
| <b>Changes in assets</b>  |                  |                  |
| Trade accounts receivable   | (430,272)        | (167,184)        |
| Accounts receivable from related parties  | (13,148)         | 25,505           |
| Inventories   | (9,373)          | (4,018)          |
| Recoverable taxes   | (11,109)         | (678,601)        |
| Escrow deposits   | 3,418            | 30,732           |
| Other assets  | (17,477)         | 4,763            |
| <b>Changes in liabilities</b>   |                  |                  |
| Trade payables and contractors  | (223,755)        | (242,244)        |
| Services payable  | (165,337)        | (85,480)         |
| Accrued payroll and related charges   | 33,207           | 3,974            |
| Taxes and contributions payable   | (64,599)         | 665,664          |
| Deferred Cofins/Pasep   | 1,221            | 3,156            |
| Provisions  | (136,721)        | (89,656)         |
| Pension obligations   | (110,672)        | (100,547)        |
| Other liabilities   | (209,921)        | (24,973)         |
| <b>Cash generated from operations</b>   | <b>2,999,309</b> | <b>2,959,711</b> |
| Interest paid   | (574,784)        | (312,268)        |
| Income tax and contribution paid  | (660,655)        | (674,414)        |
| <b>Net cash generated from operating activities</b>                               | <b>1,763,870</b> | <b>1,973,029</b> |
| <b>Cash flows from investing activities</b>                                       |                  |                  |

|   |                    |                    |
|---|--------------------|--------------------|
| Acquisition of contract assets and intangible assets    | (1,494,633)        | (1,472,725)        |
| Restricted cash   | (3,125)            | 7,792              |
| Financial investments                                   | 442,878            | 730,905            |
| Purchases of tangible assets                            | (22,800)           | (12,873)           |
| <b>Net cash used in investing activities</b>            | <b>(1,077,680)</b> | <b>(746,901)</b>   |
| <b>Cash flow from financing activities</b>              |                    |                    |
| Loans and financing                                     |                    |                    |
| Proceeds from loans                                     | 1,181,233          | 141,922            |
| Repayments of loans                                     | (1,007,862)        | (915,804)          |
| Payment of interest on shareholders' equity             | (603,541)          | (254,218)          |
| Public-Private Partnership – PPP                        | (316,230)          | (288,603)          |
| Program Contract Commitments                            | (14,150)           | (55,894)           |
| <b>Net cash used in financing activities</b>            | <b>(760,550)</b>   | <b>(1,372,597)</b> |
| <b>Increase/(decrease) in cash and cash equivalents</b> | <b>(74,360)</b>    | <b>(146,469)</b>   |
| <b>Represented by:</b>                                  |                    |                    |
| Cash and cash equivalents at beginning of the year      | 717,929            | 396,401            |
| Cash and cash equivalents at end of the year            | 643,569            | 249,932            |
| <b>Increase/(decrease) in cash and cash equivalents</b> | <b>(74,360)</b>    | <b>(146,469)</b>   |