

Conference Call Transcript
Sanepar
4Q24 Results

Operator:

Good morning, everyone. Thank you for joining us today. Welcome to the video conference announcing the results of the 4Q24 for Companhia de Saneamento do Paraná - Sanepar.

For those requiring simultaneous translations, this feature is available on the platform. To access it, simply click on the interpretation button indicated by a globe icon at the bottom of the screen, and then select your language: Portuguese or English. For those listening in English, you also have the option to mute the original Portuguese audio by clicking "mute original audio".

Please know that this video conference is being recorded and will be made available on the CEO's Investor Relations website, ri.sanepar.com.br, where the full earnings release and presentation materials are also available. You can download the presentation, which is also available in English, from the chat icon.

During the presentation, all participants will have their microphones muted. The Q&A session will follow the presentation. To ask questions, click the Q&A icon at the bottom of your screen and type in your question into the queue. Once your name is called, the prompt will appear to activate your mic, allowing you to ask questions. We recommend submitting all your questions at once for efficiency. If your question is not addressed during the event, please feel free to email it to ri@sanepar.com.br.

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I will hand over now to our Chief Financial and Investor Relations Officer, Abel Demétrio.

Abel Demétrio:

Thank you, Rodrigo. Good morning to everyone participating in our video conference for the presentations of 4Q24.

In this video conference, we have our President Director, Wilson Bley. I will hand over to him very soon for his initial considerations. We also have here our Administrative Director, Fernando Guedes; our Investors Officer, Leura Lucia Conte de Oliveira; and the Accountant, Ozires Kloster, besides the people from the Investors Relations team.

For the introduction about the results of 2024, I hand over to our CEO, Wilson Bley.

Wilson Bley:

Good morning, everyone.

I am here on a mission by the government of the state of Paraná, but I wanted to participate to share the good results of 2024. It was a hard-working year of positive results, and those you will see in the presentation that our financial director will present to all of you.

The year 2024 brought some additional challenges. We managed to consolidate the understanding that our clause of barrier was legal, and for that we signed our four PPPs, pushing to the achievement of results of universalization in an advanced manner, not to reach 2023, but perhaps before this date, which is determined by law.

This is our objective. It is an objective that is traced by a very well-structured strategic planning, an investment plan — we started R\$11.8 billion in the next cycle of five years —, and results that are extremely reasonable. Last year, we invested almost R\$2 billion in construction works, and this number is related and multiplied several times. So we are on a very accelerated pace.

The licenses that might have been obstacles in the past, today, are flowing within normality. So this causes us to be able to plan, execute, and have the hope, which is what we want to have, that, before 2033, we will reach universalization.

The financial results were excellent, reaching R\$1,545 million in net operational results. This is a very good result that brings a volume of money supported and together with the possibility of leverage that we have of being able to enable the accomplishment of our investment planning and our strategic planning.

Innovation is something that motivates us a lot. It is something that, as an example, today, I am here in this prospection of new lines of innovation. We had great advancements, and this caused us to diminish some costs, especially in the issue of energy, and now this is improved in our raw material, both in the treatment of water supply and sewage.

It is a big challenge. It is constant, involves constant work, but be sure that all the board, with extremely adequate governance and within the norms of compliance, are doing their best, causing the results to be these ones: to bring excellence in the work and also the relevance of having a public Company that is the largest and the best in Brazil.

We recently received an international award as the best sanitation company in the world. All this recognition makes us very proud, which proves that we are on the right path, which is the path of projection and advancement. The future awaits good results, and this is what will be presented to all of you today.

Thank you very much. I apologize for being on this mission, but this is extremely necessary for us to be able to prospect, not only innovation lines but also new markets, bringing Sanepar as a reference and as the best sanitation company in Brazil.

Abel Demétrio:

Thank you, president. Now we can start our presentation.

Initially, we will start with the highlights of 2024. We had, in 4Q24, an increase of net profit of

4.7%. In 2024, the net growth was 8.8% compared to the same period of last year. The EBITDA increased 5.2%, reaching R\$759.8 million. In 2024, there was an increase of 3.9%. In 4Q24, our net income had a 13.2% increase, reaching R\$412.9 million, and in 2024, there was an increase of 2.8%.

What is important is the increase in the market. In 2024, we had an increase of 34,600 new water connections and also an increase of 67,800 sewage connections. We kept the universalization of water with 100% of service.

In sewage, we reached 81.4%. We have to remember that the Company treats 100% of the sewage collected, so, rounding up the numbers, we need 8.5% to reach the 90% demanded by the new legal framework of sewage.

The EBITDA was 42.8% in 4Q24 and 42.9% in 2024. As the president said recently, the investments in 2024 reached R\$1,911 million, which is close to R\$2 billion, and still the Company managed to keep very reasonable leverage levels. In 4Q24, investments reached R\$537.2 million.

Besides that, in 2024, we received important awards. Among them, the one mentioned by the president and the ANEFAC Transparency Award.

On the next slide, we will talk about the operating results of the Company. We have a measured volume of water increasing 4.5%. It was growing a lot in the previous year, which was 5.4%, which shows the recovery of the volumes measured after the water crisis. Now the consumption is more normalized. The billed volume increased 4.2% in 2024. We had an increase of economies, with 43,512 new economies, which is an increase of 5.5% compared to 2023.

Concerning sewage, the measured volume increased 6.1% in 2024. Again, in 2023, it had growth 7.5%, which is a quite representative number. The billed volume increased 5.6% this year. It was a representative level, followed by the volume collected close to it. The connections increased 90,469 new economic units, which is important for universalization. So this is where investment is planned.

About default, it was 0.7% in 2024. For the second consecutive year, we managed to bring the default to good levels. Remember that, in 2023, we had the recovery of credits due to the fact that the Company was not cutting water due to the pandemic, and etc. So it is the second consecutive year of very favorable results.

Still about default, I want to mention that AGEPAR, which is our regulating agency, also made a public consultation, other people also contributed, and it is, in the first moment, defining a waging, which is the contumacious default, which is around 0.6574%. After the period of five years, it uses the metric between the 49th and 60th months to show that our default is adherent, especially concerning the metrics of the agency concerning what returns as tariffs.

The losses per liters/connection/day is 223.1 liters, an increase of 2.5%, and the justification is that, at some points of the year, we had some moments in a great part of the state where the volume of heat waves were very intense and the system were working obviously closer to the limit to meet the demands of water and, of course, the more pressure, the more the networks are pressured. This is one of the reasons why we had the losses above the registered in 2023.

Next slide, we will see the reservoir levels, something that was seen at the end of 2023. It is quite

stable, the four reservoirs that serve Curitiba and all the cities. We had a lot of rain, and the rains allowed the reservoirs to keep their levels at 100%, which is important because it brings us a horizon of tranquility, at least in Curitiba and the cities nearby.

We have to remember that we have the 5th reservoir, which is being executed by the Company, which should reinforce all this capacity of storage of water, which is a product that is so indispensable for the population supply.

In the next slide, I would like to go through indicators of the performance of the Company. Remembering that the Company obviously needs a lot of capital from the markets so that we execute our investment plan. We have here the debentures in the market, which are today active from the 9th through the 14th issues.

These debentures have restrictive clauses. There are two of them, which is the net bank debt by the adjusted EBITDA, which has to be lower or equal to 3 times, and in 2024, we reached 1.76 times, so we met what is determined.

The adjusted EBITDA by the net financial expense has to be bigger or equal to 1.5, and we have 9.3, so this is a good indicator that shows that the debentures of the market are being fulfilled by the Company.

Besides the issues to market, we have the issues to systems of sewage, which are natural financiers, like BNDES, that finance the country directly through private debentures and also has covenants to be met, in this case, net bank debt by EBITDA, which has to be less or equal to 3, and it is 1.64.

The EBITDA by the debt service coverage ratio has to be bigger or equal to 1.5, and we have 2.68. Other onerous debts by EBITDA, which has to be less or equal to 1, we have 0.39. Other onerous debts are all those obligations the Company has in the face of their health and social security plan and other installments of debts or payments. All this amount cannot exceed one time the EBITDA, which is the limit, but we have good numbers here.

We discussed BNDES, but we also have Caixa contracts, which is a good partner of the Company in the search for bringing sanitation to the population. We have covenants in the Caixa Economica Federal, which differs from the ones I mentioned, is that the last item, onerous debts, is by adjusted EBITDA. We have 0.42, as you can see at the end of the page. It is a little higher than by EBITDA, which is 0.39, as we saw in the BNDES contract, but less than half of the possibility the Company has of this account.

In the next slide, we will see that we have KfW contracts. We had some resources released in 2024. It is a quite important contract because it is part of several works for improvement in the systems, improvements of the treatment of water, so we are in an advanced phase of disbursement.

In this contract, besides what I mentioned, we have the level of debt, which has to be 60% maximum, but, as we see, the level of debt at the end of 2024 is 47.2%; last year, it was 48.2%; and in 2022, 47.2%. So this shows how linear the Company's operation is and this search of finding balance in our accounts.

Some indicators: EBITDA margin was 42.9%, ROIC (annualized) was 11.4%, and ROE (annualized) was 15%, which is a small variation compared to what was reached in 2023 and a

little higher than 2022, showing a sequence that is quite linear in terms of indicators of the Company, which is important in the sense that it shows the Company has no surprises in its operations and they do not reflect obviously in the indicators of the Company as we see in other scenarios.

Now, let us talk about the financial performance of 4Q24. We had an increase of net revenue of 4.7%, reaching R\$1,776 million, which is a little lower than what we saw in 2023. Annualized, the net revenue increased more, but we can see that, in 4Q23, we had an increase that was quite high, 15%, so obviously the comparative based on the net revenue is really linked to the increase that was higher in 2023, so that does not necessarily mean that the result of 2024 was below.

EBITDA increased 5.2% in 4Q24, reaching R\$760 million with an EBITDA of 42.8%, in line with the EBITDA of 4Q23, which was 42.6%. Speaking of 4Q24, our net profit was R\$413 million with a margin of 23.2% and an increase of 13.2%.

The operating cost and expenses in 4Q24 were marked by a level more manageable, which the Company searched for in the sense that it could be efficient and not higher than inflation because we know that we have all the regulatory contexts we have to follow, but the fact is, comparing 4Q24 with 4Q23, the increase was 4.4%, reaching R\$1,017 million.

Now, in the next slide, we have the accumulated financial performance. Here, the net revenue shows an 8.8% growth, reaching R\$6,848 million in revenue. EBITDA was R\$2,937 million, an increase of 3.9%, and the margin was 42.9%. Net profit and net margin: R\$1,545 million in 12 months with a margin of 22.6% and an annual increase of 2.8%.

Operating costs and expenses increased 12.9%. As we showed in the previous slide, in 4Q24, it was better, reaching R\$3,912 million of those costs and the expenses that impact our EBITDA and, obviously, excluding the financial lines.

In the next slide, we are going to go through the cash generation and EBITDA conversion. It was the best conversion in the past few years, with 94.5% conversion. Our cash generation was R\$2,775 million, which is an increase of 16.5%, bringing in the cash results very closely which was generated in EBITDA.

Regarding the net debt and leverage, we continue with the profile of debt quite favorable in terms of distribution in time. We have debt in the short term, in the 12 months, reaching R\$585 million, something that is quite within our planning and is nothing that is very significant compared to last year.

The long-term debt is R\$6,047 million and total debt is R\$6,632 million. We had cash and equivalents at the end of the year, R\$1,801 million, which is an important cash because we have an expressive volume of investment plans for 2025-2029. At the end of 2024, we had a net debt of R\$4,831 million, higher than the R\$4,493 million at the end of 2023, but, in terms of leverage, it was equal to the level of 1.6 times.

The weighted average cost of debt, representing here all the money brought by the Company. We had a positive year, although now we have an increasing Selic that impacts the costs of all the companies that are indicators linked to CDI. In 2024, our weighted average cost of debt was 10.7, and this debt is not all concentrated in one indicator. We have, for example, one third of the debt, 33%, connected to TR, which are fixed interest of resources of Fundo de Garantia, and the TR is the index.

We have around 28% linked with IPCA, which is the official index of inflation, and linked to DI, which are indicators of market interest, 27%, besides other smaller numbers like KfW loans, IPC, and so on.

Our CapEx is R\$1,912 million, which is a representative number, 36% being applied in water, 57% in sewage, and 7% in other investments. So when we look at the past three years, the investments are quite robust. 2023 and 2024 were close to R\$2 billion, and the Company has been showing an increase in its investments.

Besides the investments, the Company is always very careful with sustainability. In 2024, the Company spent R\$1,913 million on construction works, close to what was immobilized. These are amounts and not all the works that were immobilized, but it is the stock of previous works that was immobilized and is important because the regulatory metric is the immobilized works.

So there is no point in having works being built, but they do not make the base for the Company to have the resources through the tariff to continue making other investments. So it was good work on our part by the board, especially the investment group, accounting with the operations board, which has a lot of volume of works, and the accounting area represented by Ozires, which was very important in the sense that 2024 is the base year of our tariffs.

So there was a lot of effort so that the reports were issued, and the Company managed to make these immobilizations, and more importantly, to make the assets in operation because it is important in the sense that the more time they are being used, the more gains they bring to the Company and the society as a whole.

In the next slide, we will talk about income statements, as we will see the numbers in the quarterly results in more detail. The net revenue increased 4.7%. The personnel cost had a 5% growth compared to the same period of last year, in line with the salary readjustment and other additional costs that obviously impact the cost. Material increased 0.4% in 4Q24, which is also a growth close to zero.

Regarding electricity, there was a reduction of 11%, and this is a result of some work of migration for the free market. So we expect this migration to bring even better results in 2025. In 2024, due to the migration to the free market, we had an economy of R\$63.8 million against the R\$50 million estimated, so we exceeded our initial expectation of savings with electricity in 2024.

The third-party services were 25.8%. These are long-term contracts, maintenance operation contracts, and they obviously cannot have any impact from one quarter to another because the maintenance of the Company and the operations, allied with the growth of volume, require expanded operational costs.

General and tax increasing 28.4%; provisions with a 142% drop; provisions for health and social security plans with an 88.9% drop; financial expenses were a positive account, with a reduction of 16.7%; and other costs and expenses increased 24.8% as a result of depreciations, more immobilizations, and more depreciations of works, but also provisions for losses in 2024, which were higher compared to the previous years. In 4Q24, the net result total was 13.2%, and EBITDA increased 5.2%.

In the next slide, we present the accumulated results of the year 2024. So again, in this case, the net result increased 8.8%. Personnel increased 20.3%. It shows that besides the readjustments

in salary, also the settlement of judicial actions. That is why the reflection is so positive and effectively it becomes an expense in personnel. So that is why we have this effect in personnel account, but the returns were in provision.

In material, we had a reduction of 2.4%. So, looking at the growth of volume produced in terms of water and sewage, still, the account of material had a reduction of 2.4% when compared to 2023. The main item that brought down this account was the treatment material, with a reduction of 6.2%.

About electricity in 4Q24, we had the effect of the free market. In the year, we had a growth of 4.9%, which would have been higher had we not migrated all the operational units to the free market because we had a red flag in many months and some flags, not the green ones, in 2024.

General taxes increased 62.8%, with some judicial actions which we had to pay, like, for example, we have to remember the issue of the accident in Ponta Grossa with R\$13 million, some condos on the coast that we had to pay some compensations for. Also in this account, we have environmental funds, and due to the growth of revenue, the municipalities receive more funds, and even with the tariff of regulation, they take into consideration the revenue, so this is a reflection of general and taxes.

The provision had a reduction of 240.9% in 12 months, so we had a reversion of provision of more than R\$238 million. The provisions for healthcare and social security had a reduction of 19%.

Financial expenses and revenues was an account that was quite favorable for the Company. We spent less, so we had less expenses than in 2023, with a reduction of 8.8%. And other costs and expenses increased 78.1% as a result of the two main accounts I mentioned, the depreciations and provisions for losses.

The total cost and expenses for the year had an increase of 11.7%, including the financial issues. There was an increase of 2.8% in net result in the year. And EBITDA increased 3.9%.

In this slide, we will go through the balance sheet. We have here the net debt with an increase of 7.2%, reaching R\$5,148 million. The accounts related to cash and cash equivalents, financial investments, especially the financial investments, increased 42.8%. Loans, financing, and debentures increased 14.8%, and dividends and interest on equity increased 3%.

On operating working capital, the result was positive in the year. We reduced our operating working capital from R\$960.345 million in 2023 to R\$859.890 million in 2024. And the highlight is the accounts receivable from customers, which was R\$1,411 million against R\$1,531 million in 2023, a reduction of 7.8%.

Other assets and liabilities increased 8.1%, so we had a reduction of provisions, from R\$858 million in 2023 to R\$619 million in 2024. We have retirement and healthcare plans here.

An important account was the contract assets that show assets of R\$2,777 million, so these are the ongoing works the companies execute, and as they are concluded, they are delivered for new work. We see stability here as a result of this work of immobilization. This account increased only 0.6%, and we continue with the mission of concluding the works and putting them to work.

The net equity is R\$10,828 million, and the operating working capital turnover versus the net equity is 45 days, which is the best result when compared to the years of 2022 and 2023, which

had more days of rotation of their operating work, being 47 and 55 in the previous years.

Now, let us talk about the cash flow of the Company. In 2024, we had operating activities increasing 16.5% as a result of the adjusted net profit and the assets and liabilities accounts, so it was quite a significant increase.

The investment activities consumed R\$1,909 million practically, thanks to the availability of cash flow. And the financing activities consumed R\$350.514 million, which is a reduction compared to 2023, of 10.2%.

Thanks to loans and financing, we managed to obtain R\$1,233 million in 2024. We paid dividends, R\$403.072 million; interest on equity payment; financing payments; almost R\$971.650 million paid to our creditors; leasing payment, R\$124 millions; and other variations with R\$84.749 million. So in 2024, we had an increase of R\$515.599 million, which caused us to have a cash flow of R\$1.8 billion at the end of 2024.

This was the presentation of the results of 4Q24. So I hand over the word to Rodrigo for the possible question and answers. Thank you, Rodrigo.

Hiury Goulart, Trilha Investimentos:

Two points. Number one, in financial results, in the Other Expenses line, we had an important reduction compared to 2023. Could you explain this? And what should we see as a recurrent in this line?

In the Third-Party Expenses line, we see a significant expense. I would like to understand why this increase happened and if these are recurrent behaviors that we should expect in the next quarters.

Abel Demétrio:

Good morning, Hiury. Thank you for your questions.

In the financial issue, we had the issue of the exchange rate in this account. The Company is not exposed to the foreign currency in its financing. In the KfW investment, since that is in euro (EUR), the Company makes a hedge, which is equivalent to DI. At the end of 2024, due to the appreciation of the real (BRL) against the dollar, this brought a favorable valuation. So this was one of the components.

Another issue is that, this year, if I am not wrong, we had a lower AVP than last year. Last year, due to the postponement of contracts with municipalities until 2048, the adjustment of assets that exceed the useful life of the contracts that were brought for the present value, representing, due to the increase of the deadline, an AVP higher than the realized this year. So these were two important elements.

Another issue is that the Company' investments are connected to CDI. In 2024, due to our characteristic of debts, we saw that the weighted average cost is lower than CDI, so this brings a positive margin in this financing line.

About the accounts of third parties (or outsourcing services), I will show you some accounts that had the main impacts. These are the accounts of maintenance and service of buildings. It is

significant because the Company makes it a point to maintain good service to the client, making renovations for this kind of situation.

We have vigilance services increasing 25.6%. Those who follow the Company for several years know that, two years ago, we had a series of robberies and that causes this stoppage of the system, especially in the water supply, causing problems to the population and, of course, taking out revenue from the Company. So the Company made some bids for security companies, and today we have more points that are monitored with a better service of quality.

In charging service, we also had a significant increase, more than 65%. In 2023, during all the year, we did not have the issue of cuts and reconnections at full steam. We have to remember the Company went 42 months without making any cuts due to the pandemic and the water crisis. In 2023, we resumed the charges and the billing of the accounts. 2024 was a year that was full, so the comparative basis of 2023 is lower. I would say that we went back to the level of normality.

The service of network maintenance is one of the most important points of sanitation companies. These works demand interventions in sidewalks and streets, and we have to do this kind of work to not cause problems or accidents for the pedestrians. So we had an increase of 18.4% in this expense this year as a result of an action of the Company in the sense of bringing a better service.

In addition to that, PPPs which started operating in 2024 is an item that is in the account of third-party services, and it also impacts the numbers due to the payment of the contracts for services.

Some accounts could go back to more usual levels in terms of growth of the outsourcing services item, like, for example, building and maintenance works. So after this renovation phase is over, we will go back to having this asset in an adequate use, because we will not need maintenance every year.

However, some maintenance is recurring, like the charging service. After normalizing its operations, this is something that the Company always does because this is important for the Company to bring in revenue and to make sure that there is no default and that the accounts are paid.

Another point is that, on the maintenance of networks issue, we have an increase in our infrastructure, with new water treatment stations, more networks, more service, and more clients, so the more the network grows, the more maintenance we have.

Gisele Gushiken, BTG Pactual:

Could you give us more details about the voluntary resignation plan? How many employees adhered? What is the total estimate of the savings that will be generated by this plan?

Abel Demétrio:

Thank you for your question.

I will hand it over to our administrative officer for him to answer.

Fernando Guedes:

During this week, we have concluded the adherence. The numbers are being added. We cannot

talk about the numbers because we do not have them right now. We will have the numbers next week. We will be able to announce them, and then we will be able to bring to the knowledge of everyone what the savings expected to be reached with the effectiveness of this plan of voluntary resignation is.

Antonio Marcus, Ermida & Martins Advogados:

Congratulations for the results.

Could you talk about the concession deadlines and their impact on the future results of the Company? Are there any intentions of taking part in concessions in other states?

Abel Demétrio:

Thank you. Answering your question, in 2023, the Company had its contracts postponed by the three micro-regions in the state. It is a process conducted by our micro-regions, so the contracts are due in 2048. Therefore, these are long-term contracts, which was very important because there were contracts that were due very soon, in 2024, 2025, and 2026.

By the characteristic of the need for investment, the Company, in some cases, did not manage to find financing because the financing agents needed a contract that guaranteed the payment of the debts in the long term. So we were having problems in the hiring of contracts, and we could not sign many of them because the deadline was very short. Therefore, the issue of microregions brought us an important point for the Company and with that, we could unblock new contracts and new investments the Company is making.

Concerning the loss of concessions, the Company has a contract sub judice, which represents 5% of our revenue, but the fact is that 95% of the remaining have long-term contracts, and the Company is right now comfortable concerning this issue.

Regarding the participation in other markets, we have to contextualize the moment the Company is living. It is at 100% of universalization concerning water supply. It has been universalized for some years, so this is an important point.

We reached, as we saw, 81.4% with sewage. Our president mentioned that we intend to reach universalization at a faster pace than predicted in the legal framework, so we hired the PPPs that will give us a push in the contracts with the municipalities that do not have sewage.

Obviously, the Company is a sanitation company. The market in Paraná will be the first state in Brazil to meet the legal framework. The Company has no restrictions, whether in other states or in other countries, so I believe that the Company, from the moment it has everything addressed within the state of Paraná, will naturally look at new markets outside the state of Paraná, of course, looking at each case and always looking at the interest of the Company concerning the returns and the operational capacity.

Therefore, I would say that, in the future, the Company might invest outside. We understand that this is a great Company with solid experience in operations and finances, so I think it is quite reasonable for the Company to visualize other markets.

Felipe Maciel, investidor:

I see that the reservoirs in Curitiba are full. Is the situation extended to other areas in the state, or is there any kind of drought in other areas?

Leura Lúcia:

Good morning to all of you.

In the state of Paraná, we are suffering with the climate change, which brings intensity of rain and, many times, drought. The water sector suffers in these two situations. Many times, excessive rain also harms us. We have difficulty in the treatment of the water in this case because it comes with mud, with a lot of material, and that makes it difficult to treat it.

In the state, we have some situations of water shortage that happened recently, also happening in some places in the region of Curitiba, but especially due to excessive consumption. The high temperatures cause people to consume more, have more showers, and use more water in their daily routine. Curitiba increased 25% in conception of water. Some regions, like Lapa, increased 33% of consumption. In Ponta Grossa, we also had a situation with an increase in consumption.

This causes us to have to make some changes in the system, which causes some supply shortages in some areas. But Sanepar is alert, and this amount of investment we make is not only for structural works but also for emergency works, which are necessary work, utilization of water trucks, injection of water in the network, and generator use, because, when we have too much water, we have problems with lack of electricity, and sometimes a peak of electricity causes a lot of problems in terms of resuming the system.

So all of that is being observed. We have action plans for each place where we try to act as fast as possible. In some situations, we cannot manage this without the client suffering the consequences, but many times as a result of a situation when the user does not have a reservoir of water in his house. So we are trying to help the city halls in the sense that the poorer populations that have more difficulty with their own home reservoir are supported by Sanepar to prevent this from happening.

Abel Demétrio:

Rodrigo, I will take advantage of our administrative director being here. Two questions came here related to a Company contract, and since the director was director of governance and compliance, I will hand it over to him to answer these questions.

Fernando Guedes:

The questions made in this regard are from Leandro Bueno and Saulo de Tarso. The question is about the hiring of FIA for studies of viability to the building of a holding and other companies as a result of a relevant fact published on May 23rd. According to the question presented by Leandro and Saulo, this deadline would have expired on February 11th.

So we want to say publicly that this contract signed with the Instituto de Administração for the elaboration of this detailed study about the viability of the building of a holding company and other companies with the objective of segregating different units of Sanepar has its deadline extended until April 12th of 2025, as published in the official newspapers on January 14th. As a result of that, what provoked this prorogation is the fact that the studies showed new possibilities of modeling, which are being evaluated.

Ricardo Gouveia, Logos Capital:

Could you give us an update on the process of the rate of payment? When will the Company recognize the amount of payments, and what is the perspective of distributing this amount? Is there any possibility of designating part of this result for CapEx?

Abel Demétrio:

Hello, Ricardo.

After 30 years of these legal dealings, finally, the Company received the money. This rate of payment for these taxes was predicted to be received until December 22nd, but it did not happen. There were some attempts by the leaders, and there were some attempts to get this money in February, but this will not happen. We received information that probably on March 11th this money will be paid.

The Company is following up on the approval of these payments, all the payment of this rate of payment based on the budget of the Company and so this will demand some administrative decisions by the Company and by the board to decide on this theme.

We have to remember that we have issues to overcome. After all the processes to release this payment, we have accounting issues, regulatory issues, and legal tax issues. It is a complex topic, so it would be premature to talk about where to destinate this money.

We also have to remember that one thing is the description of this rate of payment in the budget of the Union, but first we need to receive this money. So let us wait for the next moves, and we will always keep the market informed about the follow-up of this issue, considering how relevant it is for the Company and the market.

In short, the expectation is to have this money included in the budget of the Union to be released in March 2025.

Mario Wobeto, Banco Safra:

When will AGEPAR conclude the process of revision of the regulatory base? We noticed a significant reduction in the line of retirement plan and health insurance. Could you comment on that?

Abel Demétrio:

Thank you for your question. I will answer the first question, and I will hand the second over to our accounting manager.

The third periodic tariff revision is ongoing. There was a relevant fact on January 30th communicating that the board had approved the asset basis for AGEPAR. On January 30th, we sent it to the agency. It is an important point for the agency to be able to advance in its methodology for the third revision of tariff.

AGEPAR right now is making a series of diligences in its fiscal areas related to this report, which was hired by the Company, and also about the movement of the bases, the assets that were

selected as a sample to be fiscalized.

This work has caused a lot of work for the Company. It has been demanding a lot of questions. It is a rigorous work, and this is what we can say that is being done for the agency. I think it is a strong work all the issues related to inspections and the Company is trying to answer all the questions raised by the agency. So, in terms of inspection, we continue this inspection of assets that were designed as samples.

About the ongoing conclusion of the third RTP, we have to remember that we are anticipating it to be concluded by April 17th so we can reposition the tariff on May 17, which is when the tariff is expected to be put into practice.

A meeting was called for February 25th, on Tuesday, and one of the themes is the analysis of the contributions received in the public consultation, the one which talks about recoverable revenues, revenues, and other items which Sanepar has contributed, and it will define, by the agenda available on AGEPAR's website, the methodology and the calculation for the third revision of tariff.

They are following the timeline in the sense that the tariff revision should be concluded within the deadline predicted in its schedule, which the agency disclosed. So whether it is financial or operational updates, all the updates that are required by the agency to conclude their work are being provided by the Company.

Regarding the other issue, I will hand it over to our accounting manager, Ozires.

Ozires Kloster:

Good morning. Thank you for your participation, Mario, and for your question.

Starting with the healthcare and social security plan issue, we have a liability. Looking at social security, we have R\$368 million, and for the health plan, R\$773 million. This is R\$1,141 million and is an obligation the Company registered in its balance according to the accounting norm, which is the CPC, which deals with the benefits post-employment.

This balance has reduced if we compare it to 2023. So basically, this obligation is brought to an independent calculation that calculates it for the Company, with all the process of audit, but basically it was due to the discount fee that brought this effect, bringing us a lower obligation for 2024.

Felipe Maciel, investidor:

Concerning the RAB for the third RTP, is the number shown the final number in 2024? About the unshielding of the bases by AGEPAR, where do we stand there?

Abel Demétrio:

Philippe, thank you for your question.

We have the relevant fact of January 30th, in which the Company sent the report of the hired company and the updates of the movement of the shielded basis, whether it is net or gross, of the second and the third RTP. We had a BRR presented by the AGEPAR of R\$20,285 million and a gross of R\$32,230 billion.

As the relevant fact mentions, this asset basis is positioned with the immobilizations, in other words, all the works that were immobilized by December 31st, 2023, but moved by the database of December 31st, 2024. So all the updates from 2023 to 2024, depreciation, payments, and write-offs are all done in this work.

Regarding the immobilizations of 2024, they were informed to the agencies, but they are not part of this amount. Why are they not part of this amount? Because, since the agency publishes a technical note in around 2024, with the year happening, the cut date is December 2023, and that is why they are not included. So it all depends on the date where they consider the accounts.

Answering your question, in the year of 2024, these immobilizations were R\$1,913 million, and this is about the accounting concept. For the regulatory effect, we have to make some considerations, like, for example, the administrative investments that do not make up the basis as it was done previously.

We have to remove the donations, the solid residues that are not part of the asset base, because we are speaking about water and sewage, and industrial water, for example. So these are some points of adjustments that are made compared to the immobilization accounting number and also the level of use so that we have to do in order to obtain a number that is a regulatory number.

The agency received the numbers related to 2024 by 3Q24. They were annualized for the year of 2024, and now when the balance is published, the number is public, and the Company can add the information for the agency, sending the final numbers related to immobilizations and movements of these immobilizations related to the year of 2024.

Operator:

We conclude now the Q&A session, and we hand over the word to Abel Demétrio.

Abel Demétrio:

I want to thank the participation of all of you in this video conference. Thank you for your questions and for your interest, and I wish a good year of 2025 to all of you who are here.

Have a very nice day and a very nice weekend.