



Conference Call Transcript

SANEPAR

3Q25

Operator:

Good morning, everyone. Thank you for joining us today. Welcome to the video conference announcing the results of the third quarter of 2025 for Companhia de Saneamento do Parana, Sanepar.

For those requiring simultaneous translations, this feature is available on the platform. To access it, simply click the interpretation button indicated by a globe icon at the bottom of the screen. Then select your preferred 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 note that this video conference is being recorded and will be made available on the company's Investor Relations website at www.ri.sanepar.com.br, where the full earnings Release and presentation materials are also accessible. You can download the presentation directly from the chat, available in English as well.

During the presentation, all participants will have their microphones muted. The Q&A sessions will follow the presentation. To ask questions, click the Q&A icon at the bottom of your screen and type your question into the Q. Once your name is called, a 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 e-mail it to ri@sanepar.com.br.

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So, now I'll hand it over to our Chief Financial and Investor Relations Officer, Abel Demetrio.

Abel Demetrio:

Thank you, Rodrigo. Good morning, everyone.

Thank you for participating in this event. Here with me are our accounting manager, Ozires Kloster, our investment director, Leura Lúcia Conte de Oliveira, and our innovation specialist, Gustavo Possetti.

So, today we will discuss the earnings results of the third quarter of 2025 and the public meeting 2025.

So, this is our organization structure. So, of course general assembly at the top also the Fiscal Council, Board of Directors, EI Committee, Statutory Audit Committee, Office of the President, Technical Committee, Internal Audit, Communication and Marketing Department, Governance Risk and Compliance Department and the other boards that are part of the Executive Board of the company.

In the next slide we can see in the Ordinary we have the state representing 60.8% of the ordinary shares the working capital of the company, then the foreign shareholders 27.42 municipalities in the ordinary participation concerning the total, the state have 20,03%, the municipalities 0.37%, national shareholders 52.18% and the foreign shareholders 27.42%.

Before starting presenting the earnings results of the third quarter 2025, I would like to clarify that our president is representing the governor in an event. So that's why he's absent today in this presentation.

So, on the next page I'd like to discuss the tight lights of 3Q25 related to investments. We will talk in more detail later. We invested 765 million reais with an increase of 52% compared to the same period of last year.

Therefore, until September it's accumulated 0.5% below our provision. So, in the last three years we can say 2024 and 2023, we had a very benign default. So, it is a. Let's say it's quite a healthy default, very much under control due to the actions the company has implemented.

And more recently, I would like to pay homage to all the people in the company. The company received the Transparency Award once again granted by ANEFAC. And for the third consecutive year, it was a highlight in its net revenue, its results. So, congratulations to everyone for this accomplishment for the company.

Next page I would like to talk a little bit about the operational result. We had measured volume and invoice volume increasing by 1.1% and 0.9%. Obviously, we expected higher increase, but this year we had the climate issues related to a prolonged winter, less days of rain. So, these days there was a report and in 26 years we had had the

coldest days in the state of Paraná with reasonable amount of rain. This ends up impacting in the volumes measured and invoiced volume related to sewage.

The increase was 2.6% in collected volume and in the invoice volume. It also reflects the expansion towards universalization, and the increase was most robust. We are universalized, so the sewage, we are moving very steadily towards universalization.

On the right side of the screen, let's talk about the connections in the accumulated until September was 34,571, which is 1.3% increase. In terms of economies, it represents 1.6% increase, reaching in 12 months, having 67,144 new economies of water.

About sewage, we have 2.9% in the period of one year, 72,939 new sewage connection terms of economies, it's more 103,473 new economies. So, very significant.

For the front, the next slide. The volume or the reservoir levels in September was a period the winter period. And obviously we use the reservoirs to make up for the lower level of rain. Still, the volumes of the four reservoirs are not going to in this region. Were quite consistent with 70%, 91%, 78%. So, this now I think in the next months, with spring and summer, we should recover these levels of the reservoirs.

We have to remember that we are under the decree that determines that in. But in our region, we managed to go through this period with this drought in a better off than we expected in terms for the next year we have a fifth reservoir which will with that will reinforce more water supply for the region. And June to the beginning of filling up in the next few months.

Our service indexes, the objective is very strong is universalization. The deadline, as we saw in the last 99% point, is the goal. And Sanepar already has 100% for water for the population, sewage, the goal is 90%.

In September we reached 81.9%. And the objective of the company is to reach this framework, bringing it closer to the goal. So, all the effort has been towards CAPEX. Exactly to get this 8% that is missing for the universalization of the municipality serviced by the copy. Now the next slide. Talk about the main financial indicators.

As I said previously in 2023, the fall until September was quite benign, 3.4%. So, we recovered past credits in 2023 and 2024 and we had 0.8% and this year 0.5% of the fall. So, it's yes. So, this default is measured in one day. So, any late bill is considered default.

In the losses per connection, we kept 223, which is the same level of 2024, a little higher than 2022, which was 221 liters per connection per day of losses.

We reached a margin at the end of September. It's 41.5%, 18.6%. ROIC annualized both 13.1%.

Now the quarter results we had our net revenue reaching 1,804.000.000 reais. An increase of 5.5% compared to the same period of last year. Our EBITDA was 556 million reais. A reduction of 26.8% compared to the same period of last year.

We will see the reasons why and which reflects in the net Profit, which was 246 million decreases of 34.7%, about cost and expenses, an increase of 31,2 million, 1,249, liquid margin 30,8%, a big enough liquid margin of 13.7%.

Next slide and we talk about accumulated results, we have a net Revenue increase in 4.8% reaching 5,315 billion reais, EBITDA increases of 1.4% reaching 2,208 billion reais. Net profit increases 51.7%, reaching 1,718 million reais.

Cost and expenses and impact increase 7.3% reaching 3,107 billion reais. Margin EBITDA 41.5%. As we saw previously, a reduction of 1.4% compared to the same period last year. And the net margin reached 32.3%. An increase of 10% compared to the same period of year.

Now the quarter results. Our revenue increased 5.5%. The personnel cost was over 4 million reais. A reduction of 2.1%. Compared to there was some compensation, labor compensation, voluntary dismissals. We have to remember that this plan of voluntary dismissal the company provision in these years of 174 million reais.

We are still in a phase of dismissals. And we do not see the reflection of the people who were dismissed in September. In September, the people who left at the end of October and there is another step in November. For the people who will leave the company due to this program.

So, this number we expect that in the next few months will show impact in the payroll. Of course, the company hired rehired some employees for some jobs. But the account of personnel will have some positive reflexes in the management.

PPR is directly related to the issue of a net profit, a reduction of 34.7% in the quarter. Materials there was an increase of 10.5%. It was not treatment material. Basically, because my treatment material increased over 3%.

But it's material related to maintenance of Networks, laboratories and the issue of electromechanical issues electricity. Gustavo, in his presentation, will speak about it in with more details about free market. But the reflection in the quarter was a reduction of 13.2% with an expense of electricity of 107 million reais in the period services of third parties with an increase of 25.4%.

Here we have the reflection of the PPP's payment to the services for sewage. Which were enforced in the two new micro regions. An increase in some other accounts of services of third parties like surveillance, which has been impacting on the results of the registry and the billing and the billing services. This is above our forecast. We are working strongly in this commercial issue. So, these are the main items especially related to clients.

We also have the issue of the issue related to maintenance of networks. It's quite relevant and it has been bringing some impact in this issue of Service of third parties and it reflected in this item of the general costs and the fiscal was 22.7%. Judicial provisions and regulations. We have a provision of 166 million reais which was the main impact in the quarter. We have to remember that the negative percentage of 230 is due to the theme because we had a reversion of provision of 168 million and this year in court 166 million.

So, what happens? We had a relevant provision for the Municipality of 87 million which impacted on the results of this quarter. It's an event, it's not a recurrent event.

For nine months we besides this, we had the issue of Itaúna construction, which had a relevant impact of 54 million of provision. Besides Ponta Grossa, we had 15 million some civil actions impacting the results this year, especially in this quarter.

Provision for health care and social provision increase, it was predicted and other cost and expenses. We had a reversion last year in the sense that last year we had an expense of 48,824,000 and this year the revenue was higher than the expense 48,838,000. Reflecting positively in the results and other costs and expenses a reduction of 3.4% in the period.

Next page we have simulators we will speak a little bit in. When we speak generally, the revenue increased 4.8%, personnel increased 20.4%. I want to highlight that we are working and hiding issues of the processes. Oh, like all this issues related to cv when we had some lawsuits that were reverted and so they left some provisions, and they entered in the personnel account PPR 40% material 5% in nine months it's in line even with inflation. Electricity in nine months there was a drop of 22% Services of third parties 35.2% of increase general and fiscal a drop of 8.6% Judicial provisions a provision of 1 billion impacted due to rates of payment.

The provisions for health care is they follow the same percentage 13% and financial. Expenses and are the cost and expenses due to rates of payment. A reversion of 1,500,000,000 reais.

About CAPEX, I spoke at the beginning about the increase and in nine months the increase was 35.6%, reaching 1,864,000,000. A significant increase compared to last year. And these investments are divided in 30% investments in water, 58% in sewage and 12% other investments. The origin of resource is 57% of own capital, 43% third parties capital.

Now, Net debt, debt and leverage short term is a debt of 945 million long term 6,311,000,000 reais. Total debt 7,256,000,000 reais. So, here we have an impact in cash flow relevant due to the receivables of the judicial receivables to return payability. So, we had over 5 billion in cash flow, which makes our net debt 1 billion reais. A reduction of 71.2% and a leverage of 0.5 times EBITDA.

So, in September 2024 this leverage was 1.7 times. Obviously, with the future definitions of management related to the destination of the streams of payment, the destination of these resources. This the cash flow will go back to lower levels, more normal levels. Let's say no more, but this should take some time to take place.

The generation of flow with the receivable. The suites of payments we have the 6,400,000,000. Here is an increase of 290%, 10.8%, compared to last year and 290 is the conversion of EBITDA in the cash flow.

The cost of capital increased of 1.4%. Reaching 11.9% and maintenance of SELIC 15% throughout the year of 2025. It brings accumulated cost a higher cost for the company. It reflects in the total cost of our debt, which is in the simple period was 10.5% still our debt is very well distributed.

In terms of indicators, 33% represented by financial with Caixa 31% connected to deposits of interbank. 27% IPCA 27% IPC of Fipe representing 4% that's 3% Euro is DI.

So, we don't have variation. We do not have also revenue in foreign money and other 3% for CCM TJLP 2%. So, this is the graph of the debt breakdown.

About covenants. The covenants suffer an positive impact of this receivable of resources. So, it's they EBITDA the debt. It's equal or less to 3%. EBITDA for service of debt is 2.8 in line from of previous years. Other debts include the labor, the fiscal and debts with electricity among others. So, we are in limit of 1 and 0.4 times.

So, they and other debts with Social Security and health care, the contracts with Caixa we have EBITDA adjusted which Has to be higher or bigger than 1.5 we had. We had the impact of risk of payment causing the levels to be above the necessary contracts with Caixa and with the debt adjusted 0.3 times. So, we are doing Very well.

Other debts honors adjusted in point 3 it's in Banco do Brasil, which is the new the last of the operation that the company made of launching our debt. So, this commercial so, the debt Service covoration is 8.1 times is comfortable. Adjusted EBITDA net financial expense points 3 is quite comfortable and we are meeting all the covenants the issues of the benches 9th to 14th emissions we have two covenants which is that. That's EBITDA. The adjusted by financial expenses reached all comfortable numbers contract KFW we have the Lab also, so we are doing well and quite comfortable in all these covenants.

And now speaking in a slide about balance sheet we have the issue of net debt. An increase in financial investments which reduces the net debt. So, for 1,700,000,000 of to we move to 5 billion over 5 billion reais at the end of 25. The turnover is benign we have some receivables. We had a reduction of 5,5%. The increase of supplies from 33 billion to over 400 million salaries. We have an increase of 77.7% causing our turnover to be quite good in 24 days in other words, we had ACT we have an increase in the volume of investments increasing 24% reaching 3 billion 464 million reais. Our we have 12 billion reais as our investment our turnover we have activity operational activities with an increase quite significant.

So, once again the rates of pain is over 6 billion reais and the fine investment 1 billion 800 million reais. An increase of significant increase and the finance investment. An increase of 63%. And we had an increase of 4 billion 79 million reais from 1 billion 800 to 5 billion 880 million reais at the end of September 2025.

So, continuing our presentation, I'll hand over to our Director of Investment Leura Lucia. Thank you.

Leura Lúcia:

Good morning, everyone.

Concerning our investment plan in the cycle 2025 and 2029 we always work. We always work with some premises. So, the main is to ensure water supply and quality.

The meet in compliance with environmental and water use permit requirements. Environmental compliance including demands established under the judicial agreement and also conditions and targets related to permits and environmental licenses.

Another important premise is the universalization goals, where we made the addenda through the micro-regions, back in 2023, and the fulfillment of all the goals established in the program contracts, in the concession contracts in all the municipalities, which are 345 in the state of Paraná and one more in the state of Santa Catarina.

Operated by Sanepar comply considered in the Standardized deadline of June 2048. Also, we comply with formal agreements entered into with the Public Prosecutor's office. We adhere to the financial limits projected in the business plan and we always try to and operate and maintain systems efficiently and sustainably we also within our plan of investments, we work with guidelines that involve all the areas of the company so in the commercial area we meet the goals and also support.

Municipalities with because who know who has the Sanepar has the knowledge so we have to support the municipalities so that they have plans that align to feasible plans so that we meet the mission of the company and in finance in terms of financial investment based on cash available debt level and cost of debt seeking financial opportunities regulatory is investments. The regulatory issue, which involves investments that must be carried out according to the criteria of eligibility, usefulness (or utility), and prudence, so that they are leveraged within the systems from the moment they are implemented, and not those which are made for an investment now but whose system benefit will only materialize in the future.

Here we have the nature of each one of the CAPEX we have 1 billion practically 1 billion 400 in maintenance we have. Sorry, we have 38% of our investments in water systems 56% in sewing 5.6% this name increased a little due to all the need of infrastructure that we have with this increase of the systems so 5.6% in infrastructure and solid residues so in this cycle increased the service of water seeking to guarantee service for the

population concerning CAPEX when we break down we have 1,400,400 in investments in maintenance in expansion of market which is always 7.8 billion reais environmental compliance is a significant amount practically 2 billion reais and infrastructure 660 million reais so as you can see with the issue of expansion of the market we still have room to grow when our investments are focused strongly focused on that the total CAPEX of our period is 11.8 billion and in 2025, 2,361,000,000 reais right now we are reassessing but these are the numbers consolidated numbers we have.

Here we have the looking at the state of Paraná concerning the coverage of service Today the company has 68% of the population serviced by Sanepar with level quite significant we have above 80% of sewage service we have to remember that in the state of Paraná all our system of collection go through treatment so we do not have any situation in where we implement a treatment waste water treatment without having treatment of this sewage of this wastewater it it's quite an It's a lot of people, 7.5 million people out of the 11 people serviced by Paraná by Sanepar.

So, we have here, our level today is 81.93. Close to 82%. As Abel mentioned, we still have 8% left. Where we seek alternative. We are seeking alternatives to have as partners the PPPs. And so that we can support us, so that we can reach the universalization before 2033.

That's where our efforts are focused. We have a population, a small population, but for us it means a lot. We have been working in a very consistent way to. To meet the 6.9. This 6.9% of the population serviced by Sanepar that still do not is not receive treatments over 700,000 people.

So, I want to show a little bit of the scenario of Brazil. So, as you can see, we have in the north of our country, low level. And it makes us sad. But we know that there are areas that are poorly populated. So the arrival of universalization will actually take time, take longer.

In the Northeast, 42.9% of the population receives has access to treatment. We are talking about collection; we're not even talking about treatment. In the West Center, 7,3% of the population has access to service. And Southeast is the best level. 85.4 with the state of Sao Paulo, with big numbers. And in the south, 59.3%. Where in the graph on the left graph. Sanepar really pulls the number up.

You know, unfortunately, our other two states, the neighbors Santa Catarina, have levels that are not so significant and do not deserve so much praise. But they show that Paraná really sought the right path, the path of for universalization. And this causes us to be able to advance. And as you can see, these rates are from 2024, and we are in 2025. So, we are in 81.93 already. But in 2024, that Brazil with 67.5 and Parana 81.2%.

Here it's a general overview of where we place our investments. As you can see, we have five regions divided in southeast, Southwest, North, East, Northwest and Curitiba. And metropolitan region, which we call CT, Curitiba.

So in this management, this general city, we have all the municipalities, which is in pink. And we will have in 2025-2029 work or projects implemented in the cycle 2025 29, which will be 567 projects. It's quite a significant project of water, sewage, maintenance, service and investments for operational improvements, where we cover all this number of projects to reach and maintain and guarantee universalization that many municipalities in the region have reached universalization.

Here we have the southeast region with 89 projects in the cycle. 270 projects in all this region. Yellow region, southwest region.

We have 177 projects in 2025 and 526 projects during the cycle. As we see, we have small municipalities and Sanepar tries hard to give access to all municipalities.

And here we have the Northwest region with 114 projects and 454 projects in the cycle. And also, in the northeast region we have 101 projects for 2025. Many, a lot of them concluded. And in the cycle 556.

So, these points in white are the municipalities that will are not operated by the company. So, this volume of work of projects causes us to make sure to that we will reach universalization in the cycle. We will have 2,373 projects executed concluded in all our park of municipalities in 2025, 663 projects are our challenge. It's big challenge. But we. We are involved, we are committed to reach it.

These are just some, just as illustration, some works that are concluded. These are the reservoirs. These are two beautiful reservoirs that help us serve the region. And we have of course, not only the reservoir, but the works involve more activities. So here we have a semi barrier reservoir. We have 5km of and new networks of distributions to reach new regions of the municipality that. That will that have new buildings. And so, we have 14km of service implemented in this system in Londrina.

So, here we have an intake of water in Rio Ouro Verde, in the regional Medianeira region. Sometimes they look like simple structures, but they give a lot of support, and they guarantee the supply of water. Then here we have another intake and the Tijucas do Sul treatment station. It's a small system but was a success. The inauguration was a big success. We had the mayor very happy with this infrastructure that sometimes a small, small town is really a landmark. The treatment station that we have in the lower picture it's a small station, but it makes all the difference for the municipality.

At the next station we have new treatment wastewater treatment in assisting Chateaubriand. The investment there were around 44 million reais. So, we have a station for 100 liters per second. Sludge activated sludge. So, you have the drying beds there at the back background of the picture.

Next slide we have another station, 30 liters per second. We spent 29 million reais. It seems sounds simple, but of course the investment is not only in the treatment station, but we also see the treatment Station here, because this is the localized unit. But we have 50km of networks that we created in the system. With collection and emissaries

and a lot of connections, giving access to thousands of families, bringing good health to this population.

Here we have an icon. We have in Cornélio Procópio, treatment station called ET Tangará in the left side. You can see there is a part that with plants and all that this is a sludge treatment that we. We use a solution using nature is a technology that is very promising for these investments, future investments that we have to make in these small locations. So, it might not be useful for a treatment for big amount of water. But the small stations, we have hundreds of them, of municipalities below 10,000 inhabitants. So, this fits very well for this population. So, this is a case that we are learning, finding solutions and finding solutions, operationally speaking, changing the operational logic, but finding solutions of activated sludge, more technical solutions and also integrating nature into that.

Here is a station in Maringá, Floriano district. It has 7.5 liters per second. As you can see, it's in the middle of a area, agricultural area, but it brings solutions for water treatment. For a population of 280 connections. It's the beginning of a system. But 11 million reais we spent we invested in that to serve this population of the municipality of Floriano. And it was a request from the city hall of Maringá that there is very concerned with all the districts of the region.

Here we have an ET in Itaipulândia. With efforts for us to stop caring, bringing material into data Itaipu lake, you know. So, here is one of the alternatives we are working on. In the municipality of Itaipulândia with around 18 million has invested in this system.

And here we have a post treatment ET Pitanga. So, this caused us to find a solution.

Next slide, we have treatment station modular one in Toledo. The municipality of Toledo. The environmental parameters are very restricted and strict. And so, we must have this project ready in six months. By May 2026, we expect to have the station ready and implemented, serving part of the system of Toledo.

As you can see, we have a lot of solutions with tanks pre like semi ready, which make things more agile, and the installation more agile. Then give flexibility for the system in case we need to remove, to change places. To move from this place to another place. We can make use of the assets.

This is a sludge activated sludge station in Vera Cruz. There were 25 million reais invested there. It's a very nice station.

And here we have an Intake in the water intake in Cascavel, in Rio do Salto. This area is growing in a very promising way. Sanepar is always trying to find solutions. Is another intake with 167 liters per second. With that 600, it's a lot of water. And to guarantee the supply in Cascavel, the piping is 400 yam width. Almost 2 km of pipelines.

Now we have the reservoir Tatuquara in Curitiba. It will be very, very nice, the wall higher than the image we have here. But it's the only reservoir that will serve a big area

of Curitiba. And it's part of this integrated system of Curitiba and the metropolitan region. The Investment here was 40 million reais. It will also be done in the same structure, which is pre molded structure.

Here we have Apucarana treatment station with environmental parameters very strict and 41 million reais were invested there. We expect to finish this project in February 2026. I mean it's more advanced than the picture shows. But we have tanks and reactors and a whole treatment system to reach the environmental parameters or requirements. And we also will build a laboratory to make the analysis of all the region.

Here we have a water treatment plant in Biguaçu, with a limit, with strict requirements. And we must have this project ready by mid-2020. 2026 to investments of over 60 million reais.

Here we have ET Iapô, the station. It had 80 liters. It's being expanded to 160 liters per second. 48 million highway investment invested. We should have this ready by March 2026. As you can see, we have a amount of projects very high. Over 200 projects are ongoing right now. Each one of them either starting or intermediary phase or concluding or pre operation phase. Today our treatment stations, from the moment they have their installation, have their physical installations concluded. We also have a period of assisted operations and pre-operation where our technicians work together with our suppliers so that we can learn and be ready to operate. All these treatment stations which are not simple, are not. Not like ordinary. So, they present a lot of challenges.

The next slide is the treatment station. I think I showed it previously in Atuba Sul. It is in. In its final phase. We have almost the phase of automating it and installing the electrical parts. But we have the decanters on the left, on the up left side. They are all in operation and very properly operating. We are meeting the environmental requirements and. And we added the finishing it. There were over 300 million years invested to guarantee the water all the region of Curitiba.

We have over more than 10 municipalities where sewage is taken. Inside this treatment station, the operation assisted and the end it should be ready by mid-2026. Everything should be concluded by then.

And here we have another quite significant treatment station, which is CIC-Xisto. This is our big effort focused on this work. 370 million reais. With all the electrical installation that we need to do here. But it is a very unique. It's from 1 over 1368 liters per second treated.

So, it's a treatment process quite advanced. We will have solutions based on nature-based solutions for the treatment of sludge. So, it's a station that in the next presentations we will be able to show the evolution, its evolution in how it has evolved, that we are very proud of it.

So, this is the last station I want to show you also the working with Taip and all the region of Foz do Iguaçu, where we have 49 million reais invested is a big challenge

Gustavo here, because as you can see, we have all the around the it is surrounded by trees nature. We did not cut down any trees.

So, we kept our work in a region that was where we are already. We already had some. Some treatment station. And we just use the same area. So, it will be a landmark for the region. It will contribute for us not to have the problem of the Itaipu, not to compromise Itaipu region.

So, if Gustavo wants to say some things, I will hand it over to Gustavo, because this is the end of my presentation. Have a good day everyone!

Gustavo Possetti:

Good morning, everyone. Leura, Abel, Ozires and all of you. So, we are very proud of this project, engineering projects and the innovation here.

In this ET we had to change the change the tires of the car while the car was in movement. It was very challenging. It was an important articulation across all the institutions that take part in this this in this association. Besides the aspects mentioned, we will have biogas, energy recovery, which will generate methane and bioenergy.

The systems were checked at the end of last month and they are being mobilized for the plant. So, we hope that by March we will conclude this work.

I am Gustavo Possetti. I'm a specialize in research and innovations in Sanepar. I was recommended by our president. Nepal President is with the government. And so, I was asked to share with you the experiences we had innovations, new businesses.

And this is reverberated in the ordinary results from the point of view of financial presentations as presented by Abel and through new alternatives and new solutions. They are incorporated ordinarily by our the new works, projects and activities that are core of the company associated with the processes of water and sewage.

In this context, it's very important to remember that innovation is part of strategic planning of this strategic vision of the company. It drives our mission and consequently it is anticipated. It's in the vision of sun park to be a protagonist company reference company international scenario and international scenario. And therefore, as we always Revisit, with over 6,000 employees, it is a value in the company.

Our strategic map contemplates innovation as a perspective to increase ensure the financial balance of our business through constant improvement of our projects and processes. Involving, of course, all the company in this journey of innovation. Innovation is a is everybody's role every with discipline in our policy of innovation and new businesses.

We are speaking of contemporary approach that is immovability innovation for sustainability, where innovation is a tool for generational value for the society.

Within this context, one of the subjects most current subjects when we think of innovation is connected to digital solutions. And today Sanepar, despite being a company of infrastructure, of engineering, of services, of sewage services. And we have several solutions today implemented digitally.

And in this approach, we find solutions commercial solutions, platform of management and support engineering solutions, operational solutions and other solutions that systematize and bring transparency and agility to our projects. In this approach of different solutions that they come up in a context more expanded context to the understanding that technology is made by people for people and inspired by our President Bley, Sanepar starts implementing strategies and projects with a vision for the future to work society Point zero through sewage services looking at digitalization as primary step for the development of its actions. With a digitalization that is integrated and also thinking in a movement of transportation that culminates in a movement of transfer digital transformation.

So recently we were in Spain, where President Bley launched the program Sanepar 5.0 connected to the future with five important guidelines pillars turn to digital infrastructure and cybersecurity, intelligent and connected operations, sustainable connections, data intelligence and integrated management. Involving the client in its experience and with digital services.

So, Sanepar 5.0 is ongoing. It's a recent event which involved all the companies, all the employees in the company, where we had to talk in depth about this topic.

The perspective of innovation takes place in the company through a committee of innovation. This committee is presided by the council by the board involving besides the Director, the Operation Director, the Director of Investment, our Director of Governance, Risk and Compliance, who on monthly basis dialogues and checks follows up on the development of the process that is a board inside the company.

As we mentioned, Abel, which is the innovation and new Business board department. At the beginning of this week, it contemplated and celebrated two years of existence. And I'm very proud to take part in this process since the beginning and with some very interesting results that have been reverberating in important actions of immediately needed applications in the company and also in future approaches.

As mentioned here, innovation is everybody's function. So over the 6,000 employees that get involved in this journey and we learn to interact with ecosystems of innovation, with startups, with the academy, universities, suppliers and other the companies that help us understand new perspectives, accelerate the process and advance with important approaches for the company.

Today, the innovation actions in Sanepar are dealt like through a three part innovation in processes culture of innovation that involves the professionals, involves the mindset turned to innovation and entrepreneurship and new business process. I would like to share with you a little bit of each one of these approaches.

When we talk of innovation and process, we talk about an integrated process across the different departments. And Leura Director mentioned some technologies that are a result of this process of innovation. A result of prospection, new pilot projects implement result of scale implementation, bold scale implementation that generate results.

So, today innovations are driven by demands. In the last repercussion of we collected at least 70 challenges. And these 70 challenges when they were collected, they addressed internally or in an interaction with the ecosystem of innovation.

And out of that what we have programs like Sanepar Labs Prod project idealized by our president Bley in partnership with other startups that causes to create some bids, some call for projects. So, they are challenges addressed to mature companies that can be implemented with so mature or solutions that can implement it in the short term. And we have some calls for projects that selected some companies.

And sometimes it goes to development of new solutions like digital solutions. Turn to Sunday 5.0, which was our second call for Project with right now is going through a process of select collection of other five startups or with other quality projects or bids which are contemplated in Sanepar Labs that can start.

The public hiring first of solutions. So likewise, this inspiration comes from Sanepar startups where we interact and select among over 200 proposals 10 startups with whom we talk and accelerate. And some of that are scaled as I will present.

The Radar Tag program brought an important thing. We have a program of international surveillance of technological solutions. So, the challenges are offered to the surveillance, the services of surveillance. And from there we can Identify the best practices, best technological solutions for the challenges we presented.

And together with Latec and the FutureGrid competence center, we will dialogue how digital solutions and convergence of digital solutions and operational solutions can help us drive startups that effectively help us in the solutions of our everyday challenges.

Besides innovation in processes, we have been working with the perspective of culture of innovation, causing Sanepar employees to produce solutions in a program of inter Entrepreneurship that is a portal in this department that give guidelines for innovations.

This portal have shown videos like drops of innovations that show some practices implemented by the employees that are encouraged to generate their ideas and register them in a platform called Sanideias.

Every year we have over 1000 new ideas that are generated and assessed by a committee decentralized and allocated in every department of the company with autonomy to approve and implement them as they like.

Recently we had on the Week of Innovation we had a day dedicated to dialogue about innovation with the High Board, with the participation of the President, Vice President and other important leadership and directors in the company. And in this act, we had an award, the Inova Sanepar, which calls for invites the employees to present their ideas in the perspective of new people businesses.

Sanepar organized itself in the past two years structuring and processing the mechanism to apply especially the tools for development of opportunities of business.

Several opportunities were identified in the market and some of them were prioritized so that we can advance. And within this mechanism, all this process was systematized in a document approved by the Administration Board and the Executive Board called New Business Master Plan.

So how we are going to build and what are the strategies for the future related to these businesses? So, although we have these plans presented and disciplined by regulations expedited and presented by the Administration Board, sane part is open to new perspectives, new approaches and therefore the address in the website present you can access a portal for a open prospection proposing your solutions for new businesses for the company and of course, and for a methodology flow so that that this we can assess by the criteria the correct criteria.

So, I would like to finish this presentation with some success cases and opportunities.

I will start with about the free Market. The free energy market, which is a new model for the context of Sanepar, following the guidelines of Agepar and disciplining the acquisition of energy of its management for units of high tension and middle tension.

So, we have two phases. Phase one consolidated via bids and Coppel and the second Tradener also through bids and concerning the first contract, 49 consumer units we have 100% in the free market we concluded our migration timeline on phase two.

We have over 90% of the charges migrated. By the end of this year, we should migrate over 50 units consumer units with our so this operation from 2024 to 2028 has an economy anticipated predicted about acquisition of energy in them of 600 million reais. So, what we have observed is that perhaps this economy will exceed its expectations. Because in the first year we had an estimate of 51 million reais of economy and reached 64 million.

So, concerning the market, the conventional market, we have 42% bringing an important repercussion as Agepar. 75% of this economy is shared in the form of fees with society and 25% repercussion is directly with the company.

So, this approach of energy has unfolded with the optimization of processes, and I give an example here. Optimization of our integrated system of water supply of Curitiba.

We started with a pilot with validation of a platform from Portugal that uses the hydraulic molding to build the digital genes of our system of transference of water across reservoirs to serve over 300,000 people. And with algorithms in intelligence algorithms that from the data collected from our control operations they help us to optimize this process, causing us to be able to predict more accurately the consumption of water and have a reduction of costs with electricity from the automatic work of frequency.

So, we have a project of a reference project, and we are about to implement it after a pilot with a virtual operator where we work with our operators to optimize the distribution distribution of water saving water and energy resources.

Speaking of water, we work in a very structured way with a program of water losses. We adopt the best world practices in what regards to the fighting of water losses in this context, to improve new technologies.

So we went to Israel, Holland or we sought in the local startups that helped us a lot and find solutions that help us apply intelligence artificial intelligence to detect quickly water losses and implement some measures.

So, today I utilize satellites. We use intelligent poles that have sensors connected to it inside the tube. Especially we identified the main leak points so that we can identify things more effectively and effect that and reduce the time to detect and reduce the levels of water losses. Each technology has a trajectory, and they have been scaled inside the company within their realities. Regional realities.

We are thinking in engaged digital engagement with the consumer and Sanepar Labs. We have advanced solutions of telemetry to measure for measurement and partnerships with disrupt communication disruptive devices.

So, the idea is with knowledge and patience, together with the environment of innovation to migrate Needs bigger engagement with the consumer digital engagement. So, this is a reality already. Pix payment for example. These are things that lead to adaptation. And we expect that with these new technological approaches. But with our feet on the ground look at it to offer new functionalities for our clients.

So, I spoke a lot about technology application use solutions Sanepar 5.0 but this is also connected with an approach of critical infrastructure with the value of sub products and new destinations. And the sludge is one of these examples. We can improve more and more considering the circular economy approach and considering the challenges of non-availability of burials of dumping. So, that could receive these residues as input as raw material.

So, we have a strategy nowadays that involves a series of projects that go from strategies of drying of sludge disposed of steps. If new businesses can come out come out of this. So, this promotes co.

We are receiving organic residues in these generators and today we are reaching the maximum capacity of 150 tons of this residue. So, treating residues brings new complementary revenue generating more energy. With the energy generated period we have compensation of 40 units in the company, more than 4.5 million a year. This is such an important endeavor. With the expansion of ET Belém, we have more generation of sludge. And consequently, we are studying the opportunity to expand it in the future to serve this the sludge.

The drying of sludge is a reality. So, we have implemented into ET Atuba Sul a system that can drive five tons per hour of humid sludge. It's a rotational circular system that is actually moved to biogas dry sludge and so biomass biogas and biomass which is sludge dry is converted into heat. And this heat is put in touch with the humid sludge reducing its volume.

Therefore, we have a reduction of around 80 to 90% of the volume that previously was destined to these burial grounds. And the economy with this sludge handling is around 6 million reais per year representing our total cost of around 10%.

So, it's a very significant approach that can be replicated. And we are creating a work in ET Sul in Londrina.

The co processing is also an interesting approach. Especially because we can not only follow to processes of clinkerização and cement processing. Not only mainly the sludge, but also sludge coming from the water treatments and residues coming from screening and sand.

So, we are studying opportunities that we can have to transport the subproducts seen as residue as input duly treated and conditioned. For cement producers. We are building. We're trying to understand business opportunities opportunity Just like solution based on nature presented by Leura, which are reality in some sewage treatment stations.

But they can represent business opportunities. As we can see this opportunity operating in France. And we connect that to a company called Fit to Restore that works with a concept of bio farms. In other words, allocating organic materials with solutions based on nature and. And to create aggregated products that can represent an important route in the whole set of alternatives called sludge route, which has been studied carefully by Sanepar.

So, to finish that I want to show you. We have a partnership with Japanese QR code, Kyowa Kako, a project assisted by the Japanese government in a very strategic way. Especially recently by JICA is a cooperation agency and it is called. We tested this system aerated hyper thermolytic composting process without adding complementary subtract.

We promote that organic material generating from this treatment organic fertilizer.

The opportunity for new business is being studied in detail so that we can understand if this technology can actually help us in the company.

So, we have also ongoing a broadly interesting project there. The first 2 km of network of optic fiber installed in sewage networks were implemented in a zoo in Curitiba. Showing an opportunity very interesting opportunity to be exploited.

In the past three years we studied in detail sweet IFC of the World Bank there's opportunity of business. And right now, through a call for project we are selecting a strategic partner to develop this opportunity and try to understand how the infrastructure shared infrastructures of the sewage networks and telecommunications can represent an opportunity for these two important segments of infrastructure.

We also, as we mentioned, Sanepar has been studying all the opportunities that come up, especially here in Brazil about new approaches and market expansion. Therefore, the bids when they are open, the call for proposals we can access them and study mechanisms of how we can participate. For example, in some bids for PPPs or sewage and water treatment works.

So, we and we want to have partners. And this Spanish Acciona Spanish company is one of these partners where we can through. Through an MoU to guidelines, we can study opportunities that open up in other frontiers beyond the state of Paraná.

In the same perspective, but with a look of cooperation and institutional strengthening. Sanepar has been looking to a closer territory here in Paraguai. And today, through a part diplomatic partnership involving our government and the government of Paraguay, which is the public company in Paraguay and JICA, the German company, they we have been developing program of reduction of water losses for Paraguai.

Sanepar's role and then our mentoring and technical mentoring, applying the best practices. We have in the context of Paraguai. So, through Paraguai, if we can understand a little bit the context of South America It's a similar partnership, but in this case involving the German government. Through GIZ we have an approach to institutional connected to the government of Honduras and we are helping them to strengthening their institutions and the Honduras companies and the natural resources.

As a secretary art applying the concepts of energy efficiency and control of water losses so that we can have more guidelines turn to resilience in Latin America.

So, I thank you for your attention for the opportunity and for and I'm available to be able to help with any doubts and debates. So, let's work for innovation sustainability with Sanepar stronger and stronger.

Abel Demetrio:

Thank you Gustavo Rodrigo, if you want to open for questions and answers. Thank you.

Operador:

So, we will now start the Q&A sessions. So, to ask questions we advise you to send them by Q&A icon at the bottom of your screen and by default of Dynamics your names will be announced for them to ask the questions live. At this point I request to activate your microphone to appear on the screen. If you are unable to open your microphone, please write no mic at the end of the question and our operator will read it aloud.

So, the first question comes from Hiury Goulart, Trilha Investimentos and Daniel Travitzky, Safra both questions about the same thing.

What is your understanding of the company for change in the way you understand the sharing of rates of payment Any updates in the what's the deadline of for the solution of this solution with due to TCE manifestation Can you explain. The recognition of 106 million a related to rates of payment in this quarter?

Abel Demetrio:

Thank you Hiury for your questions. Daniel.

Well, we had a complaint but to the tribunal of Accounts by the association of the Consumers Defense and the tribunal asked us to comment on that as a par decided to suspend the item of technical note that spoke of the sharing of 75% in favor of improvement of fees until they assess the theme this issue and like the Japan meeting said is a complex and so generous issue.

So, they decided to reassess the whole theme and obviously the company is waiting for the end answers that which should come from Japan. Both the company and Japan they are right now working to offer the answers should be given by the tribunal of accounts. So, we have no answer right now to conclude this item in the third quarter concerning our accounting.

So, we had the maintenance accounts based on our legal advisor saying that although it's suspended a new merit decision the company maintained the same dealings accountable dealings which same was done in March and June in the previous quarters.

The company is interested in this subject. It's relevant, it's complex, complex. But we are all involved in an issue, involved in trying to answer properly and in the right time. This

theme should be object of assessments. It's being evaluated right now by the agency by Sanepar, but we still do not have a definition on the theme.

The construction is being elaborated by the regulation of the regulating agency. So, both the company and the Agepar, which is the tribunal account we are now, this is the status. In the next few days, we will have other updates concerning this topic.

Operator:

Now next question from Hiury Goular.

In third part services we had an increase of 60% in the third quarter of 2023 to the third quarter of 2025. For the monopolist nature of the company seems very high. Seeing that the revenue increased to a fraction of that. Could you break down on that and how can you think of it looking ahead?

Abel Demetrio:

Hiury, thanks for your question.

Once again, this issue of the services third part services is something the company has been following in this period we had. We have to remember that we had by the PPP's of the micro regions and the municipalities considered some items like electricity personnel that were being let's say serviced by the PPP's.

We migrated the accounts for the third part service we had in 2020, the COVID issue have to remember that for 42 months we did not cut water. And from 2023 as we resumed the cuts the suspension of services of supply and the measurements that also all the service commercial services, field services gained a bigger impact than what we had seen previously in the period where we did not cut.

So, all these connections, reconnections, these are items that in the past few years brought an additional to our cost of third parties but not necessarily due to an increase. But this is the comparative base which was very low because they were not being practiced.

So, we can observe then the third part services to refresh. We have the maintenance service of networks. We have to remember in this regard we had a problem in the contract a relevant problem in the region of Londrina where many services stop being executed and as we resume them, we had to hire the new company with the right price through bidding. The previous price was not updated feasible. And this all brought to the third part services.

This impact that you mentioned and the issue of surveillance services is another point. We had two, three years ago a series of thefts in our installations in the water treatments and sewage treatment plants that compromised the population that affected negatively

with complaints on the complaints from Our employees. The image of the company was very badly affected. So, we remodeled the surveillance system and that brought impact on the cost of third part services. On the other hand, through fiscalization and better surveillance, okay. It also brings revenue because we don't stop the supply.

So, we have the water losses with the theft that end up requiring the company to acquire materials and other services.

So, all that is mitigated due to proper surveillance system. So, this is a reality. Sanepar operates in over 600 local locals. So, some very distant from, let's say, populated regions. Some they are rural areas. So, it is very necessary to have security surveillance both for the employees and for the protection of the patrimony the assets. So, that also increases the costs.

The company has a plan to plan the costs related to third part services. That is an event related to the part services. Which is. Which is the. The advocacy expenses the lawyer due to the rates of payment. So, it's. This amount is around 129 million reais. And this impacts the third parties services. Our analysis, which is done recurrently, identified that most of the items that have increased in the third part accounts. We have a very per analysis. We have the accounting which you call the analysis which is expenses. But each nature of account few of them exceeded what we had anticipated we had projected.

So, they are all within our forecast. One or another can be beyond what we wanted, what we wish to. But we have to remember that in the state of Paraná we have been facing a labor lack of labor due to. And there are people coming from other states. Because in what concerns civil construction in sewage areas, which is our second sector. The prices, the labor prices, expenses, they have gone up due to lack of labor available personnel.

I hope I have covered all the points. But basically, these are all the points.

Operator:

Thank you. Now continuing, our next question comes from Gilbran.

He questions whether you can explain the provision of being of Andirá municipality. This is his question.

Abel Demetrio:

Thank you. I will hand over to our accountant Ozires for him to answer.

Ozires Kloster:

Good morning. Thank you, Gibran, for your question. Well, Andirá is a municipality that Sanepar where any part is not operating. We have a contract of concession until 30. But in 23 the municipality took over the operation of the system.

So, this area, this terrain, and this land is very old. In the decade of 60 and 70 there is a process in a compensation lawsuit. Sanepar had considered this as liability until the second quarter. But there was the process evolved and this. And they are Executing the sentence. So, that was. The provision is considered. We are considering a loss for the third quarter. So, the provision was based on this lawsuit, on this compensation considering the interest of 6% for this compensation.

Throughout the month of October there was a deposit because in the. During the process, the lawsuit there is a demand of compensatory interest of 12%. So, for Sene part not to have to pay in to pay 10% of fine. So, we decided to give this interest and that's why we kept this amount as a probable loss, you know, so. So, this is the likely loss, so we can appeal. Still our legal advisors are working on this process.

Operator:

Thank you. And now next question comes from Reinaldo Verissimo, an investor.

Does Sanepar intend in 2026 seek a concession for sewage for the service in other states? And what are the choices to take part in an auction or not?

Abel Demetrio:

Thank you, Reinaldo, for your question.

As previously said, in other occasions the company addressed universalization of the state of Paraná. Water is universalized since 2007, 2008, 100%. So, we exceeded the limit legal framework, which is the 99% goal swept.

We are now the strategy, as mentioned, both the works that Leora showed in the PPT's, they. They come in to reach the legal framework.

The company with proved qualifications, operational qualifications, certification and with proved capacity to seek financial resources. It's a company that is open to work in other

areas, not only in Brazil, outside Brazil as well. And of course, the company seeks partners in the sense that we can participate in businesses that are businesses that make sense to the company.

So, yes, the company looks to new markets, to opportunities and the possible definitions of participation or not in the time they will depend in all the contexts of legal analysis to see the advantages for the company to participate.

Yes, the company is at a point where it can afford to participate and cooperate with Brazil in this issue of Sanitation, seeing its long history of services rendered.

Operator:

Now we close the session of Q&A. The questions that could not be read will be answered later. Now I will hand over the word to Abel the material for the final considerations.

Abel Demetrio:

Well, I would like to thank you for participating and I would like to apologize for our long presentations, but I think they are relevant themes and I would like to reaffirm what Rodrigo said. If there is any issue that we may. May not. We did not answer, just send to us and we will answer your questions. So, I wish you a great weekend and thank you so much.

Operator:

So our earnings presentation of third quarter of 2025 in the public meeting is concluded. Thank you for your participation and I have all a great day!