



Earning Release 2023

Summary

1-	Highlights – SAAB Consolidated	2
	1.1 - Operating and Financial Highlights.....	3
2-	Message from Management	4
3-	Overview – Grupo Águas do Brasil	5
	3.1 – Shareholder Structure and Corporate Composition.....	5
	3.2 – Compliance Program.....	6
4-	Results For The Period	7
	4.1 – Operating Highlights	7
	4.1.1 – Active Savings.....	7
	4.1.2 – Billed Volume	7
	4.1.3 – Default Rate	10
	4.1.4 – Distribution Loss – DLR (measured volume)	11
	4.1.5 - Capex.....	12
	4.2 – Financial Highlights	14
	4.2.1 – Net Revenue.....	14
	4.2.2 – Operating Costs and Expenses/Revenues.....	15
	4.2.3 - EBITDA.....	16
	4.2.4 – Financial Result	17
	4.2.5 - Indebtedness.....	17

Rio de Janeiro, 06/27/2024 – The management of Grupo Águas do Brasil presents the consolidated results of Companhia Saneamento Ambiental Águas do Brasil for the 12 months of 2023 and 2022. The financial information in this report was prepared by the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The annual financial statements of SAAB and its subsidiaries, for 2023 and 2022, were audited by Ernest Young, independent auditors, which does not consider any non-accounting information or information derived from non-accounting numbers.

1- Highlights – SAAB Consolidated

- ✓ In 2023 consolidated, net revenue reached R\$1.9 billion, representing an increase of 11.2%, or R\$192 million, compared to the same period of the previous year.
- ✓ Net revenue, excluding construction revenue, grew from R\$1.5 billion in 2022 to R\$1.7 billion at the end of 2023, representing an increase of 12.3%, or R\$182 million.
- ✓ The Group's pro forma net revenue (excluding construction revenue) was R\$2.8 billion in 2023, an increase of 34.4% compared to 2022 (R\$2.1 billion). It considers 100% of the joint ventures Rio Mais Saneamento Participações S.A., FAB - Zona Oeste S.A. e Águas de Votorantim S.A.
- ✓ EBITDA reached R\$650.4 million in 2023, a 16.1% increase compared to 2022.
- ✓ CAPEX in 2023 totaled R\$430.1 million, a 67.6% increase compared to 2022, representing R\$173.4 million.
- ✓ Net debt increased by 23.1% in 2023 reaching R\$1.3 billion compared to R\$1.1 billion incurred in 2022.
- ✓ In August 2023, SAAB won the bidding process to concession water and sewage treatment services in Teresópolis. The concession, called Águas da Imperatriz, has synergy with the Group's operations, serving municipalities neighboring existing operations and providing services to a significant region of Rio de Janeiro.
- ✓ In December, Rio Mais raised the 2nd Issue of Debentures, which has the sustainable and blue seal, for R\$2.5 billion, and contracted a long-term financing with BNDES for R\$2.15 billion. The 2nd Issue of Debentures has a 20-year term for the 1st series and a 29-year term for the 2nd series. The resources were directed to prepaying the 1st Issue of Debentures (Bridge), originally raised to pay the Fixed Grant for the auction in 2021. With the R\$4.65 billion financing, the company can carry out its robust investment plan for the coming years.
- ✓ On December 6, 2023, Águas da Imperatriz began operations at full capacity, marking the beginning of a new era for municipal sanitation. The concession will provide a 10% reduction in water tariffs for all users, ensuring an accessible and quality service for the community.

1.1 - Operating and Financial Highlights

Financial Highlights - In R\$ million ¹	2022	2023	Δ%
Net Operating Revenues	1,724.4	1,916.9	11.2%
Services Revenues (with Cancellations)	1,664.0	1,870.5	12.4%
Construction Revenues	247.4	257.9	4.3%
Deductions from gross revenues	(186.9)	(211.6)	13.2%
Operating Costs and Expenses	(1,166.6)	(1,258.7)	7.9%
Operating Costs and Expenses	(919.2)	(1,000.8)	8.9%
Construction Costs	(247.4)	(257.9)	4.2%
Depreciation and Amortization	(84.5)	(96.4)	14.1%
Other operating revenues (expenses)	2.4	(7.7)	-
Equity Equivalence	(38.0)	(77.9)	104.7%
Financial Result	(121.4)	(114.3)	-5.9%
Income Tax and Social Contribution	(121.6)	(144.7)	19.0%
Net Profit	194.7	217.1	11.5%
<i>Net Margin (ex. construction revenue)</i>	<i>13.2%</i>	<i>13.1%</i>	<i>-0.7%</i>
<i>EBITDA w/o equity equivalence (Covenant)</i>	<i>560.2</i>	<i>650.4</i>	<i>16.1%</i>
<i>EBITDA Margin w/o equity equivalence (Covenant)</i>	<i>37.9%</i>	<i>39.2%</i>	<i>3.4%</i>
Net Debt	(1,087.1)	(1,338.6)	23.1%
Leverage	1.94	2.06	6.1%
CAPEX	256.6	430.1	67.6%
Operating Highlights (thousand)¹²			
No. of Active Savings, Total	897,527	910,073	1.4%
Water Billed Volume ('000/m ³)	149,585	151,890	1.5%
Sewage Billed Volume ('000/m ³)	107,201	109,965	2.6%
Distribution Loss Rate (%) (SNIS Methodology)	29.2%	28.7%	-1.7%
Urban population served	2.211.734	2.140.379	-3.2%

¹Not including Rio +Saneamento, Zona Oeste Mais Saneamento, and Águas de Votorantim / ² Including Águas de Votorantim

2- Message from Management

Our financial strategy, based on cost efficiency, disciplined spending and capital structure, strengthens our diligent management of the company's resources. In this period full of challenges and significant achievements, we achieved excellent results, reaffirming our commitment to excellence in providing services to society.

In 2023, consolidated net revenue totaled R\$1.9 billion, registering an increase of 11.2% compared to the previous year. Excluding construction revenue, this growth was even more notable, reaching 12.3%, R\$1.7 billion. This advance was driven mainly by tariff transfers and the organic growth of concessionaires, highlighting the resilience and high predictability of demand in our sector.

EBITDA, without equity equivalence, reached R\$650.5 million, up 16.1% from the previous year. This increase reflects our mature operations' operational efficiency and robust cash generation.

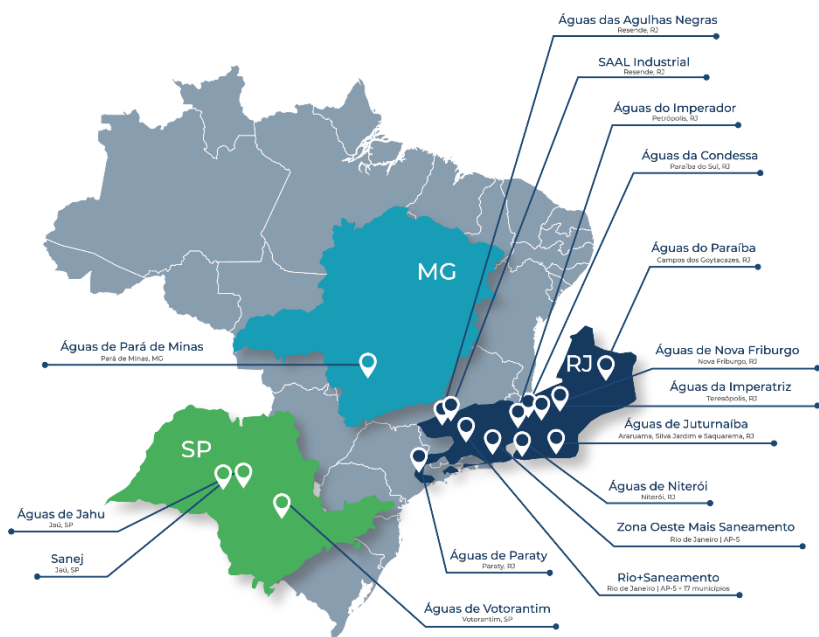
Our commitment to operational excellence is further demonstrated by our significant investments in 2023. We invested R\$430 million, a substantial 67.6% increase compared to the previous year. These investments, including the partial payment of the concession for Águas da Imperatriz, are crucial to promoting universal access to basic sanitation services and ensuring the quality of services we provide.

Our goal is to develop the business sustainably, maintain conservative management of the capital structure, and seek long-term financing that suits the challenges of each project. In 2023, we observed a 23.1% increase in net debt, totaling R\$1.3 billion, while the net debt/EBITDA ratio remained at 2.06x, keeping our leverage below the sector average and reinforcing our robust financial profile and growth capacity. This increase in debt was directed to financing investments in our concessionaires and payment of the Águas da Imperatriz concession in December 2023.

The Group reiterates its commitment to solid and sustainable development, highlighting the expansion of its operations in 2023, especially with the new Águas da Imperatriz concessionaire in Teresópolis. Winning the bidding process in August of the same year, this concession represents a significant advance in the Group's mission to universalize sanitation services. With its acquisition, our commitment is to change the municipality's history, which previously lacked sewage collection and treatment. The concessionaire's goal is to achieve universal distribution of treated water and sewage collection and treatment by 2033, according to the guidelines of the new legal framework for sanitation.

As we move into the next cycle, we execute the 2023-2027 Strategic Planning. Our focus will be on capturing the full potential of operations, consolidating the Group as a reference in operational excellence and the continuous search for innovation.

3- Overview – Grupo Águas do Brasil



Operations

- Urban treated water coverage: 99.8%*
- Urban sewage coverage: 92.1%*
- Sewage treated: 93.4%*
- No. of water active savings**: 1,843,167
- No. of sewage active savings**: 1,406,034

*SAAB Consolidated – w/o Araçoiaba da Serra – SP + (CAV) / **Customers connected to the network and available for consumption / including Rio+Saneamento, Zona Oeste Mais Saneamento and Águas de Votorantim (CAV). Not including Araçoiaba da Serra – SP.

Profile – With Rio+Saneamento, Zona Oeste Mais Saneamento and Águas de Votorantim / Without Araçoiaba da Serra – SP.

- 32 municipalities served
- 15 concessionaries and 2 industrial units
- 5 million people served
- Long term contracts > 25 years

In 2023, 10 of our 12 concessionaires that provide water supply services achieved water supply coverage close to 100%. The cities of Campos dos Goytacazes, Niterói, Nova Friburgo, Jahu, Votorantim, Resende, and Pará de Minas, served by the Group’s concessionaries, exceeded the percentages of sewage coverage estimated for 2033. A new standard establishes that, by 2033, 99% of the Brazilian population receive drinking water and 90% have access to sewage treatment. **The data in this section does not consider Águas de Araçoiaba, which was sold in February 2024.**

3.1 – Shareholder Structure and Corporate Composition



*VINCI INFRAESTRUTURA ÁGUAS E SANEAMENTO STRATEGY FIP-IE
 **SISTEMA DE GESTÃO AMBIENTAL SA.

3.2 – Compliance Program

The Group has a Compliance and Anti-Bribery Management System, which reflects its ongoing commitment to excellence, sustainability, and corporate responsibility, consolidating its reputation as one of the largest and longest-running private sanitation companies operating in the country.

SAAB is a signatory to the Business Pact for Integrity and Against Corruption, a voluntary commitment made by private and public companies, whose objective is to unite them in promoting a more honest and ethical market and reducing corrupt practices. SAAB is also a signatory to the United Nations (UN) Global Compact, which aims to align companies in their strategies and operations with the Ten Universal Principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption, developing actions that contribute to facing society's challenges.

Furthermore, SAAB has the following certifications:

i) ABNT NBR ISO 37000 - Organizational Governance: SAAB is one of the first Latin American companies to obtain this certification, in November 2023, reinforcing its commitment to excellence in corporate practices. ISO 37000 certification establishes a unique reference for organizations and their managers, regardless of the size, to have integrated language, principles, and practices for exercising good Governance.

ii) ABNT NBR ISO 37001 – Anti-Bribery Management System: highlighting all the efforts applied to topics related to ethics and integrity, we also went through the process of maintaining the ABNT NBR ISO 37001 certification, in December 2023.

iii) ABNT ISO 37002 – Whistleblower Management System: the organization also maintained, in December 2023, the ISO 37002 certification, acquired in 2022 on an unprecedented basis. The standard attests that our reporting channel is endowed with the highest level of trust and impartiality.

iv) ABNT ISO 37301 – Compliance Management System: demonstrating the Group's commitment to strengthening its culture of integrity, we also guarantee the maintenance of ISO 37301 certification in December 2023.

v) ABNT NBR ISO 14001 – Environmental Management System (EMS): this standard is part of the Group's ESG Strategy. It strengthens the company's environmental responsibility culture, proving its values and commitment to the environment. The company achieved the ABNT NBR ISO 14001 certification in January 2023, for the Saneamento Ambiental Águas do Brasil, Soluções Ambientais Águas do Brasil and Águas de Niterói S.A. units. This standard specifies the requirements of the Environmental Management System and allows the development of a structure to protect the environment and rapid response to changing environmental conditions.

4- Results For The Period

4.1 – Operating Highlights

4.1.1 – Active Savings

In 2023, 13,052 new active savings were added, an increase of 1.5% compared to the same period of the previous year, with highlights being Águas do Paraíba (+3,127), Águas do Imperador (+2,363), Águas de Juturnaíba (+2,349), and Águas de Pará de Minas (+1,120).

Active Savings	2022	2023	Δ%
Total SAAB Consolidated	843,505	856,557	1.5%
Águas de Niterói	211,062	212,081	0.5%
Águas das Agulhas Negras	56,365	57,040	1.2%
Águas de Araçoiaba	17,041	17,525	2.8%
Águas da Condessa	15,942	15,904	-0.2%
Águas do Imperador	96,481	98,844	2.4%
Águas de Juturnaíba	95,239	97,588	2.5%
Águas de Nova Friburgo	75,454	75,993	0.7%
Águas de Pará de Minas	42,266	43,386	2.6%
Águas de Jahu	58,761	59,634	1.5%
Águas de Paraíba	162,689	165,816	1.9%
Águas de Paraty	12,205	12,746	4.4%
Águas de Votorantim (Joint Venture)	54,022	53,516	-0.9%
Total (concessionaries)	897,527	910,073	1.4%

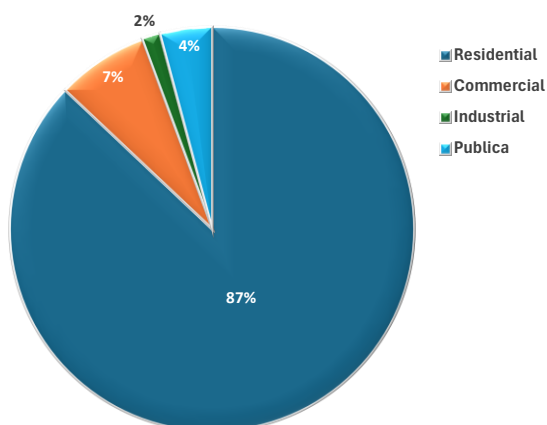
4.1.2 – Billed Volume

In 2023, SAAB's consolidated billed volume, not including Águas de Votorantim, reached 243,411 thousand m³, an increase of 1.9% compared to the same period of the previous year. Water billed volume grew by 1.5%, while sewage billed volume grew by 2.6%. The concessionaires that contributed most to the increased water billed volume were Águas do Paraíba (+520,000 m³), Águas de Juturnaíba (+433,000 m³), Águas do Imperador (+255,000 m³), and Águas de Jahu (+228,000 m³). The performance of these four concessionaires corresponded to 62.3% of the total. About the sewage billed volume, the biggest growth was presented by: Águas de Niterói (+921,000 m³), Águas de Paraíba (+562,000 m³), Águas de Jahu (+272,000 m³), and Águas da Condessa (+309,000 m³), which represented 74.7% of this growth.

In July 2023, the concessionaire Águas da Condessa began work on the first Sewage Treatment Station (STS) in the municipality of Paraíba do Sul. The construction, which mobilizes an investment of R\$26 million, is part of the project for expanding sewage collection and treatment services in the city. The conclusion of the first stage of interventions to achieve the initial targets of 25% of sewage collected and treated is scheduled for 2025.

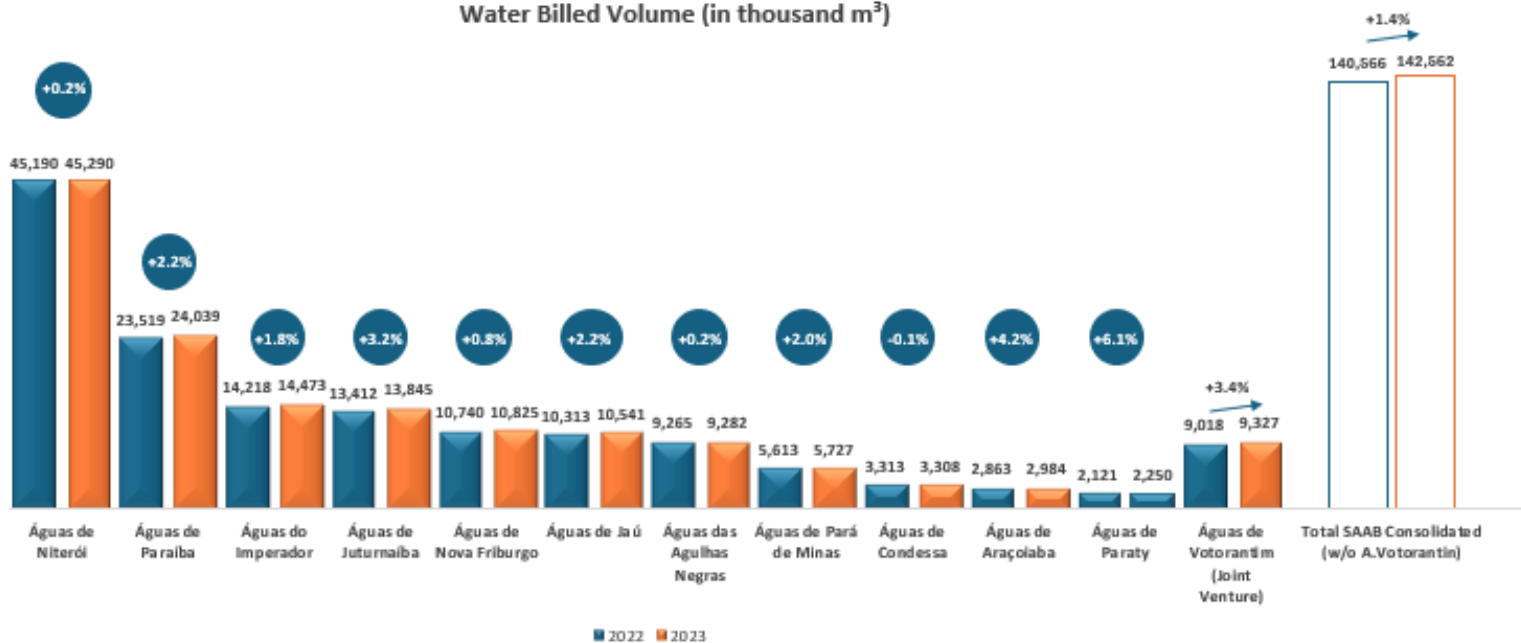
Water and Sewage Billed Volume (in thousand m ³)	2022	2023	Δ%
Total SAAB Consolidated	238,947	243,411	1.9%
Águas de Niterói	80,639	81,660	1.3%
Águas das Agulhas Negras	39,852	40,934	2.7%
Águas de Araçoiaba	24,982	25,510	2.1%
Águas da Condessa	24,078	24,612	2.2%
Águas do Imperador	20,790	20,955	0.8%
Águas de Juturnaíba	19,047	19,315	1.4%
Águas de Nova Friburgo	14,835	14,971	0.9%
Águas de Pará de Minas	6,427	6,605	2.8%
Águas de Jaú	3,313	3,617	9.2%
Águas de Paraíba	2,863	2,984	4.2%
Águas de Paraty	2,121	2,250	6.1%
Águas de Votorantim (Joint Venture)	17,839	18,443	3.4%
Total (concessionaries)	256,786	261,854	2.0%

Total billed volume by category - 2023

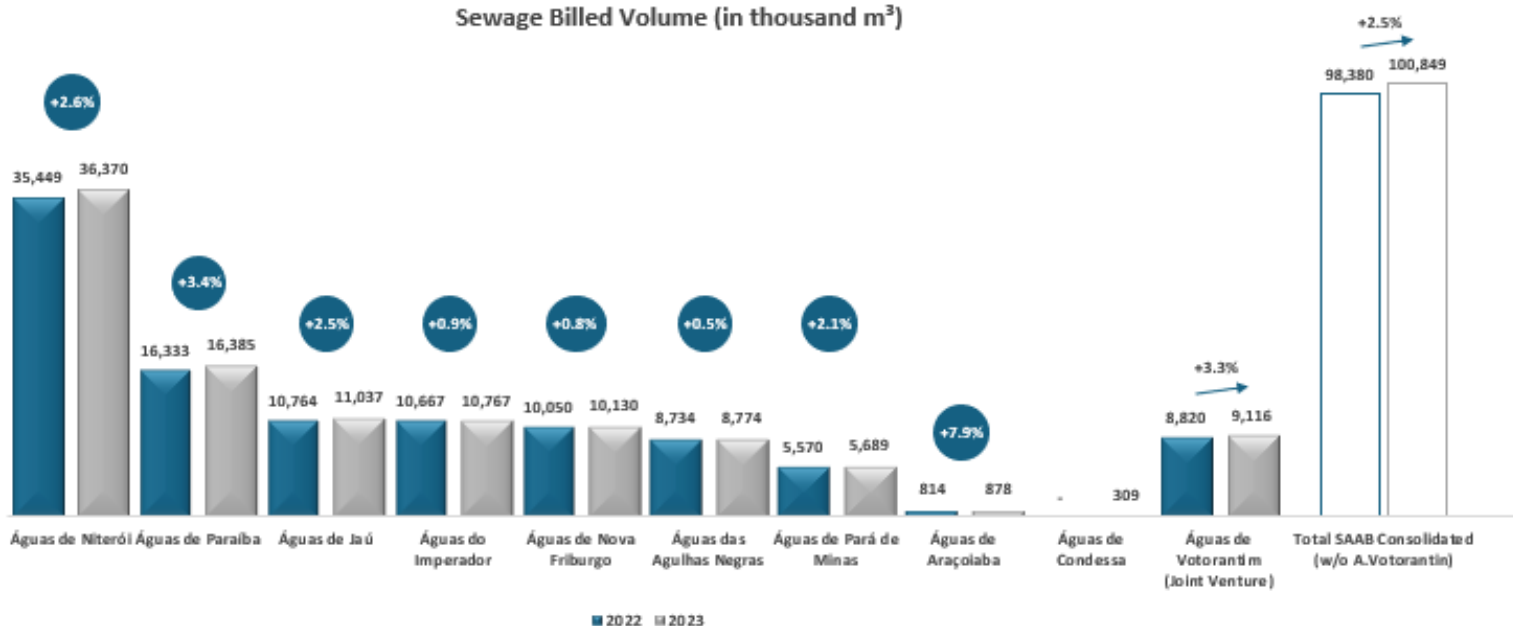


Total Billed Volume (in thousand m ³)	2023
Residential	27,965
Commercial	19,349
Industrial	3,742
Publica	10,797
Total	261,854

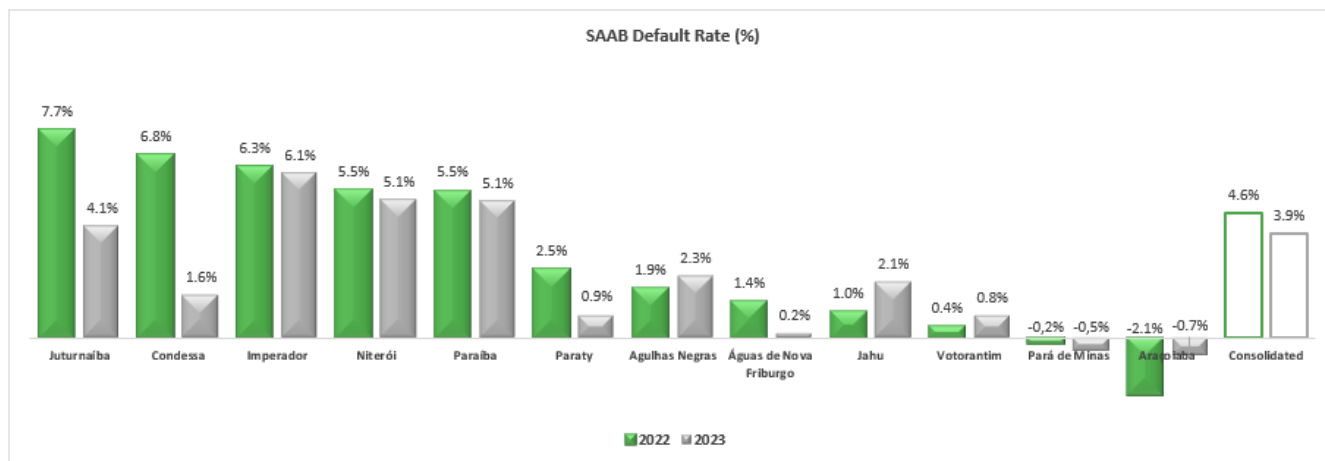
Water Billed Volume (in thousand m³)



Sewage Billed Volume (in thousand m³)



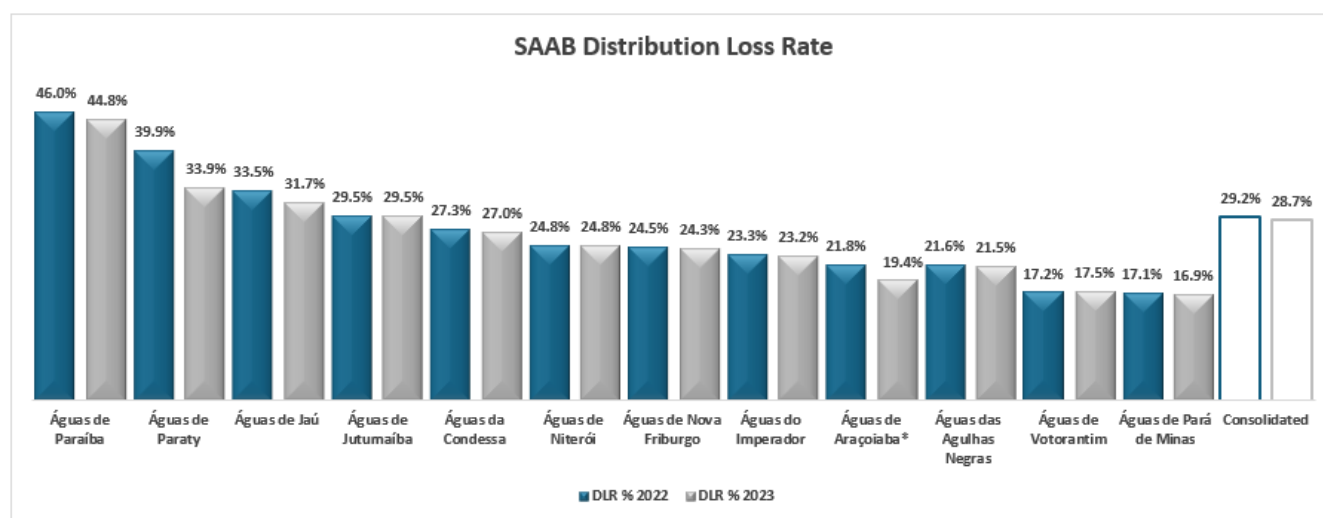
4.1.3 – Default Rate¹



In the accumulated 12-month period of 2023, commercial default was 3.9%, a reduction of 15.8% compared to 2022. Of our concessionaires, 8 out of 12 showed a reduction in the Commercial Default Rate. To achieve the best performance of this indicator, the Group carries out collections through a process structured in two phases: pre-cut and post-cut. In the pre-cut phase, several communications are sent through different channels, such as emails, SMS, calls, WhatsApp, and finally, denial notices, culminating in a cut-off notice on the 50th day. In the post-cut phase, the company continues with negotiations and possible legal actions.

¹ (1 - collection (R\$) / Gross invoicing (R\$) – cancellations

4.1.4 – Distribution Loss – DLR (measured volume)



* Águas de Araçoiaba concessionaire was sold on February 2024.

In the accumulated 12-month period of 2023, the consolidated Distribution Loss Rate was 28.7%, a reduction of 1.7% or 0.5p.p. compared to 2022. This result is a reflection of our loss prevention actions with a decrease in 9 of our 12 concessionaires operated by the Grupo Águas do Brasil, with emphasis on Águas de Paraíba (-2.6% or -1.2p.p), Águas de Paraty (-15.0% or -6,0p.p), and Águas de Jahu (-5.4% or -1.8p.p). The other concessionaires maintained their loss levels under control.

Through the Água de Valor program, seven of the Group's concessionaires achieved the goal of reducing losses determined by the Sanitation Legal Framework, which establishes the achievement of a loss rate of, on average, 25%, by 2033/2034. The program has already managed to avoid the loss of 116 million m³ of water, from 2018 to 2023. The volume would be enough to supply the cities of Niterói and Campos do Goytacazes for one year.

The main actions, classified as Real Loss Control or Apparent Loss, carried out by the Group, which positively impacted this indicator, were:

(1) Real Loss Control:

- ✓ Active leak control, through periodic searches for non-visible leaks with the help of Geophones and IoT²;
- ✓ Implementation of a new water connection standard, with fewer connections and use of more resistant hydraulic materials together with a new box model for installing the water meter, reducing the number of leaks in branches and trestles;
- ✓ Preventive replacement of sections of networks with a history of leaks and with obsolete materials;
- ✓ Sectorization and/or installation of pressure-reducing valves to manage pressure in the network.

² IoT Technology: Internet of things, refers to the collective network of connected devices and the technology that facilitates communication between the devices and the cloud, as well as between the devices themselves.

(2) Apparent Loss Control:

- ✓ Carrying out customer inspections to update their registration;
- ✓ Hiring inspection teams responsible for identifying and regularizing fraud;
- ✓ Preventive replacement of water meters, for better measurement and maintenance of the Group's water meter park.

These actions were developed through a Strategic Guideline Plan to Combat Losses, initiated in 2017, and from which the Água de Valor Program was derived, aiming to increase the efficiency of water distribution systems, with the main objective of reducing waste and leaks, in addition to improving measurement and control so that the water supply needs of the current population can be guaranteed without compromising the guarantee of this right for future generations.

4.1.5 - Capex

CAPEX (R\$ million)	2022	2023	Δ%
Total SAAB Consolidated	256.6	430.1	67.6%
Águas de Niterói	35.4	44.9	26.8%
Águas das Agulhas Negras	34.5	17.7	-48.8%
Águas de Araçoiaba	3.9	2.2	-43.7%
Águas de Condessa	7.0	6.3	-9.7%
Águas do Imperador	17.0	39.6	132.7%
Águas de Juturnaíba	66.8	44.7	-33.1%
Águas de Nova Friburgo	24.6	21.7	-11.6%
Águas de Pará de Minas	12.9	11.6	-10.4%
Águas de Jahu	10.6	11.8	10.8%
Águas de Paraíba	35.2	39.3	11.7%
Águas de Paraty	2.4	0.04	-98.2%
SAAL	1.7	1.3	-24.5%
Payment - Águas de Imperatriz Grant	-	183.7	-
Other	4.7	5.4	14.8%
Águas de Votorantim (Joint Venture) 100%	10.2	9.6	-5.2%
Total Concessionaries	266.8	439.7	64.8%

The total CAPEX of SAAB Consolidated in 2023 was R\$430.1 million, of which R\$183.7 million was the payment for the grant for the purchase of the Teresópolis concession in December 2023, whose operation began in January 2024. Excluding this grant, total CAPEX was R\$246.4 million, consistent with the volume invested in 2022 of R\$256.6 million to maintain the Company's operational excellence.

The main projects carried out throughout 2023 at our concessionaires were:

- Águas de Niterói: (i) Expansion of the Sanitary Sewage System in the Badu Basin and Engenhoca Basin, to achieve universal sewage collection and sewage treatment services in the municipality; (ii) Relocation of the Barreto Sewage Treatment Station ("STS") to the Toque – Bacia de Barreto STS; and (iii) Start of the hydraulic modeling project in San Francisco aiming to improve services, reduce losses and energy efficiency.

- Águas das Agulhas Negras: (i) Implementation of networks and pumping stations to transport sewage from the Surubi System for treatment at STS Ipiranga and completion of its sanitation system; (ii) Modeling to reinforce the water supply in the Grande Paraíso neighborhood – Water treatment Station ("WTS") - WTS AMAN; and (iii) conclusion of the Surubi-Ipitanga system relocation.

- Águas do Imperador: (i) Expansion of the STS Itaipava – more flow lines; (ii) Implementation of the Independência sanitation system and construction of the STS; (iii) Water network extension – implementation of new water distribution networks to serve new customers; (iv) Renovation of the STS Palatinato; (v) WTS Araras – construction of a module that expands the station's water capture and treatment capacity, improving supply in Nogueira, Itaipava, Pedro do Rio and Posse; (vi) Implementation of network and pumping station for the Itaipava System.

- Águas de Juturnaíba: (i) STS Ponte dos Leites - Expansion of the Sewage Treatment Station to increase flow and improve the treatment process; (ii) Completion of actions to reduce losses to improve water distribution in the Control Measurement District ("DMC") Ponte; (iii) Expansion of water network to expand services in DMC Madressilva; (iv) Expansion of water network to expand services in DMC Jardim; (v) Completion of actions to reduce losses to improve water distribution in DMC Barreira; (vi) Booster Bacaxá Substation - Renovation of the Bacaxá Booster Substation to accommodate the new pumping systems, load increase and update as identified by the Operations Office and necessary to operate the 5 pumps simultaneously; and (vii) Expansion of the STS Itaúna - Expansion of the Sewage Treatment Station to increase flow and improve the treatment process.

- Águas de Nova Friburgo: (i) Water network replacements aimed at reducing losses, improving pressure and water flow in networks, minimizing service interruptions, ensuring better water quality, and reducing operating costs; (ii) Sewage network replacements aimed at reducing leaks and ruptures, improving efficiency in sewage collection and treatment. Furthermore, the update contributes to the prevention of environmental contamination; (iii) Ponte da Saudade System - continuity in the services of the Sanitary Sewage System ("SSS") Ponte da Saudade, with extensions of the sewage network, execution of new sewage connections, booster lines and raw sewage pumping stations, (iv) Cônego System - this project consists of the construction of STS Cônego, which includes its entire infrastructure with the capacity to treat 60L/s of sewage, serving around 14,730 inhabitants; (v) Lumiar System - continuity of SSS Lumiar services, with extensions of the sewage network, execution of new sewage connections, pressure lines, and raw sewage pumping stations; and (vi) WTS Caledônia adaptation to guarantee continuous production of treated water at WTS Caledônia, one of those responsible for supplying the headquarters district.

- Água de Paraíba: (i) Implementation of networks and pumping stations to expand sewage collection services in the neighborhoods of Parque Fundão, Cidade Luz, São José, Aldeia, Santa Helena, Fundão, Vera Cruz and Parque Guarus; (ii) Loss reduction measures were implemented to improve water distribution in DMC Novo Mundo; (iii) Implement sewage networks and pumping stations in Parque Saraiva, aiming to expand sewage collection services in the municipality; (iv) DMC Eldorado - loss reduction measures were implemented to improve water distribution; (v) Hydro metering - execution of water connections and standardization in Campos dos Goytacazes Districts.

4.2 – Financial Highlights

4.2.1 – Net Revenue

In R\$ million	2022	2023	Δ%
Services Revenues	1,664.0	1,870.5	12.4%
Water supply	982.8	1,114.5	13.4%
Sewage collection and treatment	593.0	681.7	15.0%
Other services	107.0	86.7	-18.9%
Cancellations	(18.7)	(12.4)	-33.7%
Construction Revenues	247.4	257.9	4.3%
Gross Revenues	1,911.4	2,128.4	11.4%
Deduction from Gross Revenues	(186.9)	(211.6)	13.2%
Net Revenues	1,724.4	1,916.9	11.2%
Net Revenues w/o Construction Revenues	1,477.0	1,658.9	12.3%

Net operating revenue, excluding construction revenue reached R\$1.7 billion, a 12.3% increase in comparison to 2022. This performance in 2023 is mainly explained by the increase of 1.9% in billed volume and the tariff adjustment/rebalancing, with emphasis on Águas de Jahu (15.07% in January 2023), Águas de Pará de Minas (13.63% in January 2023), Águas da Condessa (12.62% in March 2023), and Águas de Nova Friburgo (11.90% in January 2023).

4.2.2 – Operating Costs and Expenses/Revenues

In R\$ million ¹	2022	2023	Δ%
Cost of services (1)	568.7	611.4	7.5%
Electric power	106.9	104.8	-2.0%
Water Purchase	113.8	125.4	10.2%
Payroll and benefits	151.7	164.8	8.6%
Third-party services	59.0	67.0	13.6%
Materials	50.9	48.8	-4.1%
Maintenance	7.1	12.8	80.3%
Other costs and services	79.3	87.8	10.7%
Construction costs (CC) (2)	247.4	257.9	4.3%
Depreciation and amortization (DA) (3)	80.0	91.1	13.9%
G&A expenses (4)	350.5	389.4	11.1%
Payroll and benefits	158.4	194.8	23.0%
Third-party services	80.4	85.3	6.1%
Litigation expenses	8.7	8.6	-1.1%
Provision for losses (PECLD)	54.6	36.6	-33.0%
Provision (reversion) for contingencies	(1.6)	(1.8)	12.5%
Other expenses	50.0	65.9	31.8%
Depreciation and amortization (DA) (5)	4.5	5.3	17.8%
Other operating revenues (expenses) (6)	(2.4)	7.7	-
Total Costs and Expenses (1 a 6)	1,248.7	1,362.8	9.1%
Total Costs and Expenses (w/o DA and CC)	916.8	1,008.5	10.0%

¹Negative numbers represent revenue

In 2023, costs and expenses, excluding depreciation, amortization, and construction costs, increased by 8.3%, or R\$76.3 million. Most of this increase, however, reflects costs related to salaries and related charges, with an increase of R\$49.5 million or 16% compared to 2022. Another cost with a relevant impact on the operation was water purchase, which recorded an increase of 10.2% (+R\$ 11.6 million), which considers the adjustment of water tariffs and growth in the number of economies served.

The Construction Cost increased by 4.3%, or R\$10.5 million, from R\$247.4 million in December 2022 to R\$257.9 million in December 2023.

The estimated provision for loan losses was reversed by R\$18.0 million in 2023, causing a reduction of 33.0% in the period. The reversal was motivated by the implementation of 'CPC 48 – Financial Instruments', which determines to record expected losses with doubtful accounts in an amount considered sufficient by Management to cover probable losses, based on the analysis of the balance of accounts receivable from customers and following the established accounting policy.

Concession burden, in line with other costs and services, grew by 16.1%, going from R\$34.7 million in 2022 to R\$40.4 million in 2023, directly impacted by the increase in variable concession rights which are related to the operation's revenue.

4.2.3 - EBITDA

In R\$ million	2022	2023	Δ%
Result for the Period	194.7	217.1	11.5%
(+/-) Financial result	(121.4)	(114.3)	-5.9%
(-) Depreciation and amortization	(84.5)	(96.3)	14.0%
(-) Income tax and social contribution – current and deferred	(121.6)	(144.7)	19.0%
EBITDA - CVM	522.2	572.5	9.6%
Net Revenue (w/o construction revenue)	1.477.0	1.658.9	12.3%
<i>EBITDA margin</i>	<i>35.4%</i>	<i>34.5%</i>	<i>-2.4%</i>
(-) Equity equivalence	(38.0)	(77.9)	104.7%
EBITDA w/o equity equivalence (Covenant)	560.2	650.4	16.1%
<i>EBITDA margin w/o equity equivalence</i>	<i>37.9%</i>	<i>39.2%</i>	<i>3.4%</i>

In 2023, EBITDA (Covenant) reached R\$650.4 million, an increase of 16.1% compared to the same period in 2022, the EBITDA margin increased by 3.4%, rising from 37.93% to 39.21%. This result demonstrates the commitment to the efficient management of the operation, where services revenues grew by 12.4% and costs and expenses by 8.3% (excluding depreciation, amortization and construction costs).

4.2.4 – Financial Result

In R\$ million	2022	2023	Δ%
Financial Revenues	77.1	86.8	12.6%
(a) Interest on financial investments, linked to the operation and borrowings	79.9	90.5	13.3%
(b) PIS and COFINS taxes on financial revenues	(6.6)	(8.4)	26.6%
(c) Other financial revenues	3.8	4.7	23.1%
Financial Expenses	(198.5)	(201.1)	1.3%
(a) Interest (financing, debentures, and book-entry commercial notes)	(160.3)	(164.6)	2.7%
(b) Discount granted	(21.8)	(19.1)	-12.3%
(c) Other financial expenses	(16.4)	(17.5)	6.2%
Total – Financial Result	(121.4)	(114.3)	-5.9%

This year's financial result was negative at R\$114.3 million, a reduction of 5.9%, compared to 2022. The main factors that impacted performance between the years were:

- (i) Financial revenues increased by R\$9.7 million or 12.6%, due to higher income from financial investments, and other financial revenues, which include (i) monetary variation on other assets, gains from swap operations, and miscellaneous financial income.
- (ii) Financial expenses increased by R\$2.6 million or 1.3%, mainly explained by the increase in interest costs by 2.7%, due to the year's funding, but offset by the settlement of debts with lower average cost.

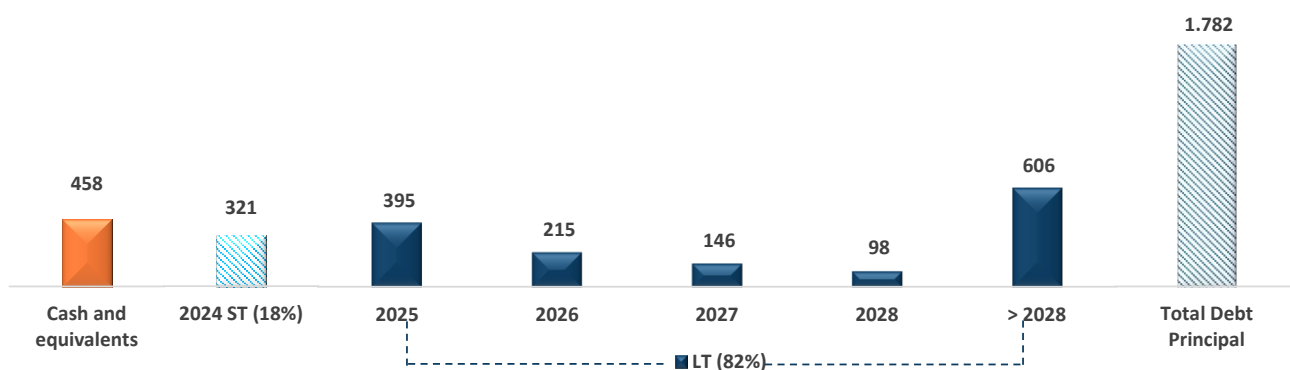
4.2.5 - Indebtedness

Indebtedness in R\$ million	2022	2023	Δ %
Net Debt	(1,087.1)	(1,338.6)	23.1%
(-) Total Debt	(1,609.0)	(1,796.6)	11.7%
(-) Loans and Financing	(729.0)	(734.7)	0.8%
(-) Debentures	(874.9)	(1,057.7)	20.9%
(-) Financial Leases	(6.6)	(5.5)	-16.3%
(+) Derivatives	1.5	1.3	-14.1%
(+) Cash and cash equivalents	521.8	458.0	-12.2%
(=) Net Debt	(1,087.1)	(1,338.6)	23.1%
EBITDA	560.2	650.4	16.1%
Net Debt/EBITDA	1.94	2.06	6.1%

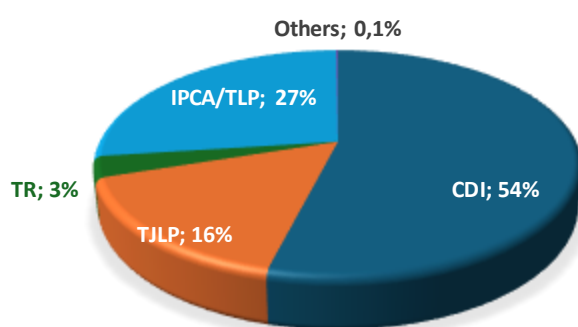
With 2022, total debt in 2023 increased by 11.7%, with an average cost of 13.25%, a reduction of 0.97 p.p. in 2022, whose rate was 14.22%. During the year, the Group raised R\$389.2 million and paid R\$224.5 million in principle, resulting in a market operation balance of R\$164.7 million.

The main issues of the year were from: (i) Águas da Imperatriz concessionaire: issue of 200,000 book-entry commercial notes, in a single series, with personal guarantee and nominal value of R\$ 1, totaling R\$ 200 million, in December 2023; (ii) Contracting of long-term financing for the Group's other operations. For the Niterói operation, R\$188 million was obtained, via BNDES, guaranteeing financing for the concessionaire's next investment cycle.

**Amortization Schedule (R\$ mm)
Principal**



Debt Breakdown by Index



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