



Operator:

Good morning and welcome to Sabesp's First Quarter 2026 Earnings Presentation.

Joining us today are Carlos Piani, CEO; Daniel Szlak, CFO; and Thiago Levy, Investor Relations Director.

Before we begin, we clarify that the statements made during this presentation do not include projections or estimates of future events. However, they may contain forward-looking statements, which indicate potential trends related to Sabesp, based on the management's expectations, beliefs, and reasonable assumptions as of today.

These statements involve risks and uncertainties and are based on assumptions and factors—such as market, regulatory, and economic conditions—that may not materialize, in addition to risk factors disclosed in Sabesp's documents filed with the Securities and Exchange Commission (CVM), B3, and on its Investor Relations website.

Investors should understand that changes in these factors may lead to results that differ from current trends and should not place undue reliance on these statements.

The full disclaimer will be presented next and should be read carefully by all participants.

This presentation is being recorded, and all participants will remain in listen-only mode during the presentation. Afterwards, we will begin the Q&A session, which is intended exclusively for analysts and investors.

If you wish to ask a question, please use the Zoom Q&A function, providing your name and the institution you represent.

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

Daniel, please proceed.

Daniel Szlak:

Thank you, operator. Good morning to everyone and thank you for joining Sabesp's First Quarter 2026 earnings teleconference. I am Daniel Szlak, CFO, and I will present the operational and financial highlights for the quarter, after which I will hand the floor to our CEO, Carlos Piani, who will provide an update on our progress. Then we will open for the question-and-answer session.

Before beginning, I would also like to clarify that all numbers in this presentation refer solely to Sabesp and do not include MI figures.

For this first quarter, we have consolidated only the balance sheet.

In the first quarter of 2026, total water production reached 778 million cubic meters, 4.6% below the prior year. The decline reflects a milder summer, with average temperatures 3.3 degrees Celsius lower than last year, as well as the implementation of SP Águas' operational rule of reduced pressure management applied for approximately 10 hours per day to increase system resilience.

Our active customer base remains stable, with approximately 9.5 million water connections and 8.2 million sewage connections. The slight year-over-year reduction is driven mainly by an increase in revenue assurance actions and by the verticalization of the cities in which we operate.

Excluding the impact of those actions, water connections would have remained flat year-over-year, while active sewage connections would have grown approximately 0.2%.

We continue to prioritize service quality and operational reliability for nearly 30 million customers, ensuring consistent water supply and sewage services, even in the face of variable weather conditions and operational challenges.

Turning to financial performance, first quarter 2026 adjusted net revenue was R\$6 billion, an 11% increase over the prior year. Adjusted EBITDA was R\$3.8 billion, up 26% compared to the prior year, reaching a margin of 62.9%, a significant expansion versus the same period last year.

This higher margin illustrates the impact of our continuous efficiency efforts and cost discipline, freeing up resources for our CapEx plan.



Adjusted net income was R\$1.5 billion, growing 32% year-over-year, supported by improved operational results and a lower spread in our debt structure.

Before delving deeper into operational performance, allow me to briefly explain the reconciliation between reported and adjusted numbers, as we've done in previous quarters.

As usual, we exclude construction revenues, on which we record no margin, and the financial asset, which are merely accounting requirements and do not, in our view, reflect the underlying business operations.

Additionally, during the quarter we incurred R\$16 million in one-off M&A expenses.

Adjusted net revenue grew 11% year-over-year in the first quarter, driven by three main factors.

First, price contributed 12%. This reflects the latest tariff adjustment implemented in January, with a 9.1% effect from last year's bills being recognized in 2026. It also reflects an additional 2.8% gain from commercial initiatives, particularly renegotiation of contracts with large clients.

Second, volume grew 2.4%. While customer base expansion contributed 2.9%, this was partially offset by temperature effects that reduced per capita consumption by 0.6%.

Finally, the mix reduced revenue by 3.4%, reflecting the year-over-year expansion of subsidized tariff programs. These programs now benefit more than 2 million connections and continue to be a key mechanism to ensure access to basic sanitation services at affordable prices for low-income communities.

Although they impact the revenue mix in the short term, they are fully aligned with our social mandate and are covered within the regulatory framework.

On the next slide, we delve deeper into some of the aspects underpinning revenue performance. The price index, excluding mix effects, remains stable, with a 9.1% increase driven by the January tariff adjustment.

On the social front, the number of connections benefiting from subsidized tariffs surpassed 2 million. While remaining virtually stable quarter-over-quarter, it represents a 23% increase over the prior year.

This expansion reinforces our role in promoting social inclusion while we continue to expand service coverage in a financially sustainable manner.

Turning to EBITDA, the adjusted figures grew 26%, reaching R\$3.8 billion. This result was sustained by higher revenue and cost efficiency across several areas.

General and administrative (G&A) expenses benefited from a R\$30 million gain related to an agreement on overdue payments with one of the municipalities served, in addition to greater overall cost discipline.

Energy costs fell, mainly due to increased participation in the free market, which now represents 86% of total consumption.

Personnel costs decreased as a result of workforce restructuring. The average number of employees in first quarter 2026 was reduced 13% compared to the prior year, totaling 8.8 thousand employees.

With revenues up and costs well controlled, the EBITDA margin expanded to 63%, freeing up resources for our ambitious CapEx plan.

Digging deeper into personnel, we observed a 26% year-over-year reduction, reflecting a combination of a 13% headcount reduction and improvements in the mix of positions and salaries. These structural measures more than offset the 5.5% wage inflation applied in the period.

Reported net income was R\$1.7 billion for the quarter, up 18% from R\$1.5 billion in the prior year.

Strong growth in EBITDA more than offset an increase in net financial expenses, which rose as expected due to higher interest rates and a higher average level of indebtedness to finance the CapEx program.



These effects were partially offset by lower income tax expenses, aided by the deduction of interest on equity paid in the quarter.

Our transformation is more visible in the acceleration of the investment program. In first quarter alone, CapEx reached R\$3.7 billion, up 31% year-over-year.

This strong start to the year puts us on track to achieve our ambitious plan. We have already delivered a significant portion of the multi-year universalization targets through the first quarter.

We met 87% of the water connection target, 77% of the sewage collection target, and 71% of the sewage treatment target for the 2024-2026 period.

Moving to the next slide, our main projects are advancing as planned.

For example, in the rural universalization program, Phase 1 is underway, with 11 projects involving R\$5 billion in investments already in execution.

And earlier this year we launched the bidding for Phase 2 for another 8 projects, adding a further R\$5.4 billion in investments.

We also advanced program integrity with the expansion of the Barueri Sewage Treatment Plant, a R\$5.7 billion project that will increase the plant's capacity by 41%, benefiting about 4 million people by 2029.

Now moving to the balance sheet, our leverage ratios remain under control even with increased investments.

At the end of March, net debt stood at R\$32.5 billion.

The average cost of debt remains low, near the reference rate, and we have extended the average term to 6.3 years.

It is noteworthy that 64% of our debt matures in 2031 or later, reflecting our proactive efforts to lengthen maturities after universalization and ensure long-term financing.

We also maintain a very strong liquidity position, with R\$19.2 billion in cash at quarter-end, sufficient to cover more than five years of debt service.

Our solid capital structure and balance sheet provide ample flexibility to continue executing our investment plan while preserving financial stability.

Finally, looking at key financial indicators, the net-debt/adjusted EBITDA ratio was 2.4x at quarter-end, still at a very comfortable level, considering our strong cash generation and long-term debt profile.

Our profitability indicators remain strong and stable, with ROIC of 11% and ROE around 17%, combining growth with profitability.

With that, I now hand the floor to Mr. Carlos Piani, our CEO, to discuss strategic priorities and recent developments.

Carlos Piani:

Thank you, Daniel. Good morning everyone and thank you for joining the teleconference. I will now provide an update on the strategic and operational progress achieved during the first quarter of 2026.

Moving to slide 17, you can see a summary of the main achievements across the four strategic pillars we presented at our Investor Day last April: quality, profitability, growth and society.

Starting with growth and our universalization agenda, we maintained the strong investment pace established last year. CapEx reached R\$3.8 billion in the first quarter, approximately 31% above the prior year, clearly demonstrating our execution capacity and ability to accelerate project delivery.

Visibility also remains high, with a CapEx backlog of R\$39.8 billion from April 2026 to 2029, providing a solid base to sustain this investment cycle over the next few years.



Turning to profitability and operational efficiency, as discussed in the fourth quarter 2025 earnings call, we have substantially reduced the historical gap related to discounts granted to large customers.

At this moment, 80% of the related injunctions have been decided in Sabesp's favor, reinforcing both revenue quality and regulatory alignment.

We are also advancing on the infrastructure modernization agenda, with 326 thousand water meters installed during the quarter, a 51% year-over-year increase.

This initiative is expected to contribute to lower losses, greater accuracy in metering and billing, and improved operational efficiency over time.

Collection performance also remained strong, with a 96.9% collection rate in the quarter, excluding court-mandated debt payments.

In digital transformation, the quarter was marked by the successful go-live of SAP S/4HANA, an important milestone for the company.

This implementation increases agility, improves data quality and operational integration, and also establishes an important foundation for the next phase of Sabesp's transformation agenda.

On quality and customer experience, we continue expanding and strengthening our digital journey.

Today, 10.5 million customers use our digital payment channels.

Our WhatsApp platform continues to grow, averaging 2.8 million interactions per month, while the Sabesp app maintains a strong rating of 4.6, with approximately 1.5 million monthly interactions.

At the same time, we are adapting our call centers and commercial operations to a new operational and commercial reality.

This includes redesigning processes, standardizing workflows and resizing teams to better match current demand volumes.

Additional adjustments and improvements are planned for the upcoming quarters as we continue to enhance customer satisfaction and improve our Net Promoter Score.

Finally, in ESG, I would like to highlight two important achievements in this quarter.

Earlier this week, ISE B3 published the annual composition of the index, and Sabesp remains a member for the second consecutive year, reinforcing the strength of our ESG positioning in the Brazilian market.

Additionally, in January we received a B rating in CDP's climate assessment, representing an improvement over last year and reflecting continuous advances in climate governance and environmental management.

Overall, these results demonstrate the consistency of our execution across all strategic pillars and reinforce our ability to deliver sustainable growth with quality, efficiency and positive social impact.

Moving now to slide 18, although we are making significant progress, it is equally important to be transparent about the challenges ahead as we advance toward the 2029 commitments presented at Investor Day.

Each year, this transformation journey brings a distinct set of priorities.

In 2026, one of the main challenges is implementing the new regulatory accounting principles, including the new RAB methodology, which we expect to complete by year-end.

This is a complex but fundamental step to ensure greater transparency, consistency and alignment with the evolving regulatory framework.

In this context, ARSESP, our regulatory agency, has launched a public consultation to discuss the new DRC methodology, and we intend to actively contribute to this process by submitting our recommendations by May 13 of this year.

Successful delivery of this milestone will be critical not only from a compliance standpoint but also to support the next phases of our transformation agenda, including future tariff reviews, progress of universalization targets and integration of new assets into our operational and financial model.

With that, I conclude this part of the presentation. We can now move to the question-and-answer session.

Questions and Answers

Operator:

Thank you. We will now begin the question and answer session for investors and analysts. To ask a question, send it via Zoom Q&A stating your name and company. Our first question comes from Mr. Guilherme Lima of Santander. Mr. Guilherme, your microphone is open. You may proceed.

Question – Guilherme Lima:

Good morning everyone. I have two questions.

First, electricity and material expenses came in higher than expected. Could you disclose to what extent these lines were impacted by the company's current hydrological situation, what would be a normalized level and whether a portion of these incremental costs could be subject to future reimbursement?

And the second question is about the expectation for the 2026 revenue loss from social tariff benefits to be reimbursed in the 2028 tariffs.

Answer – Daniel Szlak:

Thank you, Guilherme. Good morning.

Regarding electricity, we don't see significant changes relative to the hydrological situation compared to the second half of last year.

We observe a year-over-year decrease in energy expenses, as we are consuming less due to lower production, influenced by nighttime pressure management.

On the other hand, there is an increase in cost per kWh in the captive market.

Regarding materials, it is more a matter of timing — there were no significant items.

With respect to the social tariff, the number of beneficiaries is stable at around 2 million. There was strong year-over-year growth, but quarter-over-quarter stability.

Growth is expected to be more organic going forward, with greater penetration in low-income communities.

Operator:

Our next question comes from Maria Carolina of Safra. You may open your microphone.

Question – Maria Carolina:

Good morning. Thank you for the call.

I have two questions: About regulation: can you comment on ARSESP's new regulation regarding discount policies for large users? How does this affect future negotiations?

About the Universaliza São Paulo program: what are your first impressions regarding blocks, size, differences versus the previous model and timeline?

Additional question: the unitization curve seemed somewhat slower this quarter. Was there any specific event?



Answer – Daniel Szlak:

Regarding the discount policy, we will submit a proposal in the coming weeks. We expect approval within this quarter, with an impact in the second half.

This should ease pressure from large customers.

Regarding universalization, the main point remains uncertainty about the number of municipalities and blocks.

There is a new inclusion of drainage.

Answer – Carlos Piani:

There is seasonality: Q4 is stronger due to regulatory timing; Q1 tends to be weaker.

Operator:

Our next question comes from Bruno Amorim of Goldman Sachs.

Bruno Amorim – Goldman Sachs:

Good morning.

Where are you in the journey to improve operational efficiency? How much room do you see for further cost and revenue efficiencies going forward? About Copasa: if Sabesp decides to participate, is it decided that it would be together with Equatorial, given that neither company yet has exposure to Minas Gerais, or not necessarily?

Answer – Daniel Szlak:

We have undertaken many initiatives last year and we continue this year.

We are investing heavily and controlling costs to finance this CapEx.

Highlights include self-generation of energy and operational improvements with SAP.

Answer – Carlos Piani:

Partnerships are welcome. Nothing is confirmed, but Equatorial could be a natural partner.

Operator:

Our next question comes from Fillipe Andrade of Itaú.

Fillipe Andrade – Itaú:

Good morning everyone. Thank you for answering my questions.

A quick follow-up on a prior question. At the Investor Day, Sabesp presented a CapEx estimate of approximately BRL20 billion for 2026.

Could you share your expectations for the disbursement curve over the coming quarters, as well as the expected normalized rate of activation?

And also, could you comment on discussions with the regulatory agency regarding the CapEx plans for 2024–2030? Do you have any insight on the timing for the outcome of those discussions?

Thank you.

Answer – Daniel Szlak:

Ok, thanks for the question, Felipe.



Let me start on the internal part. CapEx usually starts slower in the first quarter and then accelerates over the year. Everywhere I've worked this happens, and here at Sabesp it is no different.

When we look at last year, part of the acceleration curve's slope was influenced by process changes. But there will always be an upward curve over the year in terms of CapEx.

Part of it comes from the fact that we have started programs in rural areas. We split those programs into two phases: the first batch has already begun, and the second is currently receiving proposals and should start this year.

Additionally, we are contracting the expansion of large sewage treatment plants, which will also increase CapEx throughout the year.

Mechanically speaking, this is how activation works: assets need to go into operation — that is, they need to actually be used with water or sewage flow. That typically happens over the year.

Thus, the activation curve also grows over time.

As we've mentioned before, we do not expect one-for-one activation in the early years. We expect roughly two-thirds to be activated each year, with about one-third carrying over to later periods, reversing this pattern in the latter years of the cycle.

Answer – Carlos Piani:

From a regulatory standpoint, there is no formal deadline for having a definition on the projected CapEx.

But we expect to have some visibility by the start of the second half because we need to begin planning for the next year.

We already have a relevant part of the CapEx contracted, but there's still some flexibility regarding how much to invest in the coming years.

From our point of view, we need greater clarity by early Q3.

Operator:

Our next question comes from Matthias.

Matthias:

Hello, thank you for taking the question. Congratulations on the excellent results.

I would like to understand a bit more about what your actions are for the remainder of this year regarding revenue assurance and how you see this evolving throughout this year and perhaps next.

Thank you very much.

Answer – Carlos Piani:

Thank you, Matthias. This is a very important pillar for us.

All commercial efforts related to revenue assurance are central in any transformation from a state-owned company to a private one.

We are advancing rapidly on multiple fronts: replacing water meters, improving collection, adjusting processes, negative listing of delinquent customers, among others.

This has generated a significant increase in the volume of service in our customer relations channels, which are being redesigned at the same time.

We are constantly adjusting the balance between demand volume and service capacity.



We know, as consumers, that utility service is not always straightforward, so we expect to make adjustments through the second quarter and into year-end.

We can reduce volume somewhat or invest more in the structure if necessary.

The focus is the long term and ensuring a good customer experience during this transition.

Operator:

Our next question comes from Giuliano Ajeje of UBS. You may open your microphone.

Giuliano Ajeje – UBS:

Hello Piani, Daniel, good morning. I have two, three questions.

Let me start with the topic of tariffs — about the tariff mix. You reported growth in the number of households with subsidized tariffs.

I have two questions here:

The first is whether the company projects that this growth pace of subsidized tariffs will continue through 2027 and 2028, and if not, what level is expected.

The second is about the status of the regulatory work with ARSESP to reconstitute this.

Another question is about Copasa: it's a simple one — have you already registered to participate in the process?

And finally, a question about CapEx: on slide 13 you show the expected CapEx for 2024 to 2029 considering the acceleration of the second cycle.

Assuming that acceleration does not occur, what would the CapEx be?

And regarding the initial R\$70 billion, how much should be adjusted for inflation? And how much corresponds to the acceleration of the second cycle?

So there are three themes here.

Addition:

The company reported delinquency close to R\$50 to R\$54 million per year.

My question is whether modernization with smart meters and improvements to digital channels can change this level.

Thank you.

Answer – Daniel Szlak:

Perhaps I'll start with the first.

We have undergone several recent changes in the eligibility criteria for social tariffs — migrating to CadÚnico and then incorporating Tarifa Paulista.

During this period there were frequent rule changes, which generated volatility.

Now the system is more stabilized.

Thus, we do not expect strong fluctuations like last year. The trend is more organic growth, mostly tied to base expansion in lower-income areas.

Answer – Carlos Piani:

Regarding Copasa, yes, we will take part in the process.

With regard to CapEx, we still need to await regulatory definitions.



There are three main factors: inflation on the R\$70 billion, greater complexity of connections, possible changes in scope, including alternative solutions in rural areas.

This may reduce some of the required investments.

Therefore we prefer to wait before giving a final number.

Answer – Carlos Piani (Delinquency):

We reduced the provision for delinquency because collection performance improved.

The methodology remains the same — based on historical experience.

If collection improves, the provision falls; if it worsens, it rises.

Regarding smart meters, they help considerably — allowing more frequent readings, reducing disputes and increasing collection efficiency.

But a meaningful impact takes time, perhaps about two years to reach scale.

Answer – Daniel Szlak (Addition):

Just adding: we also had a one-off positive effect of about R\$30 million related to an agreement with a municipality, which impacted the quarter's results.

Operator:

Our next question comes from João Pimentel of Citi. You may open your microphone.

João Pimentel – UBS:

Hi folks. Good morning. I have a broader question.

How do you see Sabesp allocating capital eventually in different markets, outside Brazil, or in different segments?

Sabesp is already a company with more than BRL100 billion in market cap. Of course we have Copasa and Universaliza, but even participating in consortia, that does not represent a sizeable investment relative to the company's size.

So I would like to understand how you view this moment in the universalization journey — whether you are already at a more mature stage — and whether it makes sense to seek other geographies or segments.

Considering, of course, regulatory risks and currency exposure.

Thank you.

Answer – Daniel Szlak:

Thank you for the question.

Inorganic growth tends to be more risky, especially outside our core area.

We have a fiduciary duty to evaluate opportunities, but we are still at the early stages of our transformation journey.

If we do something, it should be small at first — almost like an option — to test.

We are not looking for large acquisitions outside our core or our geography.

Our focus remains executing well in São Paulo.

If good risk-return opportunities arise, we will evaluate them — otherwise, we remain focused on our core and value creation.



Operator:

The Q&A session is over. We would like to pass the floor to Mr. Carlos Piani for the company's closing remarks.

Answer – Carlos Piani:

Again, I would like to thank everyone for the questions and for their continued interest in Sabesp.

We appreciate your participation in our quarterly teleconferences and look forward to continuing to update you on our progress in coming periods.

Have a great day everyone and see you next quarter.

Operator:

Thank you. The SABESP results presentation is concluded. Thank you for your participation and we wish you all an excellent day.