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Conference Call Transcript

SANEPAR

1Q26

Operator:

Good morning everyone.

Thank you for joining us today. Welcome to the video conference announcing the results of the first quarter 2026 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 in the global icon at the bottom of the screen, then select your language.

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 company site ri.sanepar.com.br where the full earnings release and presentation materials is 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 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, 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 email it to ri@sanepar.com.br.

Please be aware that the information provided during this presentation, including any forward looking statements regarding Sanepar's business outlooks, projections and financial targets, reflect management's current beliefs and assumptions as well as information available at the time. These statements are subject to risks, uncertainties and changes in circumstances that could cause actual results to differ materially. Investors should consider general and economic

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conditions, market factors and other variables that could impact the company's performance and cause actual results to differ from these expressed in forward looking statements. So now I'll hand it over to our Chief Financial and Investors Relations Officer, Abel Demétrio.

Abel Demétrio:

Thank you, Rodrigo. Good morning everyone.

We are here we have our CEO Wilson Blay, our investment director Lucia and accountant director Ozires Kloster. So to start this presentation I hand it over to our president, our CEO.

Wilson Bley:

Good morning. Good morning the board and all our investors and shareholders.

I would like to tell everyone that it's raining here in Parana and this is good news to all of us. We are recovering our reservoir levels. We are exceeding 70% with an expectation, a good expectation in the so to have enough rain to recover well and to have the continuity of our services that we do so efficiently to all our municipalities. Another good news is that in this first quarter we are delivering several works in across the state of Parana. I have been visiting them personally. Yesterday we delivered our administrative center in the Bacacheri neighborhood in Curitiba, that serves all the north area in the region.

Over 150,000 inhabitants. An increase of 60% of service, bringing dignity to all our workers who exercise their daily activities. So this is a very relevant fact. We also have in Curitiba our ETE Atuba Sul, which is in its final phase of conclusion.

The works is accelerate, accelerated in CIC Xisto. And we also have a reservoir that is the largest in Latin America, in Tatuquara, that we will deliver next week. So this shows the robustness and how our investment plan has been executed within the conformity demanded by everyone. Last year we had record numbers in investments.

And this year all the movement made we shows that we will keep our plan. So I believe that the most important subject is the precatorious the court ordered government debt payment. We from the board, supported by our board, we will continue taking all the administrative measures and legal measures to maintain our understanding. Which is the technical note seat, which is. So, which follows these administrative measures. We are in constant dialogues with our regulating agency. We had several juridical opinions on the theme to validate our decisions regarding our accounting. And we took the necessary legal measures.

Although we and we, and this has given us some gains, because our technical note is not efficient. Therefore, the validity of our record is stronger, is taking over. So we will continue with

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the dealings in the sense of defending the understanding of our company.

Therefore, the news are good. The results that will be presented now also translate. No relevant fact, no extraordinary fact. Everything is within our expectation, but with very good results.

So I thank all of you and let's hope we have a good day today. And we are here, always available and working diligently to make this company the best sanitation company in Brazil.

Abel Demétrio:

Thank you, President. Now we will start our earnings presentation.

So let's discuss some highlights. In the first quarter of 2026, we had an increase of 7.8% in our net revenue compared to the first quarter of 2025, reaching the amount of 1,946,000,000 reais. Our net debt also had a reduction of practically 60%. Reaching net debt of 1,921,000,000.

Due to these court orders that we received, which reduced our net debt. The leverage is very conservative 0.7 Times against 1.5 times in the first quarter of 2025. And default in line with what is the history of the company, especially compared to last year, which was 2.8.

This year is 2.5% of default. Taking the necessary commercial measures for us to always be in line, which is at the end of the year is 1.5%. We are working strongly with investments expansion of the company. Our invoice volume in water increased 1.2% and the sewage increased 2.4% reflecting this obtention of universalization and expansion of connections we had over 12,000 new connection and 15,000 new connections in sewage in the first quarter of 2026. The CapEx, as the President said, they are big, 488 million in the first quarter 2025, an increase of 20.8% against one quarter of 2025.

Now let's talk about the operating results. About what the measured volume we increase 3.4 and 1.3%. No, 1.3% and 1.2%. Then we had 2.3 and 2.4 in sewage we have an increase in the 12 months of 2000 increase, which is 71,000 economies. It's important because sometimes we have one connection that tends to several economies, serve several economies.

For example, a building. For example, you have an economy that serves 10 apartments. One connection is one connection and serves 10 apartments. So 71,000 economies of water is an increase of 1.6%.

We have to remember that the water issue is universalized. But we still have a vegetative increase, quite robust due to the increase of these cities. About sewage is 71,293 new economies in the period of 12 months, an increase of 2.7% and 106,000 new economy. 71,000 Connections and 106 new economies, an increase of 3%.

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Next page. Talking about the reservoir levels. As you can see, at the end of March, our integrated system of Curitiba about 82% average today May 15 is 77%. But it reflects the relevance of the reservoirs. They are the lungs of the water necessary. And we have the fifth reservoir in phase of filling up in last December. Last year we closed the dams and it helps in the integrated system in the region of Curitiba.

It's important to say that the rains of last week and the ones foreseen and the prediction of a rain above the average in the second semester brings a good scenario, better than what we had last year, some years ago. Our surface index. We are seeking universalization and seeking to meet the legal framework.

We are Universalizing water with 100% in 2023. The target is 99%. The sewage we are in 82.6%. And the line of growth of all the history shows that we are on the right path.

Before 2033. We will reach the 90% determined by the law 14026, which updated the new sanitation framework.

On next page, some indicators therefore, in the first quarter is usually around 2% 2 and a half percent with losses we have 221 liters in line with last year. The first quarter of 2025, our margin EBITDA that is above 40%, 43.3%, ROE 9.8.

We have to remember that last year these indicators were affected by this court ordered government debt payment. And now obviously we have a different comparison compared to these indicators. Especially ROE and ROIC.

Next slide.

Let's talk about about net revenue and other results. Our net revenue increase last year in the 6.3% is year 7.8%. Basically we have tariffs adjustment. In 2025 it was close to 13% that the increase of connections bringing more revenue to the company.

And besides the tariff structures, one of the biggest consumptions is. So it has a progressive table in terms of tariffs, which brings good revenue. In the first quarter, almost 8% of increase it beach the 843 million a reduction of 24.4% against the first quarter of 2025. But both EBITDA that has the net revenue again making we have to do the disclaimer the first quarter of 2025 were impacted by the account in the 25% of the spectatorious court ordered government that the net revenue that the expenses increasing 60% 1,103,000,000 again, if you compare with 2024, 2025 was affected by this precatorious court order payment. This semester we have to make this to state that the comparison is compromised due to the non recurrent event in that court margin EBITDA the 43.3% and the net margin is good.

Now let's talk about the accumulated results of the quarter indicates some accounts and its

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variations. We spoke about the net revenue personnel we had a decrease of 46.3%. So we have to highlight that last year we launched in the first quarter the PDV which is 171reais. but still when we compare it to the first quarter of 2024, we had an expense of 383 million.

And we have to remember that two years later, in the first quarter of 2020, we had 300 over 300 million. So the relevance of these programs of layoff of voluntary severance programs, which was something that demands. So we always are seeking reduction. Of course, PPR is a reflection of the result of the net result reduction.

And it 70.8% is a the cost of with material was favorable 3.9%. Although we observe that in the the past few days we had a pressure in the increase of costs, especially because of the wars and the events that are taking place in the world. But the first quarter, especially due to chemical products that fell 70.8% which is the main account, the main expense we had a positive result. Electricity 119,000,590, an increase of 10.6%. Still an important reduction compared to 2024 when we spend much more and due to the entrance of free market.

Third margins there's a decrease of 13.1%. And general and taxes an increase of 12%. Especially in this account each of municipal funds, civil work, environmental, fiscal tax percent 16 million registered.

We had in this case a decrease of 98.6%. But these provisions registered were basically due to civil action, civil lawsuits, then health care and the Social Security provisions. We had a reduction of 4.3%. Financial expenses 72,463,000 due to deprecatorials to this court orders payment.

We are in line with the expense of 2024 which was 74 million. So I think it's a comfortable number for this period and other costs and expenses with 177 million. Although it looks like a reduction, it appears like a reduction, but it's because last year we had a reversion of cost and expenses impacted by this court ordered government debt payment. So the main expenses that impacted this account were exactly the losses, provision of losses.

In the next slide, let's talk about CAPEX. The investments of show an increase constant increase in the first quarters which are compared 2024, 425, 2025, 487 and this year 588 million reais. Obviously this increase of 20.8% is followed by a projection in our business plan of investments for this year, which is quite robust and we intend to reach it as planned. The composition CAPEX is 38% in water.

Although it's universalized, we have a strong water resilience which needs investment for in sewage, search for universalization and the search for we spend 58% of investments in sewage, other investments 11% these are administrative investments in informatics technology. So in this volume of resources 41% of finance, all third parties and then own resources because we

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did not have the need in the first quarter to go after external money due to our provision of cash flow.

Next slide, let's talk about our capital, our net debt and leverage. They are very benign, very comfortable. 5 billion in the long term 7 billion. Considering that at the end of March we had 5 billion in cash, we have a net debt of 1 billion 9 over 1 billion, almost 2 billion reais. Here is a reduction of compared to the net debt of the first quarter of 2025 the cash generation.

A conversion of EBITDA in cash, which is important not only we not only had the EBITDA, but to transform it in the liquidity.

It's a very, we have 77% of reduction cost of capital 12% an increase compared to 11.1% in 2025 of. But we have two aspects.

On the one hand, the SELIC starts lowering reflecting in the CDI and this reduces reduces the tendency of drop of the debt of the company the cost of debt. On the other hand, we have the inflation accumulated at the end of March 4.14%. But there is an indication of 4.9% in inflation. So the expectation at the beginning of the year is what that we could go back to something close to 11%.

SPK_1

But now we need to wait for the development of the situation our debt breakdown. We have.... We don't have concentrated deadlines. We have an index box that protects us quite benign and predictable. We have 36% of TR which is the reference fee and so something extremely predictable IPCA which is the official inflation 29% D and DI 23% plus 3% of euro because we make this swap in DI.

So 26% in. So we had ahead with our cash flow. So if we increase the interest on the other hand we have more revenue and 4% of IPC-FIPE and we have 3% of without monetary correction and 2% of TJLP.

So this the distribution causes us to have a good management of our financial and with a very good horizon. We know that it's an atypical year because we have elections. So sometimes to find the resources we might have some volatility. But the company in this aspect is very comfortable.

Now let's go to covenants which has the obligations in face of its invest in BNB. And yes is the finances of debentures direct financing. There are two indicators the three of them are fulfilled.

The first is the net bank debt which has to... We have a lot of margin EBITDA done by service of debt. It has to be bigger or equal 1.5.

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We have two so other onerous debts that have to be less or equal to 1. EBITDA we have 0.4% so we are in a very comfortable situation. In the CAIXA contract we adjusted EBITDA by the net finance expense it has we have 10.4. And we have the net bank debt by adjusted EBITDA which has to be less than equal to three. And we are seeing so and other honor as that we have 0.4. So the difference of the indicator of BNDES which EBITDA is adjusted is just EBITDA. In the finance of Banco de Brazil we have two covenants.

One is we have 5.1 EBITDA adjusted by the net finance expense we have 0.6%. We are fulfilling the covenants with Banco de Brasil. In the emissions with the market, which is the 10th, to the 9th to the 14th, they have to be less or equal to 3 and we have 0.6. And adjusted EBITDA we have 10.4. So all very comfortable. In contract KfW, the level of debt they have to be less or equal to 60% and we have 53%.

So now the next slide. Our balance sheet. The net debt increase 6.2%. Basically due to bigger investments. Our investments reduced in dispute in 5.2%.

So this brought a bigger variation in our net debt, more investments, we reduced the cash flow and of course the debt net increases. The operating working capital increased due to the receivables and the payments of last year. Whether it's suppliers or salaries, we had a reduction 18.8% and salaries 4.3%. The liabilities and assets increasing 61%. The highlight is for contracts and because of the works ongoing, which increase 72% reaching 3,900,052,000,000 reais. Then net asset 20.7 billion reais with operating working capital seven days. Quite reasonable.

And about cash flow, as we've seen, the operational activities had a reduction of 11.1%, reaching 652 million. The investments had an increase of 19.4%. And the activities of financing use we had an increase of 60.4%. We in this we had some some debts paid. We paid 506 million in other quarters in 2025 they had 286 and in or 177 in 2024. So part was was predicted for the year was done in this first quarter. So we had a reduction of 248 million, but still we have a cash flow of 5,359,000,000 reais.

So this our presentation.

So now I hand over to you Rodrigo for the question and answer session.

Operator:

So, we will start now the question and answer session. So for you to ask questions you have to send them to the Q&A icon.

Your names will be announced for you to ask your questions at the... so you will find a prompt to

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activate your mic. In case you cannot open your mic, please just type in your question so that your question will be read out loud.

Our first question comes from Reinaldo Verisimo, investor. Initially he wants to congratulate Sanepar for its result and say what about the dealings of the precator produce given the expenses with electricity PPP in case so will Sanepar still be able to maintain the level of profits?

Wilson Bley:

Okay, let's divide these answers in two parts.

About the results, regarding the results, Abel now we'll talk about that about the dealings of the precatorious the court ordered government debt payment will continue until the last minute. We are doing all the, making all the preparations. We had conversations with AGPAR we understand that we want to keep the understanding of what was the nota 7 then of the we are... we have reasonable expectations, we have opinions by renowned law firms sense that the under our understanding is what should prevail. And recently ESB which is our association also expressed the same ideas under with the same understanding which was the object of the accounting recorded the accounts recorded so all the movements we will... the company will always express itself in the sense of reassuring or or what it understands as reasonable and was brought to our accountings.

Abel Demétrio:

Concerning the PPP and electricity. Let's we have to remember that deprecatorius is not, is a non-recurrent event is an one off event. So the business plan of two years ago did not did not even include the fruit of this precatorious of this settlement of court ordered government payment claims.

So the company is always looking at its projection in trying to create scenarios and simulations without this precatorious. So the continuity of the company is irrespective of this precatorious and it's very important to have it to advance in universalizations in investment more accelerated rhythm. But the company is obviously prepared to continue its life regardless of these court payments and the decisions that come from the agency need to be implemented and the company recorded in this court contingent liability given its... its diligence in disclaimer for the society for the investors.

So we say in the sense that we are very comfort because the indicators will remain solid. But we expect to have this this part which is shown in our financial reports.

Operator:

Thank you.

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Next question comes from Ricardo Bell Banco Safra. Congratulations for the results. What called our attention is the good control of default. How have you mitigated the results? Have you seen more pressure for the next quarter or measures or you will remain in the same line?

Wilson Bley:

All the diligences that are necessary we are taking. We created two programs of recovery of these credits.

We have a fee that we understand that is proper so within the elasticity of normality that the society can fulfill. And now recently and it was validated yesterday in the administration board we postpone our Água em dia +, our program, which are conditions for those who are in default for them to be able to regulate their situation based on this program. Of course this. This the fourth or let's say bar we can always... we can always cut the water and then re... and after the recovery of this credit we can fix the situation. So we are in line with what is necessary to do for us to be able to keep the indicators which I say are the most reasonable of all the national companies. So we will keep all this diligence in the sense that this default remains in on the same level of normality. And we don't see any extraordinary fact that might occur in the sense of shaken this relationship between us the concessionary and our consumers the end consumer.

Operator:

Our next question comes from Luiz Alves. The emergency water decree has impacting the... has impact in the company. Is there any consequences what the impact in the revenue of the company for the next quarters?

Wilson Bley:

The concern of about this decree is in the sense... Oh, there was a...

Operator:

We had a little problem just... We are asked to wait for some wait for the reconnection. So due to some technical problems we are asked to wait, but I think they are about to fix these technical problems.

Wilson Bley:

So now let's resume, sorry for the technical problem. But as I was saying that decree brings an a warning and it brings an additional motivation for the society for a more conscious use of water but we don't see the need for any kind of reduction in water so we are investing in new economy... economies especially in sewage, so this brings a positive reflection in our revenue and the decree reaffirms for those who have not heard is a sign of warning for all the population prioritizing consumption for a human consumption since the multiple use of water sometimes

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times brings us some kind of difficulty because in the economic development, irrigation, agriculture the water might be...might be used more, in a more exaggerated way causing losses in our capitalization. So the decreasing line in what the way we to motivate society to make a rational use of this water.

Operator:

Thank you.

Now next question comes from Julio Cesar Aleixo, investor. Congratulations for your results. As an investor I'm very uncomfortable with the variations that happen in terms of judicial provisions, every quarter we have a few predictability and visibility. Things are always explained in a broad one without details. Can you improve the disclose of this line and bring the legal director to detail the the probabilities of success or failure?

So this is Julio's question.

Abel Demétrio:

Thank you Julio for your question.

Yes, indeed, in the issue of provisions I want to the issue of the provision the regulatory provisions created some confusion in our comparisons. Yes, but yes, we had an event that comes from 2024 which is a bigger accuracy in the closing of the legal lawsuits with... with several provisions being returned, so due to the conclusion of some legal lawsuits we had some legal issues issues very relevant in the past which were sued recently, which caused this a specific account of legal provisions which were the labor issues which was the engineering issues.

It caused some updates and several compensations which caused this account to see some variations, very representative variations. So these elements which were this, this write offs and some... some legal lawsuits some... they caused these variations and some problems of. And this causes some bigger effort to understand but everything that is necessary to clarify to bring be done by the company. So for us to always bring more information with more details about the participation of the legal director we can invite him in the following meetings, I see no problem regarding that.

Wilson Bley:

And I would like to... The answer is yes yes, he can take part in our next meetings.

Operator:

Thank you.

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And I will continue the next question come from Haroldo Santos Teixeira, an investor. Could you inform if the investment gains coming from the precatórios are incorporated in the company or they provision for future motivation of tariffs?

Abel Demétrio:

Thank you Haroldo for your question.

Yes, we recorded in the first quarter of 2025 of the original precatório and we updated both the regulatory liability with 75% and the 25% of the company every quarter. Yes, so the 75% which goes to amortization of tariffs, goes for amortizations and the rest the difference is recorded in the results in favor of the company which is basically the 25%.

Operator:

Next question comes from Juliano AGG, RI from UBS.

The line of PPP increase with the project MRAE 2 and 3 now totally operation fully operational. What is the run rate expected in 2026 and at what point the increase year against year should normalize the inflation. What is the expected gain of operational efficiency in the next 12, 24 months as a result of these partnerships?

Abel Demétrio:

Thank you Juliano for your question.

We have to remember that the two micro regions that were object of bidding of PPP's they were enforced in 2025 they... So, in fact we only have the comparison a proper comparison as after the 12 month period. In other words, as of 2027.

So we make all our projections of investment plan cost projections take into consideration the contracts that were signed or the four... the four contracts the three micro regions that were that were put in practice next year and the operational gains they are result of PP person about sewage 128 municipalities. But of course when we see the increase in the account of third party services we have to remember that PPP is record... is reported as third party service but it all the issues with chemical, material, electricity so we have the all these issues of other accounts they suffer the benefits of this model that goes to PPP.

So I would say that we are in line with what was planned whether it is due to the installments we paid and the results are of an operation done by the PPP companies.

Operator:

Thank you.

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Received one more question by Juliano about the fall in industrial water. Does it reflect migration of customers? What is the structural perspective for the industrial segment?

Wilson Bley:

Our perspective is to keep our service the way it is being done and in a proper way. There is no movement extraordinary movement in the issue of migration. We work in the line of innovation use business with the possibility of a reuse of water with a source complementary source of income. We understand that this needs to be pacified together with the precatorious issue since part of these resources that come from this additional revenue additional source they are directed to much to this.

So this is being done and any assessment to reuse of water we have to understand what is is the CAPEX necessary to make for this water to be transported to this industry. Sometimes the demand might attract... as be attractive as business, but the investment necessary for this kind of transportation of water sometimes does not pay off does not bring any reasonable payback. That's why it's necessary a lot of responsibility in dealing with this issue.

But of course this is an object of our new businesses within our plans of new businesses. So this is very well orchestrated and being worked on.

Operator:

Our next question comes from Wesley Araujo Silva investor. Considering that the company reduced drastically its leverage for 0.7 times the EBITDA. So as administrator... How does the administration plan to balance the CAPEX to universalization of sanitization with the maintenance or increase of Payout of dividends given the scenario of higher operational cost with the new PPPs?

Abel Demétrio:

Thank you Wesley, for your question.

First of all, let's point out that the leverage is very low 0.7% it reflects the the cash flow that is reserved the which is the precatory issue that it will be utilized whether it is to for the tariffs, for the company. But we have to see that we have a liability and this money will be reduced for this purpose. Concerning our policies of investment and payout out of the dividends we always follow what is determined in the business plan. Obviously we review it annually in the sense of always aligning it with our horizons. But we are very comfortable today to say that what is within the financing contracts we keep a safe leverage to... to pay all our expenses.

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We make a projection of payout. Of course, is not public. The company does not publish these projections but always with an economic balance and including in our account all they need for resources like payments of PPPs which are hired.

Operator:

Thank you.

And the next question comes from Luiz Alves, an investor. Two questions. The first question how is the Miringuava reservoir and when the levels of this reservoir will be divulged? And the cost of personnel post PDV was well explained by the director and my doubt is whether this is the next level that should be kept by the company.

Wilson Bley:

So, two answers. The Miringuava reservoir we had an expectation more... a positive expectation and so we thought we would have the feeling out of the reservoir more quickly we closed the dams it was a very on the December last year. It was a good decision. An accumulation of water due to the climate did not exceed 5 to 6% but it was enough for us to use this margin during some periods for us together with the lack of water to give normal flow for what we need in Miringuava treatment station to make the distribution. So there were moments in the... so we had a good flow although the reservoir, this reserve is small but it gave us some comfort and had no negative problem. Our expectation is very reasonable.

We are working with Sanepar to monitor this new reservoir and to bring this in the through into a new partnership we have with people from Sanepar and to show you investors what is the percentage of filling out and the reserve in this Miringuava reservoir this will be personalized in the next few days, next few months. As long as we have the accreditation of the information that we are receiving. The rains of last year filled the reservoir and we have... we are expecting some rains for this year and what El Nino is bringing. So we will see full capacity Miringuava.

All the works necessary for vegeta... the suppression, vegetation suppression and pavement to bring accessibility access to the local for the locals, for the residents. Prior to the dams they were operationalized and they were delivered. And the dam is expecting to receive rain to fill its capacity.

Leura Lúcia:

Good morning.

When... when information for your knowledge. On one day of rain, from Tuesday to Wednesday, we had a additional volume of 120,000. So our reservoir in Tatuquara... so we had 121 milliliters.

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So, to fill the reservoir we need much more. So we need time to fill it up fully. Fill it up completely.

Abel Demétrio:

About the second part of your questions about cost with personnel. The movement of PDV which was the voluntary severance program, 127 Employees left through this program is important for the employees because they leave with the dignity. Because upon hiring new employees, of course the cost is reduced. And our analysis for the future concerning hirings depends first on the need on the operational needs of the company to have new workers. We have to remember that the company has been growing in its operations.

So we need to serve the population well, but also... so we also need sometimes outsource to outsource some services. It's something that might be more advantageous for the company. So I would say that there is no decision of hiring people that will impact the numbers of the company. Nothing will be done without data analysis.

Recently we went through this salary negotiations with the unions, and we approved with all the unions a new adjustment, salary readjustment that brings some pre-visibility that comfort for the numbers, for the company to include in its budgets.

Operator:

So next question comes from Wesley Araujo, an investor. What is the company's strategy to mitigate the increase of 10% of electricity, considering that the sewage treatment is demanding more electricity?

Wilson Bley:

So the issue of the free market. Our expectation is that this free market can keep this decrease when we were not in the free market. Of course, the issue of the price is not the price applied at the time of the implementation, but we are making all the efforts necessary all the analysis, every total analysis for the acquisition of energy in the free market. This corresponds to 90% of our consumption and 10% only of our consumer units. For our extensions, we are studying and we will leverage and accelerate this study for us to be able to have other alternatives not to be in the current market and have a reductions that is not followed by these adjustments that are authorized by the ANEEL agency.

Our expectation is the continuity in the free market for us to be within these limits. Of course there are other initiatives like thermal combustion which are applying in Londrina and here in

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Curitiba. And we are studying at every step with technology and innovation the possibility of reducing these costs that impact a lot our expenses.

Operator:

Thank you.

Next question comes from Guilherme Barbosa Paduan from Atena Capital. In the line of provisions of results, the expenses acknowledge of... is net of the quarter of payments or reversions? I see a lot in payment in and I want to see if this amount is in the profit and losses or it is in the write offs liability?

Abel Demétrio:

Thank you. I will hand it over to Oziris for him to clarify by this issue.

Ozires Kloster:

Good morning. Thank you Guilherme for your question.

We have and we have an explanation and we have a table that brings the breakout of the provisions and it is not of the payments. So we have to remember that any provision that is...that has judicial deposit when it is written off we have provision and then it is... it brings impact into two lines. But it makes sense your your observation that it's net. It's reported as net.

Operator:

Now one question from Luis Alves, investor. The level of readjustment is below inflation. Sanepar understand... does sunny part understand that this index was fair?

Abel Demétrio:

Hi Luis. Yes, the readjustment given by AGEPAR which will be enforced now in of 2.4% is in line with what was calculated by the company and it reflects basically two indicators. One is the issue of IPC of 4.6% and the other is the electricity cost which had a reduction last year.

That's why in the indicator was below the inflation. But it's in line with what was calculated and requested by the company.

Operator:

Thank you. I would like to reinforce that to ask questions you should use the icon Q&A at the bottom of your screen and type in your question to join the Q&A.

Our next question comes from Pedro Nishio, SulAmerica Investment. The compan... does the company gain anything... gain from the energy... the energy saving or this is translated into?

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Abel Demétrio:

Yes, the company in the reduction in the free market compared to the current market, it retains 25% for its company and 75% goes for the benefit of the population.

Operator:

Now we close the session of Q and A question and we hand over to our... we hand it over to Abel Demetrio, our chief financial and investor relations officer.

Abel Demétrio:

Thank you for your participation. And I hand it over to our CEO for his final considerations.

Wilson Bley:

I thank you all.

I think you could see the good result of the company and the trust you can have. It's a management that follows the governance policy with a lot of responsibility, transparency, which makes the company what it is, the biggest company of sanitation in the country. So the expression I would like to leave as final message is that the... is that trust should be kept and we are making all the necessary efforts within our possibilities for us to be able to keep this space of investment of service and quality and efficiency in the services which is essential to all the community. We bring not only sanitation, but we bring public health as the our biggest purpose. Thank you all.

Operator:

The earning results of the first quarter of 2026 is concluded.

Thank you for your participations and have a very good day.