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Conference Call Transcription

SANEPAR 3Q26

Operator

Good morning, everyone. Thank you for joining us today. Welcome to the videoconference announcing the results of the third quarter 2026 for Companhia de Saneamento do Paraná, 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 investors relations website, ri.sanepar.com.br, where the full earnings release and presentation materials is available, 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 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 the email ri@sanepar.com.br. Please be aware that the information provided during this presentation, including any forward-looking statement regarding Sanepar's business outlook 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 economic conditions, market factors, and other variables that could impact the company's performance and cause actual results to differ from those expressed in forward-looking statements. So now I will hand it over to our Chief Financial and Investors Relations, Ozires Kloster.

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Ozires Kloster

Good morning, everyone. Thank you in advance to all of you participating in this earnings presentation of the third quarter of Sanepar. I would like to introduce the table. So Dr. Flavio is the legal director, on my right, Leura, investment director, and Sergio Portela, the commercial director. And also with us, we have the account, our accountant, César Augusto Neves, and Ricardo Garcia, with all his team of RI, Investors Relations. So before starting our presentation, I would like to reinforce our commitment, the commitment of our board, our management with the universalization of sanitation.

We reached, we have reached, as you will see in our presentation, the 83% in the sewage coverage. We invested in 2026 over a billion R$ 700 million in infrastructure work. And I want to highlight that this week, the company received an award of the Trata Brasil Institute and GV and Foz do Iguaçu the Iguazu Falls was awarded by in this award in the ranking of sanitation. It was as the ninth city, best city in Brazil, so in the rank. So it shows all the company's effort towards universalization. I want to highlight also the resilience of the company in facing the episodes of El Nino. It has brought a lot of effort for our technical team and the company.

And the state of Paraná has suffered a lot in the past few months with some tornadoes. So this has a big consequence in the operation of our company and ends up reflecting in the cost of the company and the maintenance part of our pipes and networks and equipment and all services. So now we can start our presentation. So back to the highlights. So the highlights of the third quarter in the nine months, we had an increase of net revenue in the quarter of 7.6%. And in the nine months, 8.9%. It reached the margin in the quarter, 37.7%. And in the nine months, 36.6%. CAPEX, as I said, investments were R$ 576 million in the quarter and accumulated R$ 1,728 million. The leverage, or the debt, 0.8 times.

If we observe the operation, the economic had an increase of 1.6%, and the sewage economy is 3.3% increase. Some highlights, besides the awards I mentioned, the company also received another, in the Group Amanhã ranking, it was considered the eighth largest company in Paraná. We also received this year the Award of Transparency Trophy in 2026 related to the earnings of 2025. So for the ninth consecutive year, the company is among the awarded companies. It's the 13th award of Sanepar. So it's an award that celebrated its 30th anniversary. Now, let's talk about our water availability. So, if we see all the integrated systems, Curitiba and region, the dams, they are 100%.

And the Miringuava is failing. In September, it had 51%. Currently, it has reached around 76%. So, it is contributing to the system. Now, looking about the quarterly results, our company is universalized and sewage 83% of coverage and highlighting that 100% of the sewage collected is treated. Now, the operational result, we see the volumes measured of water increasing in the quarter 3%, and the billed volume, which is the billing of the company, the income in the quarter, it increased 1.5% and 2.5% in nine months. Connections, we had a very good performance with an increase of a lot with economies of over 40,000 connections. It's an increase of 2%.

In 12 months, we have an increase of 51,798 economies of water and sewage, the connections of 69,183 economies in the last 12 months. Now, if we look at sewage, we had good performance. The collected volume was 2.9% in the quarter, 3.8% in nine months. And the accumulated, we had an increase of, the build was 2.9% in three months and 3.6 in nine months. Connections, we had an increase of 2.3% with 59,000 new connections of sewage and economies, 81,961 economies, an increase of 2.3%. If we look at the connections accumulated in 12 months, 85,110 connections and 116,808 economies of sewage.

So now if we see the financial indicators, they reached a margin 37.7 percent in the quarter, accumulated 36.6 percent. The net margin, 15.6% accumulated, is an indicator that is compromised due to the precatórios issues, so it's a low margin. The ROE, ROIC as well, 4.1% and 5.2%, respectively. The default is 1.6% and above the other quarters, the previous quarters, but we had some actions to recover credit of the past two years. But I would say that it's a level that is quite under control and below the sector. Losses per connections, we had a very good performance, one of the lowest measure of liters per day, which is the loss, it's 215 liters, it's below the previous numbers.

Now, the quarterly results, we had an increase of the net revenue, 7.6%, and the costs and expenses of 6.2%. In the quarter, the profit was 28% above the same quarter of last year. So, if we break down the quarter, this net revenue, R$ 1,940,000,000 it was affected by the increase of economies, R$ 38,000,000. This represented financially an increase in volume, R$ 56,000,000, readjustment, but consumption, R$ 33,000,000, and other revenue, R$9,000,000. So EBITDA closed in R$ 732 million. So we see EBITDA is diminished by the depreciations and amortizations and the financial result. And we have an impact of the precatorios.

We also, some amounts that we have in terms of revenue and updates of this regulatory liability, we're closing R$ 303 million, as I reported. Now, if we exclude the effect of regulatory liabilities as a pro-forma result, you would have an EBITDA of 37.8% and a profit of R$ 398 million in the quarter. Now, the accumulated results, the revenue increase 8.9%. We have the result of this accumulated of nine months, R$ 150 million. We have to remember that in the second quarter, we had a negative result of R$ 150 million due to the precatório. So, this affected the result, accumulated result. Now, the decomposition of results, cumulative results.

So, this net revenue of R$ 5,788,000,000 with an increase of 8.9 what caused this was the increase of economies, 160 million, and volume increase, and the readjustment per consumption and other revenues, 14 billion. Likewise, we can see the EBITDA breaking down by the main expenses, costs that affect it. So we close in 2.000.116.000,00 billion and below the EBITDA, also 150 million in profit. Now the breakdown of results. We showed what would be the impact, excluding the effects of regulatory liabilities, the precatório, which was recorded in June. So in nine months, we would have a EBITDA margin of 41%. And a result, a net result of R$ 1,348,000,000. So this effect affected the result.

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It's a non-recurrent result, and it brought this result in the nine months. So speaking of CAPEX, so as I said, we invested R$ 1,729,000,000. It's below the same period of last year.

They break down this 33% in water, 55% in sewage, 12% in other funds, own funds, 67% amd third parties 33%.

Now, the capital management net debt is made up of short-term debt in the long-term R$6,082,000,000 and total debt of R$ 7,306,000,000. So, if we exclude our cash equivalent of this net debt of R$ 4 billion, we have a net debt of R$ 2,422,000. With that, this leverage of debt is 0.8 times. The cash generation was R$ 2,288,000,000. It's a conversion of 108% of the EBITDA in cash.

The cost of debt was same as last year, 11.9%. So I would like to show a timeline of debt. It's a timeline quite well distributed. We have debts up to 12 months, R$ 1,224,000,000, representing 17%. Of 13 to 24 months, 806,000,000, 11%. And of 25 to 36 months, 679,000,000, 9%. And from 37 to 60 months, 1,593,000,000, representing 22%. And above 60 months, R$ 3 billion, it's representing 41%. The index is TR, 39%, EPCA, 29%, DI, 21%, IPC- FIPE, 4%, without correction, 3%, euro, 3%, and TJLP, 1%. The covenants of contract obligations, the bank managers with BNDES, Caixa Econômica, KFW, they are all being met. They are all reaching its obligations.

The balance sheet, if we look at the balance sheet, the debt net increased 9.2%, especially due to the reduction of cash and equivalents. The turning capital, we had an increase. The receivables due to the proceedings, we had a reduction. We closed with 1,225. It's a reduction of 0.6%. But why this turnover capital? Because of the supplier, we diminished the balance and the salaries reduced. So we had an increase in our turnover in our capital. So the days, the last line of the slide, the operating working capital was increased. So if we look at the fixed assets, we can highlight two lines. We increase the assets in contracts. It's an increase of 13.8%.

All the investments here, all the works that are being executed, the infrastructure works, and the fixed assets closing R$ 14.7 billion. And our net equity in the nine months, R$ 12.4 billion. Now cash flow. The company had operating activities generating cash of R$ 2.287 billion. The activities of investment were R$ 1.7 billion. The financing activities reduced the cap in R$ 1.3 billion, but that would be the net of what was raised. So we had payments of dividends and JCP and dividends, R$ 524 million. Financing payments, R$ 1 Billion, 143 million. Lease, R$ 115 million.

We had a reduction of, at the beginning of the period, we had 5.6 billion, and in the closing of the nine months of the quarter, 4.9 billion, practically, in equivalent in our work. Concerning the results. This is our presentation. And in this hour quarter, we have a presentation together with the annual public meeting. So we have another presentation. Leura is going to present the investment. She'll talk about investment. And then later on, Portela will talk about the commercial aspect of the conflict.

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Leura Lucia Conte de Oliveira

Good morning, everyone. Within the investment part of the company, we have some assumptions, assumptions that were adopted recurrently, and we will maintain, we will show that we seek objectives quite concrete. And they start always to ensure water supplies and water quality and complying with environmental requirements, especially TAJ, where we have conditions and targets established in water use permits, environmental license. And we have some demands, some conditions that come with environmental licenses. We meet universalization targets. So you remember that we have some micro-regions agreements in 2023 where we extended our contracts.

We have contracts and obligations with the 345 municipalities, and our deadline was standardized for June 2048. We have to comply with formal agreements entered into with public prosecutor's office. We always seek to meet what was projected, what was established in the business plan. And also, we seek to operate and maintain water supply and sanitation systems. Even due to the El Nino, in many situations, we need to seek alternative solutions for those projects that we had defined. In the general context, the focus has always been the environmental commitments, especially TAJ.

In this cycle, we had practically 90% of works required under the Judicial Settlement Agreement, and they have been completed. Recently, we had the IBAMA and the public ministry accepted the review of our agreements. Now, we aim to strengthen the robustness of water supply systems, aiming not only to ensure a reliable water supply, but also to enhance water resilience and extend the production capacity planning horizons of the systems operated by Sanepar. So our main objective from 27 to 31 is focused on extending the horizons of the systems operated and also meeting all the supplies.

The formal commitments which were made to the public prosecutor's office to ensure continued compliance, continue the system expansion, and also remain within the project that financial limits established in the business plan. So, as you can see, the expansion of market reaches 75% of our investments. Environmental compliance has been reducing throughout the years. So, we have in the cycle 26-30, 10.8%, infrastructure 3.7%. You can observe that we have the issue of compliance being reduced in 20, 26, 17 percent. From then to 15, from 2028, we have 12 percent, in 2029, 6 percent, and 2030, 5 percent.

It's always clear that new demands may arise due to the consumption increase or change of environmental parameters. So we have to create new actions in our water treatment and extension of networks. When we increase the market, we have increased from 60 in 2026 to 83 in 2030. In 2030 is a year that is quite relevant because those small systems, even in the PPPs, many of the targets are placed for 2030, are planned for 2030. We have in 2033, we have a big volume.

2033 is an important year, so have been growing throughout the years to be able to face the demands that are established in that are planned in the concession targets so if we separate the water and sewage you see we increase in water and we decrease in sewage 2030 again we increase in sewage due to the to the targets but we keep a significant level of water so 51 percent is still with sewage 44.7% is our water investment, and maintenance is around 3% to 4%, which maintains all our infrastructure to give support to the water and sewage systems.

So we can show that in 2025, as you can see we had 7 million of 11 million of people we serve they are already above 80 percent of coverage sewage so this is a reason for our company to be very proud because it means a lot of challenges the big cities have been served above 80 90 percent but the small and average municipalities are we are getting to them now so the number of infrastructure work has made a big difference and this will remain in the next few years in the future so I want to show here that small municipalities most of them below 5000 inhabitants are the ones in yellow light yellow.

And it corresponds not having a sewage system or that means only a small part of this region is covered. But basically, they are being supported by PPP so that until 2032, 2033, we may reach this target. It is a big volume of work with a small population, only 517,000 people live in these areas without sewage services. So in 2025, 81.93% of sewage coverage, always with 100% of collected and treated. For 2026, today, from 7 million, we have 7,500,000 inhabitants that are being covered in above 80%. In this interval between 1% and 8%, we have 33 municipalities, and we reduced the number from 500 to 449,000 people without or with low service coverage of sewage. That was in September.

Today, as Ozires mentioned, 83.5% of sewage coverage, 100% of this sewage is treated. So this is for us to have an idea of Paraná. Sanepar has 83.7. So Santa Catarina is 40.1 and Paraná 83.5. The households that have sewage and not treatment, but only the sewage collection, 60.9%. So Paraná is in a very good position. If we look at the map, we can see the Northeast has 37.1% of households covered. This level is the official index that the companies declare. In the north, 17.9%, only 700,000 people are covered. In the west centre, 61.2%, 3.9% households. We are talking about households, not population. The southeast, 77.5%. And we are in the south region.

Unfortunately, the other states bring our number down, so we reach 57.5%. So the company increases this level, and we will reach 90% in advance compared to what is established in the framework. So here I show, as I was saying, we have a high volume of infrastructure work being executed, it's important to have this perception in this metropolitan region of.

Curitiba in 2026, we are executing among works completed and to be initialized 151 in the cycle will be 550 works in the southeast region 89 works in 2026 but in the cycle 300 300 in the planning cycle 327 works uh infrastructure works in the southwest 125 in the cycle in this in the in the cycle is over 600 works and we are not talking of works that start and finish. In one, two, three months, we are talking about over a year cycle works, one, two years. These are works that really expand

the service. In the Northwest, it's 125 works and 495 in the cycle. In the Northeast, 115 works, 566 in the cycle.

So in the year of 26, we executed, and we are executing until the end of this year, 623 works, and in the cycle, 2,600 infrastructure works to meet the new framework and all the demands of the company, especially water. This is an overview of our work this image in the background is the Ete Atuba Sul we have an equipment on the right side of the lower downside it's for you to have an idea of the tanks they are 40-50 meters diameter and they perform we have this work concluded we just concluded it in August it is in operation. It is meeting environmental parameters. And for Brazil, it's a reason for us to be very proud. I will show an overview.

I will also show for you to have an idea of Atuba Sul. This is the treatment station. It's a water waste treatment station. It was an anaerobic system, and we transformed the station into an aerobic system. 90 milligrams it's it increased um the milligrams it's quite challenging but we concluded this work it's practically um we change it so at any time we generated a an environmental problem throughout the construction of this work so it's 310 million reais the cost of this work um on the left side. On the lower left side, we have a circular tank, 400 meters diameters. In this station, we have the thermic drying system, and this causes us to reduce 90% of the sludge generated in the stations.

We had lots of trucks living on daily basis due to this region where you have a population that is very, very near the dividing wall of the station. So we managed to work with harmony, in harmony with the community, with social assistance, working. We had some problems of some houses that were affected, but we solved the problem. And today we have an interaction with the community, which is very good. We have no complaints of bad smell that we had in the past. The stations, because it's an anaerobic system, it caused the sulfur smell. But now this is completely solved. In the background, where you have lots of trees, we have a river, River Atuba.

And today, 2,000 liters per second that treats the station. It has the capacity to treat this amount of water. That we are improving the quality of this river. So this was some very intense work that lasted over two years, and now we have this work concluded. Now I want to show the Miringuava Dam. So I think some of you have visited this dam. In the picture on the right side, we show, we see the evolution 70%, 76%. So as you can see, the tulipa is the place where we reach the maximum level of the dam.

And from this point on, the water goes back to the river canal and we can have, we can, and then we can be quite comfortable with the level of water because due to the rainfall, so it's 24 meters of the dam embankment height and between the level of the water in Tulipa, we have around 2 meters to reach the maximum level.

This is an overview of this place, it's quite beautiful and we are working in the environmental conditions and we will very soon obtain the license to start operating the operation as I said and so this some images to show that this is the Tatuquara that it was 44 million and this reserve, this

storage was 2 million reais it's a reservoir of 10 cubic meters to cover to serve this region you can see the surrounding area and we concluded in september or august september we concluded this work and it brings together with this reservoir we have also a station that pumps a lot of water which serving 130 000 people in the region around in the neighborhoods around some smaller works lambari come a lambari cambara in cambara this is a solution based on nature as you can see you can see the tanks where you have vegetation and it's a mineral corner so post-treatment a mineral solution so it's an aerobics system and we use the solution nature based solution we had within a rural area with no problems of bad smell no problems with the community the investment was 12 million it was a small investment but not less important so he have another reservation in division of cascavel.

So it has a double level, galvanized steel and stained steel inside, and it has 2,000 cubic meters. And it was concluded to give operational security. We concluded it in April of this year. Here we have Echi Quachigai, that's very small. Also, the solution was a nature-based solution. There are some of those parks that treat the water. This is the post-treatment. And it was around 9 million reais. So it's a system quite simple, but it also meets the very restrictive environmental parameters, 20 milliliters per liter. So it's a small station. So in the expansion of water, in the revision of Castro, we invested 55 million reais, 280 liters per second. It's 150 liters per second.

It serves a lot of people to offer operational safety. So in Apucarana, this is an existent eti. We increased its capacity to 260 liters per second. The environmental parameters is more restrictive, 16 milligrams per liter. The investment was 48 million reais. And we concluded this work in August this year. This is a small system. It's a well. It's a reservoir of 100 cubic meters. We had a limit of the production. And with this drill of this well, we solve the problems of lack of water in Ivaiporã region. Palotina, it's a wastewater treatment. We have sought nature-based solutions.

This is an activated sludge station in a region that is very rural, where we are distant from the community to avoid problems. And that was, this was a station that was in the judicial adjustment terms. We reached, we met the requirements and everything that was anticipated. We concluded this work in September, 42 million reais. So this, I wanted you to have an idea of our works, infrastructure works, 160 works done throughout the years. And some of them are here for you to enjoy. So I'm available in case you want any clarifications. Now I will hand over to Portela, our commercial director.

Sergio Augusto Portela

Good morning, everyone. I want to bring some presentation with some actions. Our concern is to contribute for the company as a whole to increase revenue, to have more efficiency in the processes, and that we can bring more and more efficiency to the service to our clients. And these are some of our actions that we have been developing in the past few years. So starting with a plan that we developed last year in 2025, and six hands, let's say, together with the operations board, direct board and investment board, we mapped out all the connections that we would

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have, where we would have the possibility to bring to immediate operations for sewage. So there's 119,000.

So we call that connections with a potential to make some connections and to start billing. So we use some geographical criteria. So within the 20 meters of the collector network, so we studied how to make these connections, and the coverage was 238,000 economies in total. So the result was in 2026, we inspected practically half, 60,000 of those 119 connections, potential connections. We had an increase in our revenue on monthly basis of 1,200,000,000 reais and 17,000 implementations. This is until the end of third quarter.

Concerning the program as a whole since last year, there were 30,000 connections, 32,000 economies, and this represents an increase in the service index, 0.78% is a volume of 293 cubic millions, so about 2 million reais on a monthly basis. It's important to highlight that these works represent an interesting economy, because the moment we can make the interconnection of these connections, we end up reaching the targets that we have to meet of coverage in the municipalities.

And this enables us, and some interventions that are much more, so we avoid spending much more money in some, so for you to have an idea, practically the cost that we have in this project, in this whole project, it's less than 10% of the cost we would spend to create infrastructure work to serve this people. Another strategy that we adopted from 2026 is to segregate our clients, what we call the strategic clients. So these are clients that generate more gain for the company in terms of economies. They are entrepreneurs. And sometimes we can expand our number of clients. So the condominium, for example, management. So to serve these people, we created two service centers.

So we have a center in Curitiba for dedicated service to them. So it's a dedicated service channel to serve their needs, their specific needs that reflect in the expansion of markets. So with that, we gain maximum efficiency in requesting feasibility assessment, new service connections, changes of account ownership and management of high consumption volumes with just a few clicks. So a direct streamlined point of contact for resolving complex requests with ease and providing access to the entire technical team. So we have to highlight that all these points we can do via meetings with the board if necessary, if we need some deeper intervention.

Now, speaking of the strategic customers, so 24 of them will work with special contracts that are generating an income of R$2 billion. We have 16 in active and others in being negotiated, and we have the public contracts, and these contracts generate 20 million, which is 218 codes, grouping groups, and for the current ones, the ones that we work with raw water supply, some of them, we work some important companies. And the sewage. And so I'm not going to mention all of them, but they are the models, the contracts we have of special contracts. We are renovating with Aegea Aurocaria, Bernecki, CSN. And we are also building sewage in some municipalities in which Sanepar is not the main service.

For example, Sarandi, we collect and treat water with a contract with the sanitation company of the region. We have contracts with some shopping malls and Sudade in Palmas. Now, speaking of the intensification of our charges, so in blue, this is what we have been working with, Cadin, Reaviso, Fita Adesivo, SMS. So some new processes, new modalities have been implemented, which is negotiation, some specific negotiations, I will speak about it, and some parts of reporting to credit bureaus and some formal debt protests at a notary office.

So speaking of some programs that were mentioned by Recovery of Credit by Ozires in his presentation, we had a program called Água em Dia, which was on March 25 and September. Another program, which we call Água em Dia Mais, from November 25 to June 2026. So these programs, they show specific conditions of renegotiations, payment in installments, and you obtain some gains and some results. We chose not to extend these programs. Due to the fact that we had anticipated the precatório would generate some lowering in the bills.

So now, from October, we will have to measure the impact, but we believe that even without the recovery program as these two that were launched, we will have some success in lowering this outstanding bills so that they can pay their, their own bills. So speaking about the cuts and the recovery, so we accumulate in the year a level of reconnections. We had some, so we had a cutoff using some equipment. We had, when we cut these clients, they have to come, renegotiate their debt to then enjoy the reconnection. So 83% is the level of reconnection, 3.7 million notifications for, and cut communication, which is another modality of.

So speaking of POS machine, which is a program that we started last year and we expanded in 2026 to other regions. So it's a program. And so at the moment of the cut, you can negotiate the debt to avoid cutting the supply. So until now, we had 34,726,000 and 144,87 clients, clients that avoided having their service cut. So to make the cut, it's a lot of work when we want to cut. We have to make a lot of changes in the equipment, and then we end up having to change some components, some devices. Besides the money that is recovered, with receiving the outstanding money, we save money with maintenance and material in the houses.

With the protest notary from May 25 and 11, November 2026, we recovered, directed 17,000 and the 88 million, directly we recovered 8 million reais, indirectly says 1,887,000. So it means that if the client that has four or five bills, we do not protest all of them, only one of them. And when he comes to renegotiate or to pay off his debt, he ends up paying off all the other outstanding bills. So he has to pay one bill to have his reconnection. And with that, we recovered 30%. SBC Cajin, so these are two tools that we use to report the debts. So these are the clients that own the bill. So these are people who left, for example, their houses.

This is a debt that is hard for us to obtain, to receive. So we have to try ways through other companies to obtain this money, to receive this money, because these clients are not users of Sanepar and they have no connection with Sanepar.

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So from January 24 to December 25, so so the recovery was 21.6% now speaking of the day by day together with all the coordinations we have 22 coordinations, 5 managements, the commercial plans that we call PACI they are plans that we adopt on daily basis to have more efficiency in the and to produce and to manage asset and credit so it's 13 plans these are plans that on daily basis they are practiced by all our agents in the field the first thing is the is the differences in this data discrepancy customer registration data discrepancy so we inspect and it is a commercial economy. The payment table of price is different.

So through verifying this customer registration field, we also managed to increase our revenue, missing meter readings. So sometimes we have agents doing the readings, and they do it by average because it's hard for them to do the actual one. So we have a program to minimize that for two reasons. To do the correct billing and also to have a better inspection power to see whether there is any problem with our. So it's to see, we have a revenue, we have inspection of inactive service connections. If we interrupt, we have to inspect to see whether somehow this client is not enjoying our service, is not using the water in an irregular way. So it's to detect irregularities.

So it's a few detected irregularities to see whether the house is empty and the irregularities, the consumption is more or less. So we have to go there to see where the, because that might reflect in fraud. And we have also the recovered water volume, it impacts our loss rate. About asset management, the metering efficiency, we say that this is where we measure what is consumed to be able to charge. So we have the corrective meter replacement whenever there is a problem. So we identify through the irregularities, if there is a variation, we see if there is a problem, it's not being efficient. So then we change this is the corrective meter replacement.

Then we have the preventive meter replacement because they have a shelf life. So we work depending on the category of the meter with a program that we can program every three, four, five years, depending on the client and also and also accuracy of water meter sizing. For so sometimes you have an equipment that is small for a client that is consuming a lot so so we have to re-adapt this to and now especially that we do not have the program of to make easier for the clients to pay their debts.

We have debt recovery programs, which is the reporting of delinquent accounts and pending lingual proceedings and inactive connections, water service shutoff, and formal debt protests through notary offices. This is the coordinations and management of the 13 plans. Each plan has an effectiveness in percentage, and then we charge on a monthly basis, and we demand from our managers and coordinators. Speaking of revenues, Ozires, he already brought the numbers of the company, but we would like to show that we are working intensely to increase both in water revenue and sewage revenue.

So just to compare from January to September 24, 25, 26, to show that we have been increasing and also through our programs and actions. So we have our legal demands that we have to meet. So we have to make sure that concerning the court-ordered payments, the precatórios. So this is

the refund of court-ordered payment amounts to water and sewage bills, the commercial and IT systems developments, updates and management. This is to meet the technical note of AGEPAR. Concerning tax reforms, the Resolution 516 is a work done together with administration, commercial, legal, financial. So the resolution was updated by 857 in 2025.

We hired the FIA, the Institute of Administration Foundation, to help in the implementation, the implementation to replace what we had, a water utility electronic invoice. This development is underway and is expected to start, the expected start of testing is December 2026. And this is the new water bill for everything. So it will be the new bill will allow customers to include.

It brings the individual corporate taxpayer identification number, tax validation, all the details of all the taxes, and abs cbs then eva later on and all the data concerning what the client has in terms of pending payments with the company it also brings the analysis to guarantee the quality of the product that we deliver so it's a document quite complete quite complex it's replaces all the other documents that we use to issue and it will be the reference so that now the client will know exactly what he's consuming and what he owes to the company. So that is all. Thank you very much.

Operator

So now we will start the Q&A session. So we have to remember if you want to ask your questions, you have to send them to the Q&A icon at the bottom of your screen. Your name will be announced for you to ask your questions, and you will see a request to activate your mic. If you cannot activate your mic, please just write no mic at the end of the question so that your question is read out loud. So the first question comes from Luiz Alves, investor. What about the discussion of precatorio, judicially speaking? Is it possible to still have any discussions? Have you any answers in the onerous expenses?

Flávio Slivinski

Good morning, everyone. Concerning everyone, concerning the legal aspects, the questioning by the investor, concerning the proceedings of the precatorio. So the deadline for AGEPAR is open until 19 November. After the decision in the Justice Tribunal, we have to judge the writ of mandamus. And concerning the new legal proceedings, the company has been studying the case. We are not discarding any action that might preserve our rights. As was already discussed in our meetings, the company is working on it and working in order to defend its right, to seek its right, that the company understands that is so concerning.

The second part of the question that speaks of investments about onerous expenses, I will hand over to Ozires.

Ozires Kloster

Thank you. Concerning the investment, yes, the non-onerous appeal, we have a deadline for the company to present the investment plan, and that was fulfilled by Sanepar. And right now, this is

being analyzed by AGEPAR, So, according to the deadline, if the agency approves, possibly this appeal will be put in place in 2027.

Operator

Next question comes from Fernando Silva, buy-side, family office. The PPPs of sewage are in full operation. Can we visualize the increase in the sewage networks and in the revenue?

Leura Lucia Conte de Oliveira

Yes, they are in full operation since the date established. They have been working with the operational issue. And in case of PPPs of the countryside, there is a timeline of works being implemented to meet the. So as I said in the presentation, many of them, since they are small cities, almost 100% are small places, small localities, small. So the deadline to finish is 2030. So we are still working with discussions and projects, but they are in full operation, yes. Thank you.

Operator

Now we have one question from Luiz Alves. In the non-recurrent items, in this quarterly line, in the regulatory liability, that is an amount of R$ 95 million. What's the rationale behind this amount?

Ozires Kloster

Luiz, this amount is the result of the updates of our regulatory liability. So we have a rule, update rule of this liability. Liability, this is the OCIE plus IPCA. So this liability is updated and consequently generates a financial expense that has this impact in the results. So for, we made these adjustments for the quarter earnings, we removed from the, due to the precatories, as we have shown in the cumulative of nine months.

Operator

I would like to reinforce that to ask questions, you should use the Q&A icon at the bottom of your screen to have your question read. So we conclude the Q&A session and we hand over to Ozires Kloster, the financial and investors relations officers, chief officer.

Ozires Kloster

I want to thank the participation of the board. It was a brilliant presentation. I'd like to thank all of you who participated in this earnings presentation of the third quarter of 2026 of Sanepar. I wish you all a good day, a wonderful weekend.

Operator

So our earnings presentation and the public presentation is concluded. So have a wonderful day.