

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

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SABESP announces 1Q21 results

São Paulo, May 13, 2021 - 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 2021 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 2020.

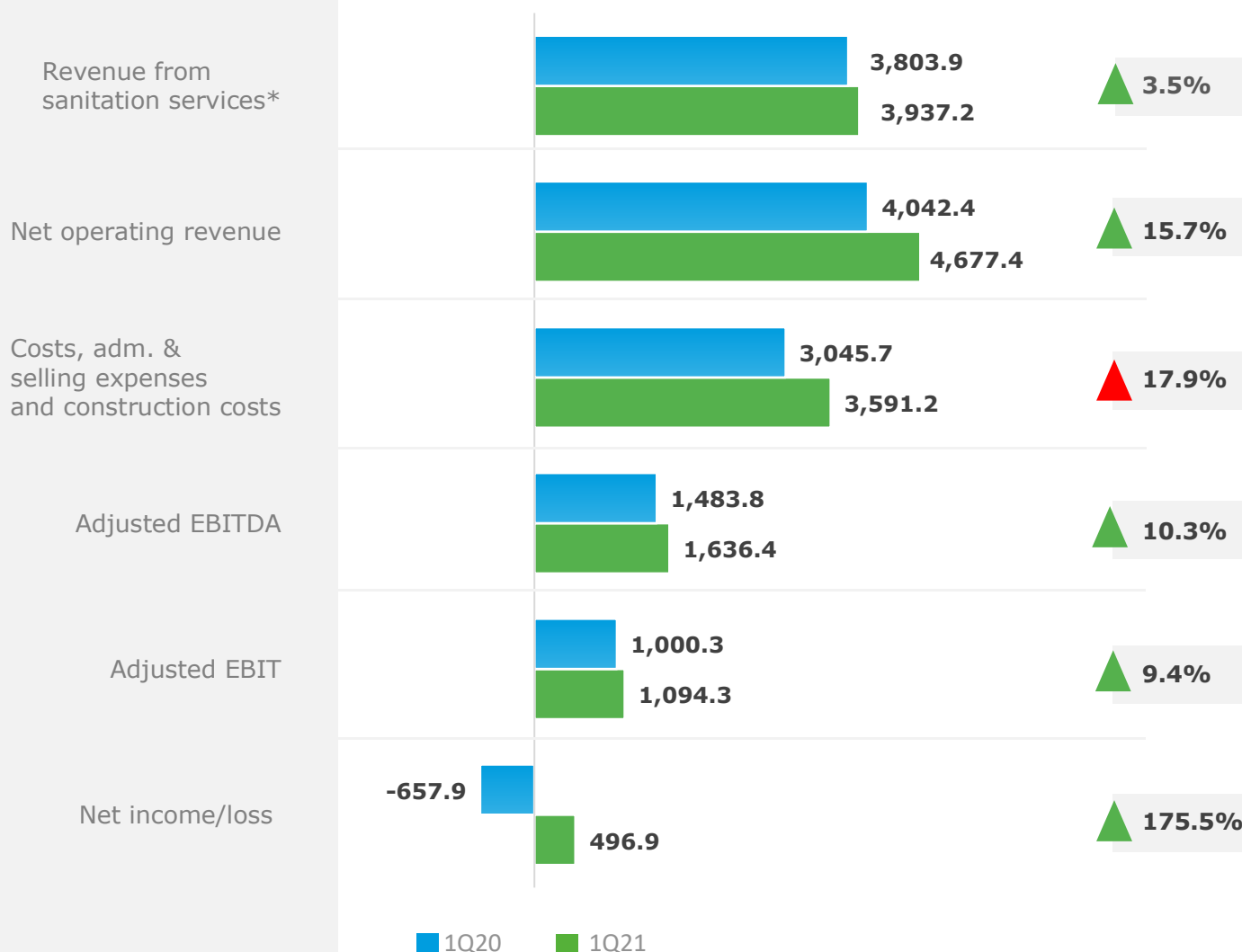


SBSP3: R\$ 41.22/share
SBS: US\$ 7.83 (ADR=1 share)
Total shares: 683,509,869
Market value: R\$ 28.1 billion
Closing quote: 05/13/2021

SBSP
B3 LISTED NM

SBS
LISTED
NYSE

R\$ million



(*) Does not include construction revenue

1. Highlights

In 1Q21, the Company recorded net income of R\$ 496.9 million, compared to net loss of R\$ 657.9 million in 1Q20, an increase of R\$ 1,154.85 million, or 175.5%.

Adjusted EBITDA totaled R\$ 1,636.4 million, an increase of R\$ 152.6 million over the R\$ 1,483.8 million, or 10.3%, reported in 1Q20.

The main factors were:

a) Operations in the municipality of Mauá

In June 2020, the Company entered into an agreement with the municipality of Mauá, starting operations in November. The operation in the municipality led to an increase of R\$ 23.1 million in revenue from sanitation services and R\$ 9.0 million in expenses, as shown below:

<i>R\$ million</i>			
Impacts of Mauá	1Q21	1Q20	Var.
Revenue - Wholesale ⁽¹⁾	-	0.2	(0.2)
Revenue - Retail ⁽²⁾	23.3	-	23.3
(=) Total revenue from sanitation services	23.3	0.2	23.1
COFINS and PASEP	(1.7)	-	(1.7)
(=) Net revenue	21.6	0.2	21.4
Costs and expenses ⁽³⁾	(9.0)	-	(9.0)
(=) Total expenses	(9.0)	-	(9.0)
(=) Net effect	12.6	0.2	12.4

1. Revenue from the wholesale segment, which totaled R\$ 20.2 million in 1Q20
2. Revenue referring to billing from retail operations
3. Costs and expenses relates to the operation (excludes indirect costs and expenses)

b) Lower effects from the economic instability worsened by the COVID-19 pandemic

The economic instability, worsened by the beginning of the COVID-19 pandemic, led to a strong appreciation of the U.S. dollar and Yen against the Brazilian real in 1Q20, significantly affecting the financial expenses on borrowings and financing in foreign currency. In 1Q21, expenses with exchange variation on borrowings and financing totaled R\$ 137.6 million, a decrease of R\$ 1,658.9 million from the R\$ 1,796.5 million recorded in 1Q20.

In addition, allowances for doubtful accounts fell by R\$ 36.4 million year over year in 1Q21, from R\$ 157.5 million in 1Q20 to R\$ 121.1 million in 1Q21.

c) Reduction of foreign currency exposure

On April 28, 2020, the Company completed the debt conversion with the Inter-American Development Bank (IDB), from US\$ 494.6 million to R\$ 2,810.9 million, aiming to reduce foreign currency exposure.

On September 30, 2020, the Company carried out the early amortization of Eurobonds maturing in December 2020, in the amount of R\$ 1,910.1 million (US\$ 350.0 million).

As a result, mainly of these actions, the dollar-denominated debt fell by 84.2%, from US\$ 1,027.7 million on March 31, 2020 to US\$ 162.5 million on March 31, 2021.

Debt denominated in foreign currency accounted for 21% in March 2021 (55% in March 2020).

2. Financial Highlights

	1Q21	1Q20	Var. (R\$)	R\$ million %
Revenue from sanitation services	3,937.2	3,803.9	133.3	3.5
Construction revenue	1,023.3	521.4	501.9	96.3
COFINS and PASEP / TRCF taxes	(283.1)	(282.9)	(0.2)	0.1
(=) Net operating revenue	4,677.4	4,042.4	635.0	15.7
Costs and expenses	(2,590.9)	(2,536.9)	(54.0)	2.1
Construction costs	(1,000.3)	(508.8)	(491.5)	96.6
Equity result	8.1	3.6	4.5	125.0
Other operating revenue (expenses), net	10.7	2.8	7.9	282.1
(=) Earnings before financial result, income tax and social contribution	1,105.0	1,003.1	101.9	10.2
Financial result	(354.4)	(1,980.3)	1,625.9	(82.1)
(=) Earnings before income tax and social contribution	750.6	(977.2)	1,727.8	(176.8)
Income tax and social contribution	(253.7)	319.3	(573.0)	(179.5)
(=) Net income (loss)	496.9	(657.9)	1,154.8	(175.5)
Earnings (loss) per share* (R\$)	0.73	(0.96)		

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

	1Q21	1Q20	Var. (R\$)	R\$ million %
Net income (loss)	496.9	(657.9)	1,154.8	(175.5)
Income tax and social contribution	253.7	(319.3)	573.0	(179.5)
Financial result	354.4	1,980.3	(1,625.9)	(82.1)
Other operating revenues (expenses), net	(10.7)	(2.8)	(7.9)	282.1
(=) Adjusted EBIT*	1,094.3	1,000.3	94.0	9.4
Depreciation and amortization	542.1	483.5	58.6	12.1
(=) Adjusted EBITDA**	1,636.4	1,483.8	152.6	10.3
(%) Adjusted EBITDA margin	35.0	36.7		

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

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

In 1Q21, net operating revenue, which considers construction revenue, totaled R\$ 4,677.4 million, up 15.7% over 1Q20.

Costs and expenses, which consider construction costs, totaled R\$ 3,591.2 million, up 17.9% over 1Q20.

Adjusted EBIT totaled R\$ 1,094.3 million, up 9.4% over the R\$ 1,000.3 million recorded in 1Q20.

Adjusted EBITDA, in the amount of R\$ 1,636.4 million, increased by 10.3% over the R\$ 1,483.8 million reported in 1Q20 (R\$ 6,574.3 million in the last 12 months).

The Adjusted EBITDA margin reached 35.0% in 1Q21, compared to 36.7% in 1Q20 (35.7% in the last 12 months).

Excluding the effects of revenue and construction costs, adjusted EBITDA margin reached 44.2% in 1Q21, compared to 41.8% in 1Q20 (45.6% in the last 12 months).

The Company recorded net income of R\$ 496.9 million in 1Q21, compared to loss of R\$ 657.9 million in 1Q20.

3. Revenue from sanitation services

Gross operating revenue from sanitation services, in the amount of R\$ 3,937.2 million, which does not consider construction revenue, increased R\$ 133.3 million, or 3.5%, when compared to the R\$ 3,803.9 million recorded in 1Q20.

The main factors that led to this increase were:

- Tariff adjustment of 3.4% since August 2020;
- Increase of 2.6% in total billed volume, excluding the effects of Mauá; and
- Beginning of water supply in the retail segment in the municipality of Mauá in November 2020, with an impact of R\$ 23.1 million in the 1Q21 revenue from sanitation services.

4. Construction revenue

Construction revenue increased R\$ 501.9 million in 1Q21, or 96.3%, over 1Q20. The increase was mainly due to higher asset investments.

5. Billed volume

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

WATER AND SEWAGE BILLED VOLUME ⁽¹⁾ PER CUSTOMER CATEGORY - million m³									
	Water			Sewage			Water + Sewage		
Category	1Q21	1Q20	%	1Q21	1Q20	%	1Q21	1Q20	%
Residential	473.1	453.7	4.3	411.0	392.5	4.7	884.1	846.2	4.5
Commercial	41.3	44.8	(7.8)	39.0	43.6	(10.6)	80.3	88.4	(9.2)
Industrial	8.3	8.2	1.2	8.5	10.0	(15.0)	16.8	18.2	(7.7)
Public	8.9	10.5	(15.2)	7.7	9.4	(18.1)	16.6	19.9	(16.6)
Total retail	531.6	517.2	2.8	466.2	455.5	2.3	997.8	972.7	2.6
Wholesale ⁽³⁾	13.2	12.4	6.5	3.9	4.0	(2.5)	17.1	16.4	4.3
Subtotal	544.8	529.6	2.9	470.1	459.5	2.3	1,014.9	989.1	2.6
Mauá ⁽⁴⁾	5.6	8.8	(36.4)	-	-	-	5.6	8.8	(36.4)
Total	550.4	538.4	2.2	470.1	459.5	2.3	1,020.5	997.9	2.3

WATER AND SEWAGE BILLED VOLUME ⁽¹⁾ PER REGION - million m ³									
	Water			Sewage			Water + Sewage		
Region	1Q21	1Q20	%	1Q21	1Q20	%	1Q21	1Q20	%
Metropolitan	353.9	345.0	2.6	311.2	304.4	2.2	665.1	649.4	2.4
Regional ⁽²⁾	177.7	172.2	3.2	155.0	151.1	2.6	332.7	323.3	2.9
Total retail	531.6	517.2	2.8	466.2	455.5	2.3	997.8	972.7	2.6
Wholesale ⁽³⁾	13.2	12.4	6.5	3.9	4.0	(2.5)	17.1	16.4	4.3
Subtotal	544.8	529.6	2.9	470.1	459.5	2.3	1,014.9	989.1	2.6
Mauá ⁽⁴⁾	5.6	8.8	(36.4)	-	-	-	5.6	8.8	(36.4)
Total	550.4	538.4	2.2	470.1	459.5	2.3	1,020.5	997.9	2.3

1. Not reviewed by external auditors
2. Including Coastal and Interior Regions
3. Wholesale includes volumes of reuse water and non-domestic sewage
4. Billed volume in the retail segment in 1Q21 and in the wholesale segment in 1Q20

6. Costs, administrative & selling expenses and construction costs

Costs, administrative and selling expenses and construction costs increased R\$ 545.5 million in 1Q21 (17.9%). Excluding construction costs, the increase was R\$ 54.0 million (2.1%).

Costs, administrative and selling expenses and construction costs as a percentage of net revenue was 76.8% in 1Q21, compared to 75.3% in 1Q20.

	1Q21	1Q20	Var. (R\$)	R\$ million %
Salaries and payroll charges and Pension plan obligations	621.4	677.8	(56.4)	(8.3)
General supplies	68.3	65.7	2.6	4.0
Treatment materials	98.9	93.8	5.1	5.4
Services	503.9	424.1	79.8	18.8
Electricity	358.9	326.5	32.4	9.9
General expenses	258.9	292.4	(33.5)	(11.5)
Tax expenses	17.4	15.6	1.8	11.5
Subtotal	1,927.7	1,895.9	31.8	1.7
Depreciation and amortization	542.1	483.5	58.6	12.1
Allowance for doubtful accounts	121.1	157.5	(36.4)	(23.1)
Subtotal	663.2	641.0	22.2	3.5
Costs, administrative and selling expenses	2,590.9	2,536.9	54.0	2.1
Construction costs	1,000.3	508.8	491.5	96.6
Costs, adm & selling expenses and construction costs	3,591.2	3,045.7	545.5	17.9
% of net revenue	76.8	75.3		

Salaries and payroll charges and Pension plan obligations

In 1Q21, the R\$ 56.4 million, or 8.3%, decrease was due to:

- R\$ 32.2 million, mostly due to the 8.5% reduction in the number of employees, arising from the Knowledge Retention Program (*Programa de Retenção do Conhecimento*), mitigated by the application, since February 2021, of 1.0% referring to the assessment cycle of the Career and Salaries Plan; and
- R\$ 12.7 million with pension plans, due to changes in the actuarial assumptions.

Services

Expenses with services totaled R\$ 503.9 million, an increase of R\$ 79.8 million, or 18.8%, over the R\$ 424.1 million recorded in 1Q20. The main increases were:

- R\$ 32.0 million with paving and replacing of sidewalks;
- R\$ 27.0 million with water meter reading and bill delivery; and
- R\$ 13.3 million with network maintenance and connections.

Electricity

Electricity expenses totaled R\$ 358.9 million in 1Q21, an increase of R\$ 32.4 million, or 9.9%, over the R\$ 326.5 million recorded in 1Q20. In 1Q21, the Free Market Tariffs (ACL) accounted for 51.5% of total expenses (44.9% in 1Q20) while the Regulated Market Tariffs (ACR) accounted for 48.5% (55.1% in 1Q20).

The main factors that contributed to this variation were:

- Average increase of 15.2% in ACL prices (includes Grid Market Tariffs - TUSD), with a 14.9% rise in consumption; and
- Average increase of 12.2% in ACR tariffs, with a 9.6% drop in consumption.

General expenses

Decrease of R\$ 33.5 million, or 11.5%, totaling R\$ 258.9 million in 1Q21, compared to the R\$ 292.4 million recorded in 1Q20, mainly due to:

- Lower expenses with lawsuits in 1Q21, in the amount of R\$ 20.5 million; and
- Decrease of R\$ 10.5 million in estimated losses with revenue from consulting services.

Depreciation and amortization

Increase of R\$ 58.6 million, or 12.1%, due to the beginning of operations of intangible assets, in the amount of R\$ 4.1 billion.

Allowance for doubtful accounts

Decrease of R\$ 36.4 million, from R\$ 157.5 million in 1Q20 to R\$ 121.1 million in 1Q21, due to higher provisioning arising from the increase in default and the worsening of expected future losses in 2020, with the beginning of the COVID-19 pandemic.

7. Financial result

	1Q21	1Q20	Var. (R\$)	R\$ million %
Financial expenses, net of income	(158.6)	(159.0)	0.4	(0.3)
Net monetary and exchange variation	(195.8)	(1,821.3)	1,625.5	(89.2)
Financial result	(354.4)	(1,980.3)	1,625.9	(82.1)

Financial expenses, net of income

	1Q21	1Q20	Var. (R\$)	R\$ million %
Financial expenses				
Interest and charges on domestic loans and financing	(104.6)	(73.6)	(31.0)	42.1
Interest and charges on international loans and financing	(12.5)	(49.1)	36.6	(74.5)
Other financial expenses	(101.3)	(99.1)	(2.2)	2.2
Total financial expenses	(218.4)	(221.8)	3.4	(1.5)
Financial income	59.8	62.8	(3.0)	(4.8)
Financial expenses net of income	(158.6)	(159.0)	0.4	(0.3)

Decrease of R\$ 0.4 million, due to:

- Increase of R\$ 31.0 million in interest and charges on domestic borrowings and financing, mainly due to: (i) higher interest on debentures, in the amount of R\$ 19.6 million, mainly from the proceeds of the 25th, 26th and 27th issues; (ii) funding from IDB Invest in December 2020, with an impact of R\$ 11.1 million; and (iii) debt exchange with IDB, from US\$ 494.6 million to R\$ 2,810.9 million, with an effect of R\$ 10.5 million; and
- Decrease of R\$ 36.6 million in interest and charges on international borrowings and financing, mostly due to: (i) amortization of Eurobonds, leading to a decrease of R\$ 26.4 million; and (ii) debt exchange with IDB, from US\$ 494.6 million to R\$ 2,810.9 million, with an effect of R\$ 4.8 million.

Monetary and exchange variation, net

	1Q21	1Q20	Var. (R\$)	R\$ million %
Monetary exchange rate variation on liabilities				
Monetary variation on loans and financing	(52.4)	(18.6)	(33.8)	181.7
Currency exchange variation on loans and financing	(137.6)	(1,796.5)	1,658.9	(92.3)
Other monetary variations	(57.4)	(43.6)	(13.8)	31.7
Monetary/exchange rate variation on liabilities	(247.4)	(1,858.7)	1,611.3	(86.7)
Monetary/exchange rate variation on assets	51.6	37.4	14.2	38.0
Monetary/exchange rate variation, net	(195.8)	(1,821.3)	1,625.5	(89.2)

The effect of net monetary and exchange variations in 1Q21 was R\$ 1,625.5 million, lower than in 1Q20, highlighting:

- R\$ 33.8 million increase in monetary variation on borrowings and financing, mainly due to the proceeds of the 25th, 26th and 27th debenture issues and the increase in the IPCA;
- Decrease of R\$ 1,658.9 million in exchange variation on borrowings and financing, due to: (i) lower appreciation of U.S. dollar and Yen against the Brazilian real in 1Q21 (9.6% and 2.2%, respectively), compared to the 1Q20 appreciation (29.0% and 30.2%, respectively); (ii) debt exchange with IDB, from US\$ 494.6 million to R\$ 2,810.9 million; and (iii) amortization of Eurobonds in September, 2020, in the amount of R\$ 1,910.1 million (US\$ 350.0 million);
- Increase of R\$ 13.8 million in other monetary variations, due to: (i) higher monetary variation on lease agreements, in the amount of R\$ 8.5 million; and (ii) higher monetary variation on lawsuits, in the amount of R\$ 3.9 million; and
- Increase of R\$ 14.2 million in monetary and exchange variations gains, due to higher adjustments on agreements and escrow deposits, arising from the increase in the IPCA.

8. Income tax and Social contribution

In 1Q21, there was an increase of R\$ 573.0 million, due to higher taxable income, highlighting:

- Decrease in expenses with exchange variation, in the amount of R\$ 1,658.9 million; and
- Higher net operating revenues, excluding the effect of the construction revenue, of R\$ 133.1 million.

9. Indicators

a) Operating

In this quarter, water loss indicators already include the municipality of Guarulhos. With regard to the municipalities of Santo André and Mauá, they will become part of the indicator in 2022.

Operating indicators*	1Q21	1Q20	%
Water connections ⁽¹⁾	10,133	9,980	1.5
Sewage connections ⁽¹⁾	8,566	8,375	2.3
Population directly served - water ⁽²⁾	27.6	27.1	1.8
Population directly served - sewage ⁽²⁾	24.4	23.9	2.1
Number of employees	12,742	13,923	(8.5)
Water volume produced in the quarter ⁽³⁾	728	731	(0.4)
IPM – Micro Measured Water Loss (%) ⁽⁴⁾	26.8	28.9	(7.3)
IPDt (liters/connection x day) ⁽⁴⁾	257.0	284.0	(9.5)

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 supply and Mauá
 3. In million of cubic meters
 4. In 1Q20, excludes Guarulhos, Santo André, Mauá, Aguaí, Tapiratiba and Tejuapá
In 1Q21 excludes Santo André, Mauá, Aguaí, Tapiratiba and Tejuapá
- * Not reviewed by external auditors

b) Management's Indicators

The following performance management indicators show: revenue from sanitation services, operating expenses and EBITDA, all of them per billed cubic meter.

The historical series has been presented since 2014, based on quarterly financial data disclosed by the Company, excluding some non-recurring and significant events that would distort the result.

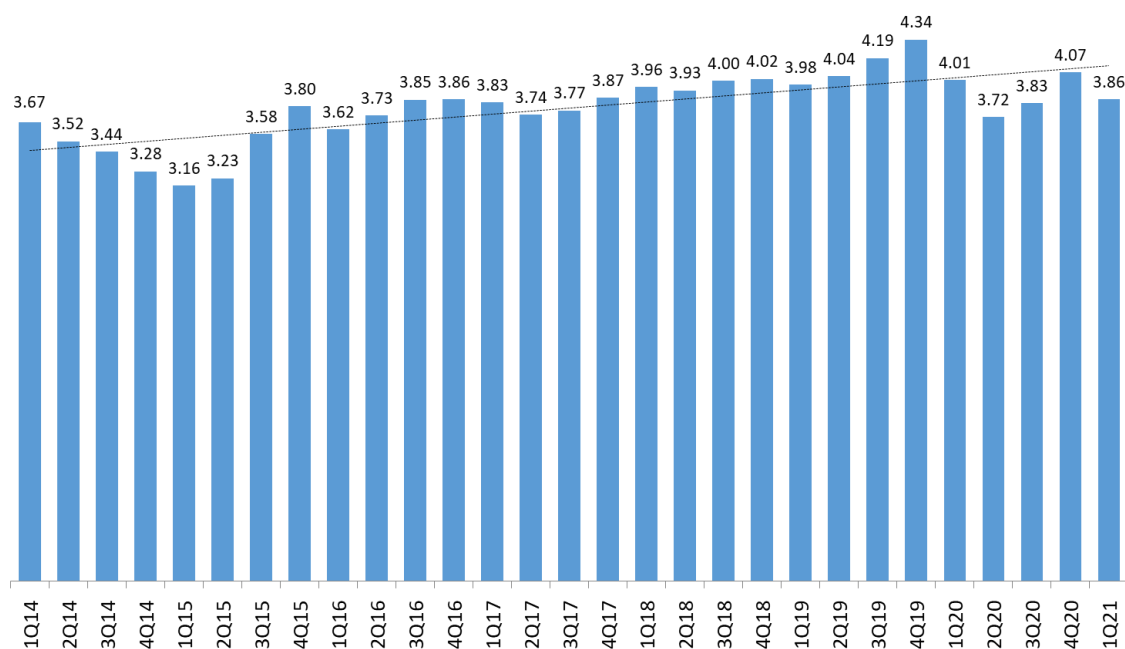
All indicators were calculated based on average values of 1Q21, adjusted by changes in the IPCA consumer price index, to determine the behavior on a same-price base in the period.

Revenue from sanitation services per billed cubic meter increased, especially after the third quarter of 2015. In 1Q21, it was down by 3.9% from 1Q20.

Operating expenses per billed cubic meter increased in a controlled manner on a quarterly basis, compatible with the expansion of operations, showing a stable average performance and reflecting disciplined cost management. In 1Q21, it was down by 5.6% from 1Q20.

Finally, the EBITDA per cubic meter increased in the period, basically due to the performance of revenue from sanitation services and operating expenses. The first quarter of 2021 had 2.4% as positive evolution compared to the same period of the last year, reflecting all Company's efforts in face of the challenges of economic scenario.

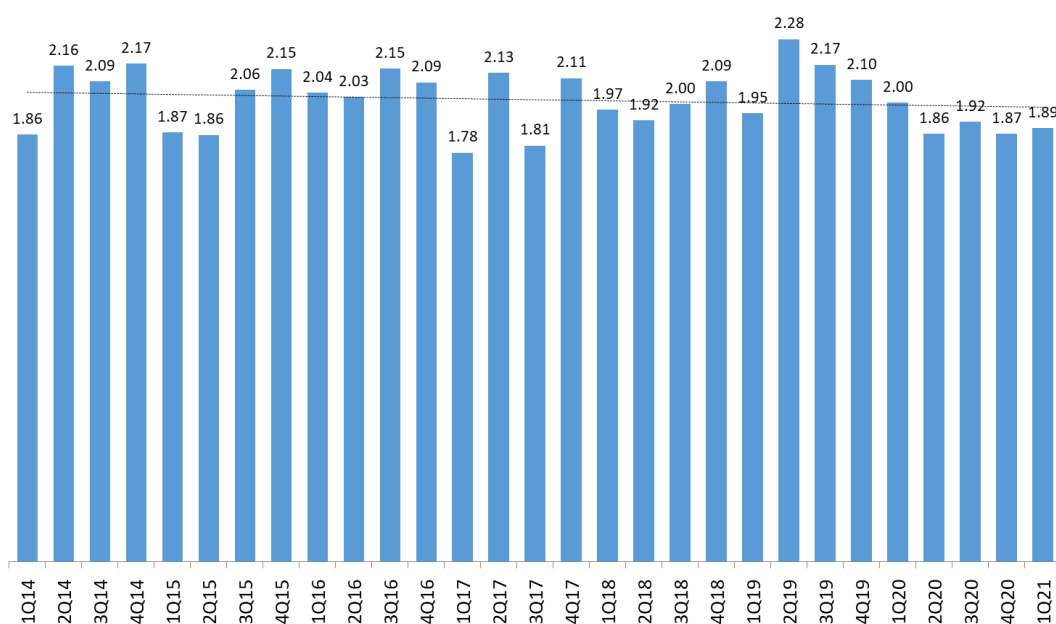
Total revenue from sanitation services per m³ billed - R\$/m³
Figures at 1Q21 average prices, updated by IPCA



The following were not considered:

- Construction revenue
- R\$928 million referring to the agreement with Guarulhos in 4Q18
- R\$1,254 million referring to agreement with Santo André in 3Q19
- R\$195 million referring to agreement with Mauá in 2Q20

Operating expense per m³ billed - R\$/m³
Figures at 1Q21 average prices, updated by IPCA



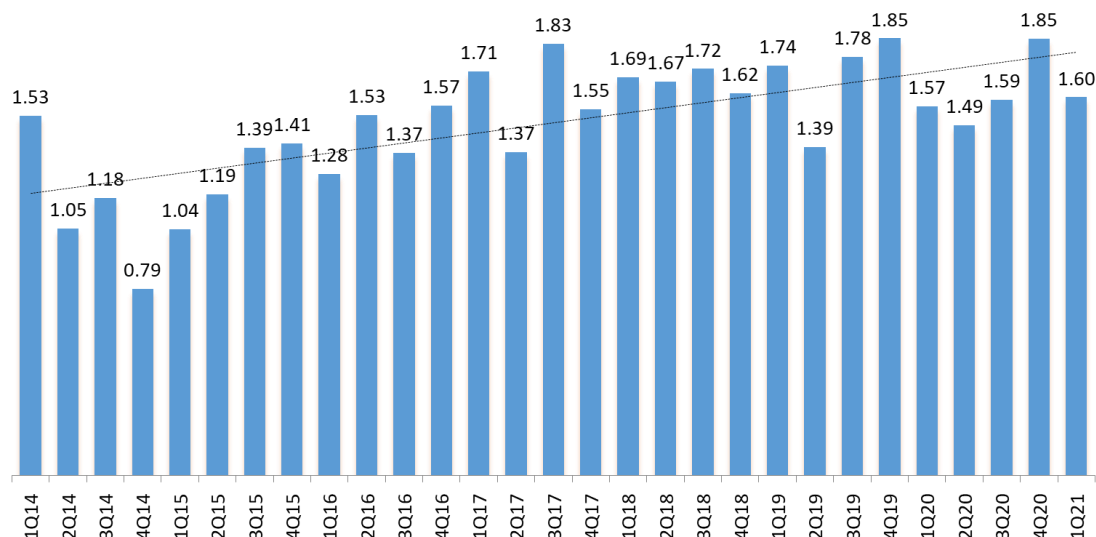
Expenses considered: personnel, general supplies, treatment materials, services, electricity, general expenses and tax

Reversals excluded:

- R\$696 million referring to agreement with the São Paulo State Government in 1Q15
- R\$307 million referring to the migration of the supplementary pension plan in 3Q16
- R\$173 million referring to the TAC - Retirees in 3Q19

EBITDA per m³ billed - R\$/m³

Figures at 1Q21 average prices, updated by IPCA



The following were not considered:

Revenue:

- R\$928 million referring to the agreement with Guarulhos in 4Q18
- R\$1,254 million referring to agreement with Santo André in 3Q19
- R\$195 million referring to agreement with Mauá in 2Q20

Reversal of expenses:

- R\$696 million referring to agreement with the São Paulo State Government in 1Q15
- R\$307 million referring to the migration of the supplementary pension plan in 3Q16
- R\$173 million referring to the end of the TAC - Retirees in 3Q19

Economic

Economic Variables at the close of the quarter*	1Q21	1Q20
Amplified Consumer Price Index ⁽¹⁾	2.05	0.53
National Consumer Price Index ⁽¹⁾	1.96	0.54
Consumer Price Index ⁽¹⁾	1.81	0.5
Interbank Deposit Certificate ⁽²⁾	2.65	3.65
US Dollar ⁽³⁾	5.6973	5.1987
Yen ⁽³⁾	0.05152	0.04835

1. Accrued in the quarter (%)

2. Quarterly rate on the last day

3. Ptax sale rate on the last day

* Not reviewed by external auditors

10. Loans and financing

R\$ thousand

R\$ thousand									
DEBT PROFILE									
INSTITUTION	2021	2022	2023	2024	2025	2026	2027 onwards	TOTAL	% of total
Local Currency									
Debentures	1,720,391	585,510	684,974	921,681	488,508	381,539	1,667,954	6,450,557	38
Caixa Econômica Federal	68,857	96,105	89,983	88,991	94,561	100,482	886,702	1,425,681	8
BNDES	133,261	177,681	170,937	164,287	144,101	134,853	397,631	1,322,751	8
IDB 2202	90,674	181,349	181,349	181,349	181,349	181,349	1,618,291	2,615,710	15
IDB INVEST	44,815	89,630	89,630	89,630	89,630	89,630	450,076	943,041	6
Lease (Concession Agreements, Program Contracts and Contract Asset)	32,756	34,993	37,606	40,933	44,558	28,843	201,766	421,455	2
Leasing (others)	47,331	40,380	15,232	-	-	-	-	102,943	1
Others	3,028	4,038	3,977	1,757	1,611	-	-	14,411	0
Interest and other charges	170,507	-	-	-	-	-	-	170,507	1
Total in Local Currency	2,311,620	1,209,686	1,273,688	1,488,628	1,044,318	916,696	5,222,420	13,467,056	79
Foreign Currency									
IDB	29,279	58,557	58,557	58,557	60,575	4,036	64,033	333,594	2
IBRD	17,319	34,638	34,638	34,638	34,638	34,638	257,473	447,982	3
JICA	115,191	218,285	218,285	218,285	218,285	218,285	1,425,263	2,631,879	15
IDB 1983AB	43,825	43,825	42,924	-	-	-	-	130,574	1
Interest and other charges	8,337	-	-	-	-	-	-	8,337	0
Total in Foreign Currency	213,951	355,305	354,404	311,480	313,498	256,959	1,746,769	3,552,366	21
Total	2,525,571	1,564,991	1,628,092	1,800,108	1,357,816	1,173,655	6,969,189	17,019,422	100

Covenants

The table below shows the most restrictive clauses in 1Q21:

	Covenants
Adjusted EBITDA/Adjusted Financial Expense	Equal to or higher than 2.80
Adjusted Net Debt/Adjusted EBITDA	Equal to or lower than 3.80
Total Adjusted Debt/Adjusted EBITDA	Lower than 3.65
Other Onerous Debt ⁽¹⁾ /Adjusted EBITDA	Equal to or lower than 1.30
Adjusted Current Liquidity	Higher than 1.00
EBITDA/Financial Expense Paid	Equal to or higher than 2.35
Net Debt/Adjusted EBITDA	Equal to or lower than 3.50

1. "Other Onerous Debt" correspond to the sum of social security liabilities, healthcare plan installment payment of tax debts and installment payment of debts with the Electricity supplier

As of March 31, 2021, the Company had met the requirements set forth by its borrowings and financing agreements.

11. CAPEX

Investments totaled R\$ 1,168.4 million in 1Q21.

Cash disbursed in 1Q21 referring to the Company's historical investments totaled R\$ 659.3 million.

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

			<i>R\$ million</i>
Investments by segment	Water	Sewage	Total
Metropolitan Region	458.5	407.1	865.6
Regional Systems	148.6	154.2	302.8
Total	607.1	561.3	1,168.4



In English

May 18, 2021 - Tuesday

01:00 pm US ET / 2:00 pm (Brasília)

[Click here](#) for the webcast

In Portuguese

May 18, 2021 - Tuesday

09:30 am US ET / 10:30 am (Brasília)

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Statements contained in this press release may contain information that is forward-looking and reflects management's current view and estimates of future economic circumstances, industry conditions, SABESP performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this press release that do not describe historical facts, such as statements regarding the declaration or payment of dividends, the direction of future operations, the implementation of principal operating and financing strategies and capital expenditure plans, the factors or trends affecting financial condition, liquidity or results of operations are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

Income Statement

Brazilian Corporate Law		R\$ '000
	1Q21	1Q20
Net Operating Income	4,677,417	4,042,350
Operating Costs	(3,048,043)	(2,422,012)
Gross Profit	1,629,374	1,620,338
Operating Expenses		
Selling	(194,793)	(181,970)
Estimated losses with doubtful accounts	(121,051)	(157,489)
Administrative expenses	(227,275)	(284,179)
Other operating revenue (expenses), net	10,676	2,753
Operating Income Before Shareholdings	1,096,931	999,453
Equity Result	8,054	3,575
Earnings Before Financial Results, net	1,104,985	1,003,028
Financial, net	(217,238)	(184,973)
Exchange gain (loss), net	(137,132)	(1,795,312)
Earnings before Income Tax and Social Contribution	750,615	(977,257)
Income Tax and Social Contribution		
Current	(283,483)	232,724
Deferred	29,726	86,587
Net Income for the period	496,858	(657,946)
Registered common shares ('000)	683,509	683,509
Earnings per shares - R\$ (per share)	0.73	(0.96)
Depreciation and Amortization	(542,052)	(483,569)
Adjusted EBITDA	1,636,361	1,483,844
% over net revenue	35.0%	36.7%

Balance Sheet

Brazilian Corporate Law		R\$ '000
ASSETS	03/31/2021	12/31/2020
Current assets		
Cash and cash equivalents	864,482	396,401
Financial investments	2,643,939	3,411,146
Trade receivables	2,264,723	2,204,029
Related parties and transactions	165,246	168,054
Inventories	105,934	104,848
Restricted cash	36,091	35,742
Current recoverable taxes	59,258	22,672
Other assets	140,200	97,946
Total current assets	6,279,873	6,440,838
Noncurrent assets		
Trade receivables	268,809	246,957
Related parties and transactions	638,533	638,591
Escrow deposits	156,005	164,942
National Water and Sanitation Agency – ANA	26,309	26,463
Other assets	153,111	148,164
Equity investments	71,471	63,417
Investment properties	46,262	46,274
Contract assets	8,298,003	7,969,164
Intangible assets	34,698,900	34,405,575
Property, plant and equipment	269,467	268,251
Total noncurrent assets	44,626,870	43,977,798
Total assets	50,906,743	50,418,636
LIABILITIES AND EQUITY	03/31/2021	12/31/2020
Current liabilities		
Trade payables	250,019	263,741
Borrowings and financing	3,225,699	3,034,449
Accrued payroll and related charges	338,355	410,943
Taxes and contributions	255,017	266,819
Dividends and interest on capital payable	231,611	231,611
Provisions	753,865	760,209
Services payable	617,713	453,750
Public-Private Partnership – PPP	150,407	130,207
Program Contract Commitments	151,273	162,541
Other liabilities	229,109	185,860
Total current liabilities	6,203,068	5,900,130
Noncurrent liabilities		
Borrowings and financing	13,793,723	14,224,175

Earnings Results

1Q21



Deferred income tax and social contribution	290,990	320,716
Deferred Cofins and Pasep	152,353	149,444
Provisions	521,657	492,093
Pension obligations	2,865,195	2,868,594
Public-Private Partnership – PPP	2,995,918	3,045,066
Program Contract Commitments	40,575	68,939
Other liabilities	752,702	555,775
Total noncurrent liabilities	21,413,113	21,724,802
Total liabilities	27,616,181	27,624,932
Equity		
Paid-up capital	15,000,000	15,000,000
Profit reserve	8,194,706	8,194,706
Other comprehensive income	(401,002)	(401,002)
Retained earnings	496,858	-
Total equity	23,290,562	22,793,704
Total equity and liabilities	50,906,743	50,418,636

Cash Flow

Brazilian Corporate Law		R\$ '000
	Jan-Mar 2021	Jan-Mar 2020
Cash flow from operating activities		
Profit/(loss) before income tax and social contribution	750,615	(977,257)
Adjustment for Net income/(loss) reconciliation:		
Depreciation and amortization	542,052	483,569
Residual value of property, plant and equipment and intangible assets written-off	2,938	5,407
Allowance for doubtful accounts	121,051	157,489
Provision and inflation adjustment	55,284	78,706
Interest calculated on loans and financing payable	148,608	138,770
Inflation adjustment and foreign exchange gains (losses) on loans and financing	189,970	1,814,857
Interest and inflation adjustment losses	10,361	10,563
Interest and inflation adjustment gains	(33,753)	(6,585)
Financial charges from customers	(99,148)	(197,496)
Margin on intangible assets arising from concession	(23,007)	(12,655)
Provision for Consent Decree (TAC) and Knowledge retention program (KRP)	3,095	(490)
Equity result	(8,054)	(3,575)
Interest and inflation adjustment (Public-Private Partnership)	114,662	112,685
Provision from São Paulo agreement	41,153	120,419
Pension obligations	45,365	57,806
Other adjustments	(32,956)	(6,112)
	1,828,236	1,776,101
Changes in assets		
Trade accounts receivable	(103,667)	85,760
Accounts receivable from related parties	13,678	34,075
Inventories	(1,086)	2,555
Recoverable taxes	(320,069)	(12,084)
Escrow deposits	16,760	(2,730)
Other assets	(9,332)	(37,128)
Changes in liabilities		
Trade payables and contractors	(142,979)	(239,274)
Services payable	122,810	37,684
Accrued payroll and related charges	(75,683)	8,309
Taxes and contributions payable	281,307	(77,718)
Deferred Cofins/Pasep	2,909	1,840
Provisions	(32,064)	(62,456)
Pension obligations	(48,764)	(52,052)
Other liabilities	747	(81,271)
Cash generated from operations	1,532,803	1,381,611

Earnings Results

1Q21



Interest paid	(195,181)	(193,083)
Income tax and contribution paid	(293,109)	-
Net cash generated from operating activities	1,044,513	1,188,528
Cash flows from investing activities		
Acquisition of contract assets and intangible assets	(650,920)	(393,573)
Restricted cash	(349)	(345)
Financial investments	781,543	-
Purchases of tangible assets	(8,335)	(9,587)
Net cash used in investing activities	121,939	(403,505)
Cash flow from financing activities		
Loans and financing		
Proceeds from loans	57,511	29,792
Repayments of loans	(568,349)	(580,229)
Public-Private Partnership – PPP	(143,610)	(133,965)
Program Contract Commitments	(43,923)	(30,465)
Net cash used in financing activities	(698,371)	(714,867)
Increase/(decrease) in cash and cash equivalents	468,081	70,156
Represented by:		
Cash and cash equivalents at beginning of the year	396,401	2,253,210
Cash and cash equivalents at end of the year	864,482	2,323,366
Increase/(decrease) in cash and cash equivalents	468,081	70,156