



# EARNINGS RESULTS 4Q23

## **Videoconference**

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

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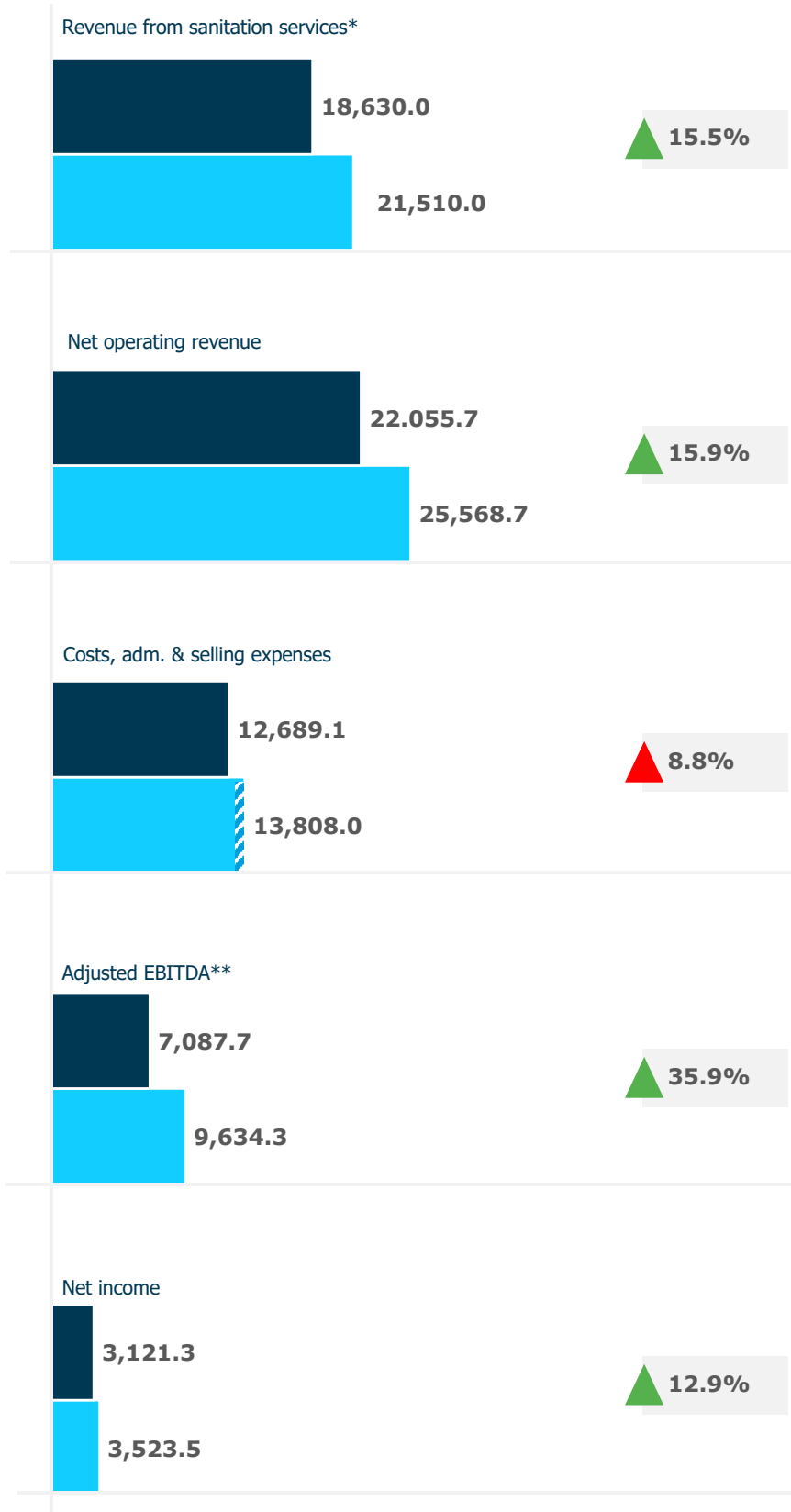
### SABESP announces 4Q23 results

**São Paulo, March 21, 2024** - 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, announces today its **2023 results**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reals, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the results of the controlling company and same period of 2022.

**SBSP3:** R\$ 78.74/share  
**SBS:** US\$ 15.67 (ADR=1 share)  
**Total shares:** 683.509.869  
**Market value:** R\$ 53.82 billion  
**Closing quote:** 03/21/2024



R\$ Million



■ 2022 ■ 2023 ▨ IDP

(\*) Does not include construction revenue  
(\*\*) Excluding the Incentivized Dismissal Program - IDP



## HIGHLIGHTS

In 2023, adjusted EBITDA totaled R\$ 9,634.3 million, up by R\$ 2,546.6 million (+35.9%) over the R\$ 7,087.7 million reported in 2022, excluding the effects of the Incentivized Dismissal Program (IDP). Consequently, the EBITDA margin adjusted to the IDP reached 37.7% compared to 32.1% in 2022, and the adjusted EBITDA margin (excluding both the IDP and the construction revenue) reached 48.2% compared to the 41.2% previously reported.

**01.** Including the effects of the IDP, adjusted EBITDA totaled R\$ 9,104.7 million, up by R\$ 2,017.0 million over the R\$ 7,087.7 million reported in 2022.

Excluding the provision for the IDP, net income came to R\$ 4,053.1 million in 2023, up by R\$ 931.8 million (+29.9%). Considering the effect of the IDP, net income reached R\$ 3,523.5 million in 2023, compared to the R\$ 3,121.3 million reported in 2022, an increase of R\$ 402.2 million (+12.9%).

### Incentivized Dismissal Program - IDP

**02.** In 2023, the Company implemented the IDP to reduce to structurely reduce its workforce. The deadline for registrations in the IDP was from June 01 to 30, 2023, and had the adhesion of 1,862 employees, whose employment terminations started in from July 01, 2023 and will occur until June 30, 2024. In December 2023, 923 employees were scheduled for dismissal.

In June 2023, the Company recorded a provision of R\$ 529.6 million for the indemnity incentives of the employees who joined the program, with a payback slightly higher than 12 months.

### Revenue from sanitation services

**03.** Increase of R\$ 2,880.0 million (+15.5%), impacted by (i) a 12.8% tariff adjustment implemented since May 2022; (ii) a 9.6% tariff adjustment implemented since May 2023; (iii) a 3.0% increase in total billed volume; and (iv) increase in the average tariff due to higher volume billed in the non-residential category.

### Impacts from the exchange variation

**04.** In 2023, the positive exchange variation was smaller than that reported in 2022, due to the lower depreciation of the Yen compared to the depreciation that occurred in 2022, as shown below:

	2023	2022
Foreign currency debt - R\$ million	2,745.9	2,775.8
Foreign currency debt as a percentage of total debt - %	14.1	15.0
U.S. dollar variation in the year - %	(7.2)	(6.5)
Yen variation in the year - %	(13.5)	(18.4)

**05. Water supply and sanitation services in the Municipality of Estância Turística de Olímpia**

On December 11, 2023, the municipality of Olímpia started being served:

# 1. RESULT FOR THE PERIOD

R\$ million

	2023	2022	Var. (R\$)	%	4Q23	4Q22	Var. (R\$)	%
Revenue from sanitation services	21,510.0	18,630.0	2,880.0	15.5	5,869.1	4,867.9	1,001.2	20.6
COFINS and PASEP/TRCF taxes	(1,541.6)	(1,438.0)	(103.6)	7.2	(431.3)	(406.3)	(25.0)	6.2
<b>(=) Revenue from sanitation services, net</b>	<b>19,968.4</b>	<b>17,192.0</b>	<b>2,776.4</b>	<b>16.1</b>	<b>5,437.8</b>	<b>4,461.6</b>	<b>976.2</b>	<b>21.9</b>
Construction revenue	5,600.3	4,863.8	736.5	15.1	1,824.8	1,470.6	354.2	24.1
<b>(=) Net operating income</b>	<b>25,568.7</b>	<b>22,055.7</b>	<b>3,513.0</b>	<b>15.9</b>	<b>7,262.6</b>	<b>5,932.2</b>	<b>1,330.4</b>	<b>22.4</b>
Construction costs	(5,474.7)	(4,754.4)	(720.3)	15.2	(1,783.7)	(1,437.5)	(346.2)	24.1
Costs and expenses	(13,808.0)	(12,689.1)	(1,118.9)	8.8	(3,270.6)	(3,430.7)	160.1	(4.7)
Other operating income (expenses), net	27.9	8.3	19.6	236.1	(43.2)	6.2	(49.4)	(796.8)
Equity results	28.5	24.6	3.9	15.9	7.4	7.1	0.3	4.2
<b>(=) Earnings before financial result, income tax, and social contribution</b>	<b>6,342.4</b>	<b>4,645.2</b>	<b>1,697.2</b>	<b>36.5</b>	<b>2,172.5</b>	<b>1,077.3</b>	<b>1,095.2</b>	<b>101.7</b>
Financial result	(1,588.8)	(372.4)	(1,216.4)	326.6	(886.3)	(506.7)	(379.6)	74.9
<b>(=) Earnings before income tax and social contribution</b>	<b>4,753.6</b>	<b>4,272.8</b>	<b>480.8</b>	<b>11.3</b>	<b>1,286.2</b>	<b>570.6</b>	<b>715.6</b>	<b>125.4</b>
Income tax and social contribution	(1,230.1)	(1,151.5)	(78.6)	6.8	(99.9)	71.6	(171.5)	(239.5)
<b>(=) Net income</b>	<b>3,523.5</b>	<b>3,121.3</b>	<b>402.2</b>	<b>12.9</b>	<b>1,186.3</b>	<b>642.2</b>	<b>544.1</b>	<b>84.7</b>
Earnings per share (R\$)*	5.16	4.57			1.74	0.94		

\* Number of shares = 683,509,869

## ADJUSTED EBITDA RECONCILIATION (NON-ACCOUNTING MEASURES)

R\$ million

	2023	2022	Var. (R\$)	%	4Q23	4Q22	Var. (R\$)	%
Net income	3,523.5	3,121.3	402.2	12.9	1,186.3	642.2	544.1	84.7
Incentivized Dismissal Program - IDP	529.6	-	529.6	-	-	-	-	-
<b>(=) Adjusted Net Income (excluding the IDP*)</b>	<b>4,053.1</b>	<b>3,121.3</b>	<b>931.8</b>	<b>29.9</b>	<b>1,186.3</b>	<b>642.2</b>	<b>544.1</b>	<b>84.7</b>
Income tax and social contribution	1,230.1	1,151.5	78.6	6.8	99.9	(71.6)	171.5	(239.5)
Financial result	1,588.8	372.4	1,216.4	326.6	886.3	506.7	379.6	74.9
Other operating income (expenses), net	(27.9)	(8.3)	(19.6)	236.1	43.2	(6.2)	49.4	(796.8)
Depreciation and amortization	2,790.2	2,450.8	339.4	13.8	748.8	649.2	99.6	15.3
<b>(=) Adjusted EBITDA (excluding the IDP)**</b>	<b>9,634.3</b>	<b>7,087.7</b>	<b>2,546.6</b>	<b>35.9</b>	<b>2,964.5</b>	<b>1,720.3</b>	<b>1,244.2</b>	<b>72.3</b>
(%) Adjusted EBITDA margin (excluding the IDP)	37.7	32.1			40.8	29.0		
(%) Adjusted EBITDA margin (excluding the IDP) on Net Revenue, excluding Construction	48.2	41.2			54.5	38.6		

\* Incentivized Dismissal Program - IDP

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

The net operating income, which includes construction revenue, totaled R\$ 25,568.7 million in 3Q23, an increase of 15.9% over 2022.

Excluding construction costs and the provision for IDP, costs and expenses totaled R\$ 13,278.4 million, an increase of R\$ 589.3 million (+4.6%). Considering the IDP, costs and expenses totaled R\$ 13,808.0 million, an increase of R\$ 1,118.9 million (+8.8%).

Excluding the effects of the IDP, adjusted EBITDA was R\$ 9,634.3 million in 2023, with an adjusted EBITDA margin of 37.7%.

The Company recorded a net income of R\$ 3,523.5 million in 2023, compared to R\$ 3,121.3 million in 2022.

## 2. REVENUE FROM SANITATION SERVICES

The gross operating revenue from sanitation services, which excludes construction revenue, totaled R\$ 21,510.0 million, an increase of R\$ 2,880.0 million (+15.5%) over the R\$ 18,630.0 million recorded in 2022.

The main factors that led to the increase were:

- **Tariff adjustment of 12.8% since May 2022;**
- **Tariff adjustment of 9.6% since May 2023;**
- **Increase of 3.0% in the total billed volume; and**
- **Increase in the average tariff due to higher volume billed in the non-residential category.**

The R\$ 1,001.2 million increase (+20.6%) recorded in 4Q23 was mainly due to:

- **Tariff adjustment of 9.6% since May 2023; and**
- **Increase of 4.6% in the total billed volume.**

## 3. CONSTRUCTION REVENUE

Construction revenue increased by R\$ 736.5 million (+15.1%), due to higher investments made. Construction revenue increased by R\$ 354.2 million (+24.1%) in 4Q23.

## 4. BILLED VOLUME

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

WATER AND SEWAGE BILLED VOLUME <sup>1</sup> PER CUSTOMER CATEGORY – million m <sup>3</sup>									
Category	Water			Sewage			Water + Sewage		
	2023	2022	%	2023	2022	%	2023	2022	%
Residential	1,918.0	1,869.5	2.6	1,684.0	1,631.4	3.2	3,602.0	3,500.9	2.9
Commercial	189.2	182.1	3.9	181.1	175.9	3.0	370.3	358.0	3.4
Industrial	35.4	34.5	2.6	38.3	37.9	1.1	73.7	72.4	1.8
Public	47.1	43.7	7.8	42.4	38.9	9.0	89.5	82.6	8.4
<b>Total Retail</b>	<b>2,189.7</b>	<b>2,129.8</b>	<b>2.8</b>	<b>1,945.8</b>	<b>1,884.1</b>	<b>3.3</b>	<b>4,135.5</b>	<b>4,013.9</b>	<b>3.0</b>
Wholesale <sup>2</sup>	46.5	47.8	(2.7)	21.8	20.5	6.3	68.3	68.3	-
<b>Total</b>	<b>2,236.2</b>	<b>2,177.6</b>	<b>2.7</b>	<b>1,967.6</b>	<b>1,904.6</b>	<b>3.3</b>	<b>4,203.8</b>	<b>4,082.2</b>	<b>3.0</b>

Category	Water			Sewage			Water + Sewage		
	4Q23	4Q22	%	4Q23	4Q22	%	4Q23	4Q22	%
Residential	491.8	471.8	4.2	432.9	412.6	4.9	924.7	884.4	4.6
Commercial	48.0	45.6	5.3	46.4	44.1	5.2	94.4	89.7	5.2

Industrial	9.1	8.7	4.6	9.6	9.6	-	18.7	18.3	2.2
Public	12.5	11.2	11.6	11.3	10.2	10.8	23.8	21.4	11.2
<b>Total Retail</b>	<b>561.4</b>	<b>537.3</b>	<b>4.5</b>	<b>500.2</b>	<b>476.5</b>	<b>5.0</b>	<b>1,061.6</b>	<b>1,013.8</b>	<b>4.7</b>
Wholesale <sup>2</sup>	11.5	11.9	(3.4)	5.6	5.6	-	17.1	17.5	(2.3)
<b>Total</b>	<b>572.9</b>	<b>549.2</b>	<b>4.3</b>	<b>505.8</b>	<b>482.1</b>	<b>4.9</b>	<b>1,078.7</b>	<b>1,031.3</b>	<b>4.6</b>

1. Not reviewed by external auditors

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

## 5. COSTS, ADMINISTRATIVE & SELLING EXPENSES

Costs, administrative and selling expenses increased by R\$ 1,118.9 million in 2023 (+8.8%). Costs, administrative and selling expenses as a percentage of net revenue (excluding construction revenue) were 69.1% in 2023 compared to 73.8% in 2022.

Excluding the provision for the IDP, the increase was R\$ 589.3 million (+4.6%) and these expenses as a percentage of net revenue came to 66.5%.

R\$ million

	2023	2022	Var. (R\$)	%	4Q23	4Q22	Var. (R\$)	%
Salaries, payroll charges and benefits, and Pension plan obligations	3,650.9	2,995.7	655.2	21.9	758.4	787.0	(28.6)	(3.6)
<i>Incentivized Dismissal Program - IDP</i>	529.6	-	529.6	-	-	-	-	-
<i>Salaries, payroll charges, and benefits and Pension plan obligations (excluding the IDP)</i>	3,121.3	2,995.7	125.6	4.2	758.4	787.0	(28.6)	(3.6)
General supplies	386.1	400.2	(14.1)	(3.5)	111.7	111.0	0.7	0.6
Treatment supplies	558.5	599.0	(40.5)	(6.8)	141.8	159.3	(17.5)	(11.0)
Services	2,570.6	2,393.3	177.3	7.4	578.1	646.5	(68.4)	(10.6)
Electricity	1,516.1	1,500.5	15.6	1.0	365.5	353.2	12.3	3.5
General expenses	1,594.1	1,487.4	106.7	7.2	425.6	490.1	(64.5)	(13.2)
<i>Share of the municipal government in the collection (São Paulo)</i>	672.4	580.9	91.5	15.8	180.0	148.6	31.4	21.1
<i>Share of the municipal government in the collection (other municipalities)</i>	173.5	131.6	41.9	31.8	51.3	35.7	15.6	43.7
<i>Other general expenses</i>	748.2	774.9	(26.7)	(3.4)	194.3	305.8	(111.5)	(36.5)
Tax expenses	88.6	80.1	8.5	10.6	24.7	18.9	5.8	30.7
Depreciation and amortization	2,790.2	2,450.8	339.4	13.8	748.8	649.2	99.6	15.3
Allowance for doubtful accounts	652.9	782.1	(129.2)	(16.5)	116.0	215.5	(99.5)	(46.2)
<b>Costs, administrative &amp; selling expenses</b>	<b>13,808.0</b>	<b>12,689.1</b>	<b>1,118.9</b>	<b>8.8</b>	<b>3,270.6</b>	<b>3,430.7</b>	<b>(160.1)</b>	<b>(4.7)</b>
% of net revenue (excluding construction revenue)	69.1	73.8			60.1	76.9		
% of net revenue (excluding construction revenue and the IDP)	66.5	73.8			60.1	76.9		

### SALARIES, PAYROLL CHARGES AND BENEFITS, AND PENSION PLAN OBLIGATIONS

The R\$ 655.2 million increase (+21.9%) recorded in 2023 was mainly due to:

- **An increase of R\$ 529.6 million, due to the provision created for employees who joined the IDP;**
- **R\$ 36.1 million in health care expenses, due to higher use of services and increased average hospital costs; and**

- **The salary adjustment of 4.9% (R\$ 32.4 million) in May 2023 and the application of 1% referring to the Career and Salary Plan in February 2023, partially offset by the 5.4% decline in the average number of employees.**

The R\$ 28.6 million decrease (-3.6%) in 4Q23 compared to 4Q22 was due to the 7.7% decrease in the average number of employees, partially offset by the adjustments of the period:

## TREATMENT SUPPLIES

Treatment supplies fell by R\$ 40.5 million (-6.8%) in 2023 compared to the previous year.

Compared to 4Q22, the decrease reported in 4Q23 was R\$ 17.5 million (-11%).

The decrease in both comparison periods was mainly due to.

- **Decrease in some product prices, some of which were impacted by the international market, such as aluminum polychloride; and**
- **Greater water availability that allowed the optimization of water source usage, resulting in reduced use of algaecides, coagulants, and disinfectants. The Company manages the advancement or retreat of the Production Systems by using systems that provide the best cost-effectiveness.**

## SERVICES

Service expenses totaled R\$ 2,570.6 million, an increase of R\$ 177.3 million (+7.4%) over the R\$ 2,393.3 million recorded in 2022, the main ones as follows:

- **R\$ 105.5 million with technical services;**
- **R\$ 21.8 million with credit recovery;**
- **R\$ 19.8 million with meter reading; and**
- **R\$ 16.2 million with surveillance.**

The R\$ 68.4 million decrease (-10.6%) recorded in 4Q23 was mainly due to:

- **R\$ 44.8 million with paving; and**
- **R\$ 23.4 million with the maintenance of water and sewage networks.**

## ELECTRICITY

Electricity expenses totaled R\$ 1,516.1 million in 2023, an increase of R\$ 15.6 million (+1.0%) over the R\$ 1,500.5 million recorded in 2022. Of the total, the Free Market Tariffs (ACL) accounted for 54.2% of total expenses in 2023 (52.3% in 2022) while the Regulated Market Tariffs (ACR) accounted for 45.8% (47.7% in 2022).

The main factors that contributed to this variation were:

- **An average increase of 4.0% in ACL prices (including Grid Market Tariffs - TUSD), with a 2.8% decrease in consumption; and**
- **An average decrease of 1.1% in ACR tariffs, with a decrease of 4.6% in consumption.**

In 4Q23, the increase came to R\$ 12.3 million (+3.5%) compared to 4Q22, due to average cost volatility between the comparison periods.

## GENERAL EXPENSES

General expenses totaled R\$ 1,594.1 million in 2023, an increase of R\$ 106.7 million (+7.2%) over the R\$ 1,487.4 million recorded in 2022, mainly due to:

- **Higher provision for transfer to the Municipal Funds for Environmental Sanitation and Infrastructure, of R\$ 133.4 million; and**
- **Decrease of R\$ 37.8 million in expenses with lawsuits in 2023.**

Expenses with municipal transfers totaled R\$ 845.9 million in 2023, compared to the R\$ 712.5 million reported in 2022.

Expenses with the use of water totaled R\$ 94.2 million in 2023, compared to the R\$ 96.9 million reported in 2022.

R\$ million

Municipality	Municipal Transfers				Start
	2023	2022	Var. (R\$)	%	
São Paulo	672.4	580.9	91.5	15.8	jun/10
Taubaté	5.6	-	5.6	-	nov/22
Diadema	5.0	-	5.0	-	jul/23
Taboão da Serra	5.8	1.3	4.5	346.2	sep/22
Guarulhos	4.1	-	4.1	-	nov/23
Other municipalities	153.0	130.3	22.7	17.4	
<b>Total</b>	<b>845.9</b>	<b>712.5</b>	<b>133.4</b>	<b>18.7</b>	

General expenses decreased by R\$ 64.5 million (-13.2%) in 4Q23, mainly due to:

- **Decrease of R\$ 97.5 million in expenses with lawsuits; and**
- **Higher provision for transfer to the Municipal Funds for Environmental Sanitation and Infrastructure, of R\$ 47.0 million**

## DEPRECIATION AND AMORTIZATION

Increase of R\$ 339.4 million (+13.8%) (R\$ 99.6 million (+15.3%) in 4Q23), due to the beginning of operations of intangible assets, totaling R\$ 7.2 billion.

## ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts fell by R\$ 129.2 million (-16.5%), from R\$ 782.1 million in 2022 to R\$ 652.9 million in 2023, due to greater collection actions through bad credit reports, credit recovery contracts, and sales events held in August, September, and December 2023.

Compared to 4Q22, the decrease came to R\$ 99.5 million (-46.2%) in 4Q23.

## 6. OTHER NET OPERATING INCOME (EXPENSES)

The R\$ 19.6 million increase was mainly due to:

- **Higher application of contractual fines to suppliers in 2023, of R\$ 46.5 million; and**
- **Increase in expenses with tax incentives, of R\$ 23.8 million.**

The negative variation of R\$ 49.4 million in 4Q23 was mainly due to higher expenses with tax incentives, of R\$ 28.4 million.



## 7. FINANCIAL RESULT

R\$ million

	2023	2022	Var. (R\$)	%
Financial expenses, net of revenue	(1,565.8)	(885.5)	(680.3)	76.8
Monetary and exchange variations, net	(23.0)	513.1	(536.1)	(104.5)
<b>Financial Result</b>	<b>(1,588.8)</b>	<b>(372.4)</b>	<b>(1,216.4)</b>	<b>326.6</b>

### FINANCIAL EXPENSES, NET OF REVENUE

R\$ million

	2023	2022	Var. (R\$)	%
Financial expenses				
Interest and charges on domestic borrowings and financing	(1,110.1)	(954.7)	(155.4)	16.3
Interest and charges on international borrowings and financing	(89.2)	(47.1)	(42.1)	89.4
Other financial expenses	(956.0)	(433.7)	(522.3)	120.4
<b>Total financial expenses</b>	<b>(2,155.3)</b>	<b>(1,435.5)</b>	<b>(719.8)</b>	<b>50.1</b>
Financial revenue	589.5	550.0	39.5	7.2
<b>Financial expenses, net of revenue</b>	<b>(1,565.8)</b>	<b>(885.5)</b>	<b>(680.3)</b>	<b>76.8</b>

The main impacts resulted from:

- **An increase of R\$ 155.4 million in interest and charges on domestic borrowings and financing, mainly due to funding from IFC 2022, IDB Invest 2022, and IDB Invest 2023 (in July 2022 for the first two fundings, and May 2023, respectively), with an impact of R\$ 90.0 million. The average annual DI rate also moved up from 12.45% in 2022 to 13.21% in 2023;**
- **Increase of R\$ 42.1 million in interest and charges on international borrowings and financing, mainly due to a rise in the interest rate of some contracts with IDB and IBRD, mainly due to the variation of the average rates (LIBOR by 1.5% in 1Q22 and 1.6% from April to December 2022, and SOFR by 5.1% in 2023);**
- **Increase of R\$ 522.3 million in other financial expenses, due to (i) the R\$ 387.1 million in interest on PPPs; (ii) the R\$ 49.7 million increase in interest charged on performance agreements, as a result of the higher number of works in operation; and (iii) increased provisioning of interest charged on lawsuits, of R\$ 36.7 million; and**
- **Increase of R\$ 39.5 million in financial revenues, due to higher interest charged on overdue bills in 2023.**

### MONETARY AND EXCHANGE VARIATIONS, NET

R\$ million

	2023	2022	Var. (R\$)	%
Monetary and exchange variations on liabilities				
Monetary variations on borrowings and financing	(146.6)	(190.2)	43.6	(22.9)
Exchange variations on borrowings and financing	309.9	492.0	(182.1)	(37.0)
Other monetary variations	(406.6)	(330.5)	(76.1)	23.0
<b>Total monetary and exchange variations on liabilities</b>	<b>(243.3)</b>	<b>(28.7)</b>	<b>(214.6)</b>	<b>747.7</b>

Monetary and exchange variations on assets	220.3	541.8	(321.5)	(59.3)
<b>Monetary and exchange variations, net</b>	<b>(23.0)</b>	<b>513.1</b>	<b>(536.1)</b>	<b>(104.5)</b>

The negative effect of net monetary and exchange variations came to R\$ 536.1 million in 2023, especially due to:

- **R\$ 43.6 million decrease in monetary variations on borrowings and financing, due to the decrease in the IPCA consumer price index (from 5.78% in 2022 to 4.62% in 2023);**
- **R\$ 182.1 million decrease in exchange variations on borrowings and financing, due to the lower depreciation of the Yen against the Real in 2023 (-13.5%), when compared to the depreciation recorded in 2022 (-18.36%);**
- **R\$ 76.1 million increase in other monetary variations, due to the adjustment on contracts with Public-Private Partnerships (PPPs); and**
- **Impact of R\$ 321.5 million in monetary and exchange variations on assets, due to the recognition of R\$ 324.5 million referring to the non-recurring monetary adjustment on the GESP 2015 agreement in 2022, resulting from the judicial order prohibiting the transfer of the reservoirs of the Alto Tietê Production System.**

## 8. INCOME TAX AND SOCIAL CONTRIBUTION

The R\$ 78.6 million increase in 2023 was mainly due to the R\$ 3,512.9 million increase in net operating income, mainly offset by:

- **R\$ 1,118.9 million increase in costs and expenses; and**
- **Negative variation of R\$ 1,216.4 million in the financial result.**

## 9. INDICATORS

### A) OPERATIONAL

Operational indicators*	2023	2022	%
Water connections <sup>1</sup>	9,418	9,347	0.8
Sewage connections <sup>1</sup>	8,107	8,026	1.0
Population directly served - water <sup>2</sup>	28.1	28.0	0.4
Population directly served - sewage <sup>2</sup>	24.9	24.7	0.8
Number of employees	11,170	12,299	(9.2)
Volume of water produced in the quarter <sup>3</sup>	773	724	6.7
Volume of water produced in the year <sup>3</sup>	2,985	2,858	4.5
IPM - Measured Water Loss (%) <sup>3</sup>	29.5	28.8	2.4
IPDt (liters/connection x day) <sup>3</sup>	260	249	4.4

1. Active connections, in thousand units at the end of the period.

2. In million inhabitants, at the end of the period. Does not include wholesale.

3. Millions of m<sup>3</sup>. Includes data for Aguai, Mauá, and Tapiratiba in 2023.

\* Not reviewed by external auditors

**B) ECONOMIC**

Economic variables at the close of the quarter*	2023	2022
IPCA - Amplified Consumer Price Index <sup>1</sup>	4.62	5.78
INPC - National Consumer Price Index <sup>1</sup>	3.71	5.93
IPC - Consumer Price Index <sup>1</sup>	3.15	7.32
DI - Interbank Deposit <sup>2</sup>	13.21	12.45
U.S. dollar <sup>3</sup>	4.8413	5.2177
Japanese yen <sup>3</sup>	0.03422	0.03957

1. Accrued in the quarter (%)  
2. Average quarterly rate (%)  
3. Ptax sale rate on the last day  
\* Not reviewed by external auditors

**10. BORROWINGS AND FINANCING**

R\$ Thousand

INSTITUTION	DEBT PROFILE							TOTAL	% of Total
	2024	2025	2026	2027	2028	2029	2030 onwards		
<b>Local currency</b>									
Caixa Econômica Federal	108,210	114,964	122,140	129,752	137,707	142,986	860,726	1,616,485	8
IDB - National	249,099	260,899	330,209	315,069	420,959	385,919	1,971,432	3,933,586	20
IFC	22,800	44,200	61,800	80,800	123,600	181,600	1,208,561	1,723,361	9
Debentures	1,206,894	1,336,415	1,214,740	1,368,020	658,827	781,623	778,277	7,344,796	38
BNDES	280,918	260,466	250,531	237,817	84,241	34,146	189,291	1,337,410	7
Other	3,003	2,768	142	-	-	-	-	5,913	0
Leases (Concession Agreements, Program Contracts, and Contract Asset) <sup>1</sup>	49,884	45,271	32,390	35,447	38,901	42,692	64,625	309,210	1
Leases (others) <sup>2</sup>	68,499	51,825	21,239	737	-	-	-	142,300	1
Interest and other charges	377,398	-	-	-	-	-	-	377,398	2
<b>Total in local currency</b>	<b>2,366,705</b>	<b>2,116,808</b>	<b>2,033,191</b>	<b>2,167,642</b>	<b>1,464,235</b>	<b>1,568,966</b>	<b>5,072,912</b>	<b>16,790,459</b>	<b>86</b>
<b>Foreign currency</b>									
IDB	49,759	69,148	38,778	38,778	38,778	38,778	537,948	811,967	4
IBRD	29,433	29,433	29,433	29,433	29,433	40,238	319,584	506,987	3
JICA	146,832	146,831	146,831	146,831	146,831	146,712	522,392	1,403,260	7
Interest and other charges	23,677	-	-	-	-	-	-	23,677	0
<b>Total in foreign currency</b>	<b>249,701</b>	<b>245,412</b>	<b>215,042</b>	<b>215,042</b>	<b>215,042</b>	<b>225,728</b>	<b>1,379,924</b>	<b>2,745,891</b>	<b>14</b>
<b>TOTAL</b>	<b>2,616,406</b>	<b>2,362,220</b>	<b>2,248,233</b>	<b>2,382,684</b>	<b>1,679,277</b>	<b>1,794,694</b>	<b>6,452,836</b>	<b>19,536,350</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 2023:

	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
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 Debts" correspond to the sum of pension plan obligations and healthcare plan, installment payment of tax debts, and installment payment of debts with the electricity supplier.

In 2023 and 2022, the Company met the requirements of its borrowings and financing agreements.

## 11. INVESTMENTS

Investments totaled R\$ 6,283.7 million in 2023, presented as additions in the notes to the quarterly information under Contract Asset, Intangible Assets, and Property, Plant and Equipment, of R\$ 6,026.0 million, R\$ 110.5 million, and R\$ 147.2 million, respectively. Cash disbursed in 2023 referring to investments, including from previous periods, totaled R\$ 3,963.7 million.

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

	R\$ million		
	Water	Sewage	Total
Investments made	2,720.9	3,562.8	6,283.7

## NEXT EVENT

### EARNINGS CONFERENCE (with simultaneous translation into Portuguese)

March 22, 2024 – Friday

10:00 a.m. (New York) / 11:00 a.m. (Brasília)

[Click here](#) to access the webcast

### For more information, please contact:

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## Holding - Income Statement

Brazilian Corporate Law	R\$ '000	
	2023	2022
<b>Net Operating Income</b>	<b>25,568,712</b>	<b>22,055,720</b>
Operating Costs	(16,049,824)	(14,350,903)
<b>Gross Profit</b>	<b>9,518,888</b>	<b>7,704,817</b>
<b>Operating Expenses</b>		
Selling	(984,037)	(911,967)
Estimated losses with doubtful accounts	(652,920)	(782,057)
Administrative expenses	(1,595,943)	(1,398,507)
Other operating revenue (expenses), net	27,925	8,327
<b>Operating Income Before Shareholdings</b>	<b>6,313,913</b>	<b>4,620,613</b>
Equity Result	28,517	24,551
<b>Earnings Before Financial Results, net</b>	<b>6,342,430</b>	<b>4,645,164</b>
Financial, net	(1,899,543)	(864,735)
Exchange gain (loss), net	310,716	492,321
<b>Earnings before Income Tax and Social Contribution</b>	<b>4,753,603</b>	<b>4,272,750</b>
<b>Income Tax and Social Contribution</b>		
Current	(1,545,290)	(1,230,234)
Deferred	315,218	78,751
<b>Net Income for the period</b>	<b>3,523,531</b>	<b>3,121,267</b>
<b>Registered common shares ('000)</b>	<b>683,509</b>	<b>683,509</b>
<b>Earnings per shares - R\$ (per share)</b>	<b>5.16</b>	<b>4.57</b>
<b>Depreciation and Amortization</b>	<b>(2,790,175)</b>	<b>(2,450,849)</b>
<b>Adjusted EBITDA</b>	<b>9,104,680</b>	<b>7,087,686</b>
% over net revenue	35.6%	32.1%

## Holding - Balance Sheet

Brazilian Corporate Law		R\$ '000
ASSETS	12/31/2023	12/31/2022
<b>Current assets</b>		
Cash and cash equivalents	838,338	1,867,485
Financial investments	2,425,921	1,677,873
Trade receivables	3,580,962	3,062,574
Related parties and transactions	261,273	205,793
Inventories	85,953	124,247
Restricted cash	54,944	37,474
Current recoverable taxes	494,645	242,906
Other assets	37,296	66,312
<b>Total current assets</b>	<b>7,779,332</b>	<b>7,284,664</b>
<b>Noncurrent assets</b>		
Trade receivables	272,436	215,234
Related parties and transactions	935,272	950,950
Escrow deposits	130,979	170,093
Deferred income tax and social contribution	98,076	-
National Water and Sanitation Agency – ANA	2,673	9,193
Other assets	237,628	146,362
Equity investments	161,863	110,765
Investment properties	46,678	46,726
Contract assets	7,393,096	8,613,968
Intangible assets	43,865,269	39,320,871
Property, plant and equipment	474,559	338,939
<b>Total noncurrent assets</b>	<b>53,618,529</b>	<b>49,923,101</b>
<b>Total assets</b>	<b>61,397,861</b>	<b>57,207,765</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade payables	456,064	430,946
Borrowings and financing	2,616,406	2,245,960
Accrued payroll and related charges	807,440	498,504
Taxes and contributions	511,468	293,461
Dividends and interest on capital payable	837,391	741,725
Provisions	1,064,367	924,038
Services payable	749,226	723,242
Public-Private Partnership – PPP	487,926	222,413
Program Contract Commitments	21,969	100,188
Other liabilities	779,424	476,865
<b>Total current liabilities</b>	<b>8,331,681</b>	<b>6,657,342</b>

**Noncurrent liabilities**

Borrowings and financing	16,919,944	16,712,711
Deferred income tax and social contribution	-	189,278
Deferred Cofins and Pasep	164,097	159,723
Provisions	762,065	686,746
Pension obligations	2,142,871	2,150,191
Public-Private Partnership – PPP	2,798,688	2,736,768
Program Contract Commitments	12,047	12,197
Other liabilities	409,092	569,276
<b>Total noncurrent liabilities</b>	<b>23,208,804</b>	<b>23,216,890</b>

**Total liabilities****31,540,485** **29,874,232****Equity**

Paid-up capital	15,000,000	15,000,000
Profit reserve	14,711,014	12,155,890
Other comprehensive income	146,362	177,643
<b>Total equity</b>	<b>29,857,376</b>	<b>27,333,533</b>

**Total equity and liabilities****61,397,861** **57,207,765**



## Holding - Cash Flow

Brazilian Corporate Law	R\$ '000	
	Jan-Dec 2023	Jan-Dec 2022
<b>Cash flow from operating activities</b>		
<b>Profit before income tax and social contribution</b>	<b>4,753,603</b>	<b>4,272,750</b>
<b>Adjustment for Net income reconciliation:</b>		
Depreciation and amortization	2,790,175	2,450,849
Residual value of property, plant and equipment and intangible assets written-off	8,354	10,110
Allowance for doubtful accounts	652,920	782,057
Provision and inflation adjustment	458,889	630,689
Interest calculated on loans and financing payable	1,314,359	1,091,592
Inflation adjustment and foreign exchange gains (losses) on loans and financing	(163,322)	(301,716)
Interest and inflation adjustment losses	17,024	22,225
Interest and inflation adjustment gains	(96,256)	(400,057)
Financial charges from customers	(374,902)	(328,486)
Margin on intangible assets arising from concession	(125,603)	(109,369)
Provision for Consent Decree (TAC), Knowledge Retention Program (PRC) and Separation Incentive Program (PDI)	356,300	(1,238)
Equity result	(28,517)	(24,551)
Interest and inflation adjustment (Public-Private Partnership)	1,001,078	489,197
Provision from São Paulo agreement	195,874	167,714
Pension obligations	238,751	183,262
Other adjustments	21,997	15,488
	<b>11,020,724</b>	<b>8,950,516</b>
<b>Changes in assets</b>		
Trade accounts receivable	(831,999)	(489,885)
Accounts receivable from related parties	(4,546)	(295,091)
Inventories	38,294	(10,741)
Recoverable taxes	(251,739)	33,198
Escrow deposits	72,469	5,348
Other assets	(42,768)	18,264
<b>Changes in liabilities</b>	-	-
Trade payables and contractors	(394,339)	(220,462)
Services payable	(169,890)	86,501
Accrued payroll and related charges	19,377	73,126
Taxes and contributions payable	186,687	120,853
Deferred Cofins/Pasep	4,374	267
Provisions	(243,241)	(468,398)
Pension obligations	(249,488)	(239,174)
Other liabilities	(942,699)	(722,549)
<b>Cash generated from operations</b>	<b>8,211,216</b>	<b>6,841,773</b>
Interest paid	(1,936,419)	(1,505,488)
Income tax and contribution paid	(1,568,611)	(1,368,686)
<b>Net cash generated from operating activities</b>	<b>4,706,186</b>	<b>3,967,599</b>

**Cash flows from investing activities**

Acquisition of contract assets and intangible assets	(3,843,325)	(3,550,537)
Restricted cash	(17,470)	(9,007)
Financial investments	(742,012)	755,512
Investment properties	(6,625)	(648)
Purchases of tangible assets	(147,249)	(73,668)
<b>Net cash used in investing activities</b>	<b>(4,756,681)</b>	<b>(2,878,348)</b>

**Cash flow from financing activities**

Loans and financing	-	-
Proceeds from loans	2,371,111	2,807,026
Repayments of loans	(1,771,090)	(1,536,724)
Payment of interest on shareholders' equity	(823,671)	(603,541)
Public-Private Partnership – PPP	(673,645)	(590,201)
Program Contract Commitments	(81,357)	(16,255)
<b>Net cash used in financing activities</b>	<b>(978,652)</b>	<b>60,305</b>

**Increase/(decrease) in cash and cash equivalents****(1,029,147)** **1,149,556****Represented by:**

Cash and cash equivalents at beginning of the year	1,867,485	717,929
Cash and cash equivalents at end of the year	838,338	1,867,485
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(1,029,147)</b>	<b>1,149,556</b>

## Consolidated - Income Statement

Brazilian Corporate Law	R\$ '000	
	2023	2022
<b>Net Operating Income</b>	<b>25,572,056</b>	<b>22,055,720</b>
Operating Costs	(16,051,866)	(14,350,903)
<b>Gross Profit</b>	<b>9,520,190</b>	<b>7,704,817</b>
<b>Operating Expenses</b>		
Selling	(984,060)	(911,967)
Estimated losses with doubtful accounts	(652,920)	(782,057)
Administrative expenses	(1,597,548)	(1,398,507)
Other operating revenue (expenses), net	27,925	8,327
<b>Operating Income Before Shareholdings</b>	<b>6,313,587</b>	<b>4,620,613</b>
Equity Result	32,393	24,551
<b>Earnings Before Financial Results, net</b>	<b>6,345,980</b>	<b>4,645,164</b>
Financial, net	(1,902,712)	(864,735)
Exchange gain (loss), net	310,716	492,321
<b>Earnings before Income Tax and Social Contribution</b>	<b>4,753,984</b>	<b>4,272,750</b>
<b>Income Tax and Social Contribution</b>		
Current	(1,545,671)	(1,230,234)
Deferred	315,218	78,751
<b>Net Income for the period</b>	<b>3,523,531</b>	<b>3,121,267</b>
<b>Registered common shares ('000)</b>	<b>683,509</b>	<b>683,509</b>
<b>Earnings per shares - R\$ (per share)</b>	<b>5.16</b>	<b>4.57</b>
<b>Depreciation and Amortization</b>	<b>(2,790,175)</b>	<b>(2,450,849)</b>
<b>Adjusted EBITDA</b>	<b>9,108,230</b>	<b>7,087,686</b>
% over net revenue	35.6%	32.1%

## Consolidated - Balance Sheet

Brazilian Corporate Law		R\$ '000
ASSETS	12/31/2023	12/31/2022
<b>Current assets</b>		
Cash and cash equivalents	838,484	1,867,485
Financial investments	2,426,752	1,677,873
Trade receivables	3,584,287	3,062,574
Related parties and transactions	261,280	205,793
Inventories	86,008	124,247
Restricted cash	54,944	37,474
Current recoverable taxes	494,647	242,906
Other assets	37,048	66,312
<b>Total current assets</b>	<b>7,783,450</b>	<b>7,284,664</b>
<b>Noncurrent assets</b>		
Trade receivables	272,436	215,234
Related parties and transactions	935,272	950,950
Escrow deposits	130,979	170,093
Deferred income tax and social contribution	98,076	-
National Water and Sanitation Agency – ANA	2,673	9,193
Other assets	159,017	146,362
Equity investments	161,863	110,765
Investment properties	46,678	46,726
Contract assets	7,393,096	8,613,968
Intangible assets	44,012,858	39,320,871
Property, plant and equipment	474,559	338,939
<b>Total noncurrent assets</b>	<b>53,687,507</b>	<b>49,923,101</b>
<b>Total assets</b>	<b>61,470,957</b>	<b>57,207,765</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade payables	456,215	430,946
Borrowings and financing	2,616,406	2,245,960
Accrued payroll and related charges	807,440	498,504
Taxes and contributions	511,972	293,461
Dividends and interest on capital payable	837,391	741,725
Provisions	1,064,367	924,038
Services payable	750,732	723,242
Public-Private Partnership – PPP	487,926	222,413
Program Contract Commitments	21,969	100,188
Other liabilities	853,424	476,865
<b>Total current liabilities</b>	<b>8,407,842</b>	<b>6,657,342</b>

**Noncurrent liabilities**

Borrowings and financing	16,919,944	16,712,711
Deferred income tax and social contribution	-	189,278
Deferred Cofins and Pasep	164,097	159,723
Provisions	762,065	686,746
Pension obligations	2,142,871	2,150,191
Public-Private Partnership – PPP	2,798,688	2,736,768
Program Contract Commitments	12,047	12,197
Other liabilities	406,027	569,276
<b>Total noncurrent liabilities</b>	<b>23,205,739</b>	<b>23,216,890</b>

**Total liabilities****31,613,581** **29,874,232****Equity**

Paid-up capital	15,000,000	15,000,000
Profit reserve	14,711,014	12,155,890
Other comprehensive income	146,362	177,643
<b>Total equity</b>	<b>29,857,376</b>	<b>27,333,533</b>

**Total equity and liabilities****61,470,957** **57,207,765**

## Consolidated - Cash Flow

Brazilian Corporate Law	R\$ '000	
	Jan-Dec 2023	Jan-Dec 2022
<b>Cash flow from operating activities</b>		
<b>Profit before income tax and social contribution</b>	<b>4,753,984</b>	<b>4,272,750</b>
<b>Adjustment for Net income reconciliation:</b>		
Depreciation and amortization	2,790,586	2,450,849
Residual value of property, plant and equipment and intangible assets written-off	8,354	10,110
Allowance for doubtful accounts	652,920	782,057
Provision and inflation adjustment	458,889	630,689
Interest calculated on loans and financing payable	1,314,359	1,091,592
Inflation adjustment and foreign exchange gains (losses) on loans and financing	(163,322)	(301,716)
Interest and inflation adjustment losses	17,024	22,225
Interest and inflation adjustment gains	(96,256)	(400,057)
Financial charges from customers	(374,902)	(328,486)
Margin on intangible assets arising from concession	(125,603)	(109,369)
Provision for Consent Decree (TAC), Knowledge Retention Program (PRC) and Separation Incentive Program (PDI)	356,300	(1,238)
Equity result	(32,393)	(24,551)
Interest and inflation adjustment (Public-Private Partnership)	1,001,078	489,197
Provision from São Paulo agreement	195,874	167,714
Pension obligations	238,751	183,262
Other adjustments	21,997	15,488
	<b>11,017,640</b>	<b>8,950,516</b>
<b>Changes in assets</b>		
Trade accounts receivable	(835,324)	(489,885)
Accounts receivable from related parties	(4,553)	(295,091)
Inventories	38,239	(10,741)
Recoverable taxes	(251,741)	33,198
Escrow deposits	72,469	5,348
Other assets	36,091	18,264
<b>Changes in liabilities</b>	-	-
Trade payables and contractors	(394,188)	(220,462)
Services payable	(168,384)	86,501
Accrued payroll and related charges	19,377	73,126
Taxes and contributions payable	186,810	120,853
Deferred Cofins/Pasep	4,374	267
Provisions	(243,241)	(468,398)
Pension obligations	(249,488)	(239,174)
Other liabilities	(868,699)	(722,549)
<b>Cash generated from operations</b>	<b>8,359,382</b>	<b>6,841,773</b>
Interest paid	(1,936,419)	(1,505,488)
Income tax and contribution paid	(1,568,611)	(1,368,686)
<b>Net cash generated from operating activities</b>	<b>4,854,352</b>	<b>3,967,599</b>

**Cash flows from investing activities**

Acquisition of contract assets and intangible assets	(3,991,325)	(3,550,537)
Restricted cash	(17,470)	(9,007)
Financial investments	(742,843)	755,512
Investment properties	(6,625)	(648)
Purchases of tangible assets	(147,249)	(73,668)
<b>Net cash used in investing activities</b>	<b>(4,905,512)</b>	<b>(2,878,348)</b>

**Cash flow from financing activities**

Loans and financing	-	-
Proceeds from loans	2,371,111	2,807,026
Repayments of loans	(1,771,090)	(1,536,724)
Payment of interest on shareholders' equity	(823,671)	(603,541)
Public-Private Partnership – PPP	(673,645)	(590,201)
Program Contract Commitments	(81,357)	(16,255)
Capital Increase	811	-
<b>Net cash used in financing activities</b>	<b>(977,841)</b>	<b>60,305</b>

**Increase/(decrease) in cash and cash equivalents****(1,029,001)**      **1,149,556****Represented by:**

Cash and cash equivalents at beginning of the year	1,867,485	717,929
Cash and cash equivalents at end of the year	838,484	1,867,485
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(1,029,001)</b>	<b>1,149,556</b>