

**Operator:**

Good morning, and welcome to Sabesp's 2Q25 earnings presentation. With us here today are Carlos Piani, CEO; Daniel Szlak, CFO; and Thiago Levy, Investor Relations.

Before we begin, we clarify that the statements made during this presentation will not include projections or estimates of future events. However, they may contain forward-looking statements indicating potential trends related to Sabesp based on the reasonable expectations, beliefs and assumptions of Sabesp's management as of today. These statements involve risks and uncertainties and are based on assumptions and factors such as market, regulatory and economic conditions, which may not materialize. In addition to the risk factors disclosed in Sabesp's filings with the Brazilian Securities and Exchange Commission, B3 and on its Investor Relations website.

Investors should understand that changes in such factors, mainly to outcomes that differ from current trends and that undue reliance, should not be placed on these statements. The full disclaimer will be presented next and must be read carefully by all participants.

This presentation is being recorded, and all participants will be in a listen-only mode during the presentation. After that, we will begin the questions and answer session for analysts and investors only. If you wish to ask a question, please raise your hand and submit it via the Zoom Q&A, informing your name and company.

I will now turn the floor over to Daniel Szlak, who will discuss the results. Daniel, you may proceed.

**Daniel Szlak:**

Good morning, everyone. Pleasure to be here to present Sabesp's 2Q25 results. I am Daniel Szlak, CFO of the Company.

Let's kick it off with an overview of today's agenda. We will start with financial and operational highlights, and move into our strategic focus areas with our CEO, Carlos Piani, and finally, open the floor for Q&A.

We saw solid operational performance in 2Q with water production increasing 4.8% year-on-year, reaching 814 million m<sup>3</sup>. Active water connections grew 0.8% and sewage connections rose 1.1%. These gains reflect our continued efforts in expanding access and improving service delivery.

Turning to financials, adjusted net revenue reached R\$5.6 billion, up 3% year-on-year, while adjusted EBITDA grew 22% to R\$3.6 billion with a margin of 64%. This reflects our ongoing efforts at improving operational efficiency to free up resources to invest in our universal access program for the next years.

Reported net income surged 77% to R\$2.1 billion, and cash flow from operations increased 79% to R\$3.2 billion. These results reflect strong execution and financial discipline.

Going to the next slide, we bridge between reported and adjusted figures. On the revenue front, adjustments include construction and the financial asset bifurcation. At the EBITDA level, we are also adjusting for the sale of a group of smaller *precatórios* that

took place in April. Adjusted EBITDA and net revenue provide a clearer view of our core performance with 2.9% and 22% year-on-year growth, respectively.

Revenue growth was driven by tariff adjustments and volume expansion with partial offsets from FAUSP and mix. Volume growth contributed 3.5%, supported by 1.5% from new connections for the aggregate of water and sewage. Additionally, we saw 2% in increased consumption in the quarter despite slightly lower temperatures in São Paulo state in the period versus last year. As a reference, historical consumption increase in the past 3 years for 2Q has been 3.2%.

Breaking down the revenue dynamics, average prices rose by 5%, largely due to tariff carryover in April and May, from May's 2024 tariff cycle, while in June, we saw a tariff decline driven by July 2024, 1% tariff decrease. In addition to that, we also continue to benefit from the removal of this comes to the first cohort of large clients with prices rising an average 47% versus 4Q24.

As mentioned in 1Q25 call, we have also terminated more contracts, and we will start seeing the benefit of them throughout H2. On the mix topic, it was impacted by the growth in the number of subsidized residential units, notably with the expansion of clients eligible for discounts. In July 2025, we saw the approval by the concession of the extension for 18 months of subsidies to current clients that do not fit the CADÃŠ NICO rules. And the introduction of a new intermediary discount class called Tarifa Paulista, which will further help consumers in vulnerable situations.

EBITDA growth was driven by price and discipline in cost control. On the cost front, we have been communicating that we would be changing the conduction in legal claims, outsourcing an important part to specialized external counsel and implementing settlements. This has contributed about R\$200 million in EBITDA year-on-year for this quarter.

Deep diving into personnel, expenses fell 10.3% year-on-year despite a 5.5% increase derived from the collective bargain with our unions. This was mostly driven by an 11% reduction in headcount from 2023 and 2024 voluntary dismissal plans, which have been substantially captured in June. These measures are part of our broader efficiency strategy.

Net income rose 77% year-on-year, reaching R\$2.1 billion. The key drivers include the financial asset bifurcation, lower amortization from the extended concession agreement and the interest and monetary correction driven by the reversal of legal accruals I mentioned before. This was partially offset by lapping a prior year lower effective tax rate.

Going to one of our most important commitments and a fundamental pillar for our next 5-year strategy, CAPEX totaled R\$3.6 billion in 2Q25, a 178% increase year-on-year and a 26% acceleration versus 1Q figures. We are ahead of schedule on our 2024 and 2025 U-Factor targets, with water units target already met and 86% of sewage collection and 51% of sewage treatment delivered.

To bring more color to the financial figures, our main programs, including Integra Tiete, Coastal Works and São Paulo Metro region, among others. As an example, we are increasing treatment capacity by 68%, adding 17 m<sup>3</sup> per second across our top 5 sewage treatment plants like Barueri. Our leverage continues to be under control with no effective exposure to currency, given our foreign-denominated debt is fully swapped.

We closed July with 4 years of debt amortization in cash on hand, which we expect to deploy throughout the next months as we advance the CAPEX agenda. 53% of our debt now matures from 2030 onwards, improving our long-term profile. Key financial ratios continue to improve. ROIC reached 13% and ROE 15%, while net debt to adjusted EBITDA remains conservative at 1.9x, reflecting the strength of our balance sheet and operating model.

Finally, a quick update on the tariff cycle as we had many inbound questions. We have submitted to assess the data for our 2024 RAB and expect to hear back by end of September, after which we will have the final tariff adjustment by December 1. This will become public information and be effective by January 1, 2026. The main topics of that iteration will be the net additions to the RAB, 2024's pass-through expenses, compensation adjustments from the last 2019-2023 forward-looking cycle on nonexecuted CAPEX, adjusted 2024 histogram and the contractual amendment signed in December 2024.

I will now pass the floor to our CEO, Mr. Carlos Piani. Piani, the floor is yours.

**Carlos Piani:**

Thanks, Daniel. Let's now move to the next section of our presentation and review the highlights of our focus areas. Starting with slide 18. Our strategy remains focused on 3 priorities: meeting new concession agreement challenges through faster universalization and regulatory compliance; raising operating standards in quality, reliability and customer service; and boosting financial efficiency while strengthening people, technology and processes for long-term success.

Now turning to slide 19 and our latest operational updates. CAPEX execution continues to accelerate. In the 2Q, we invested R\$3.6 billion, bringing our last 12-month total to R\$10.6 billion. Our backlog now stands at R\$35 billion across 542 projects, which are scheduled to be executed until the end of 2029.

On the regulatory side, we have maintained our positive track record. Around 70% of injunctions from large clients related to legacy discounts have been overruled in our favor. This remains one of our main initiatives to close the revenue gap.

Operationally, we have seen significant improvements in the client service front quarter-over-quarter. 18% reduction in complaints about water shortages, 23% reduction in water leaks reported by the population and a 42% reduction in the average time for pavement restoration.

On the energy efficiency front, we commissioned 32 photovoltaic plants with 44 megawatt peak of install capacity, which we expect to generate annual savings of R\$44 million per year. By the end of 2026, we expect to increase the total number to 44 plants with 60 megawatt peak of installed capacity.

On the commercial front, our metering upgrade program is starting to gain traction with 225,000 new units installed in the quarter, 10% more than in 1Q. In addition, Sabesp recently signed a R\$3.8 billion turnkey contract that will cover the replacement of 4.4 million meters with smart IoT-enabled units by 2029. A landmark move in leveraging data accuracy and advanced infrastructure capabilities.

One of our most important goals on the commercial front is to protect and secure our revenues. In this regard, we became the first utility in Brazil to operate with automatic PIX payments, that is recurring PIX transactions. We also began operating with smart POS machines in the field. And in May, launched our customer service channel through WhatsApp. This new channel is already delivering promising results, which I will detail on the next page.

And in the cost management front, ZBB initiatives deliver concrete results. Standardization of global maintenance contracts, craft of a legal settlement strategy to streamline legal processes, optimization of chemical use, improvement of meter reading processes and prioritization of pump replacements.

This leads us to slide 20, which focuses on our technology-driven customer service initiatives. Our recently created customer service WhatsApp channel has now handled over 3 million conversations and collected R\$96 million with an average satisfaction rating of 4.52. We are proud to be the first utility in the world to process payments through WhatsApp also using Meta's proprietary technology.

We have also expanded digital service, adding second copies of invoices, facial authentication, PIX and credit card payments and conversational AI, bringing faster, more personalized, more accessible customer interactions. All these results were achieved in just the past 60 days. While new Smart POS enables payments directly at the customer's location from PIX or credit card in up to 24 installments, helping avoid immediate disconnections, providing convenience and ensuring secure, fast and inclusive transactions.

Finally, on slide 21, let's reflect on our first year post privatization. As mentioned by Daniel, our universalization targets are progressing at accelerated pace. In total, over 1.3 million people gain access to water, 1.4 million people gain access to sewage treatment in this first cycle. Now more than 5 million people benefit from affordable tariffs, including the new Tarifa Social Paulista. And our CAPEX program has induced the creation of more than 7,500 direct jobs in our construction sites alone.

In summary, the 2Q demonstrates that our transformation is on track. We are scaling infrastructure, improving service quality, enhancing customer experience, strengthening our financial position and delivering tangible social and environmental benefits. That is all for now.

But before we move to the Q&A session, there will be a 1-minute video that we would like to share with you. Thank you.

### **Video**

[Foreign language]

### **Luiza Candiota, Itaú BBA:**

Good morning, and thank you for the opportunity. Could you give us more details on the OPEX performance this quarter? We saw basically all cost lines showing a significant reduction on both yearly and quarterly basis. So I would like to understand what we can expect going forward in terms of recurring level, not only looking at the personnel expenses, but also third-parties materials and mainly in general expenses. That's my first question.

And secondly, if you could also provide more details on what you mentioned in the beginning of the presentation regarding the evolution of the social tariff and its potential impact in the coming quarters? That's it from our side. Thank you.

**Daniel Szlak:**

Thank you for your questions, Luiza. Talking about the OPEX first, we have a mission to invest R\$70 billion in the next 5 years. And if you think about that on a yearly basis, thinking about R\$14 billion, it's more than what the Company generates in terms of profit up until 2024.

So the efficiency program that we are putting in place is an important part of how we source that money to invest. So looking at all the lines, and no line is not subject questioning here as we do that job, so when we think about all these lines, the first one being personnel, this one is a reflection of the voluntary dismissal plan that we have executed in the late 2024, early 2025. As we mentioned in the last quarter call, we saw a lever's curve throughout the 1H. We saw a positive effect from that, almost R\$70 million, give or take.

In the remaining lines, like we have been communicating to the market, there is no one silver bullet. There are many initiatives that we are pursuing. And when we think about them, we are starting to see a combination of them coming to fruit, and we will see those initiatives ramping up or ramping down, depending on how they progress. So we will see impacts on all lines.

On power, we have been increasing our percentage on the free market, for example, we are above 70% on the free market today on our consumption as of June. So we are really making progress on all fronts.

There's one specific item that we have highlighted as well, which is the reversal of legal accruals. As we have been communicating proactively to the market, as a company that's no longer an SOE, we have more degrees of freedom to operate inside this line. So we are able to make settlements proactively. We are able to outsource the conduction of legal claims and so on and so forth, and these are starting to bear fruit as we saw in 2Q, and we expect that to continue helping in the future.

So when we think about the expenses, we try to avoid giving guidance, but in the end, the sense of urgency is here in terms of how we materialize the cost savings and initiatives that aim to improve the efficiency of the Company.

When we think about the mix, which is the Cadastro Único, let's rewind the movie a little bit. When we think about the Company last year had a mechanism whereby it gave discounts to about 900,000 economies and in October, the Company adopted the Cadastro Unico eligibility criteria, and we had an overlap of the 2 mechanisms up until the end of November.

So when we did that, we reached almost 1.4 million, 1.5 million economies in discounts. And then when we turned off the old mechanism for discounts, we saw that drop to about 1 million unchanged. So we saw that there were a lot of people that still needed those discounts that were no longer eligible to them with the new Cadastro Unico rule.



So what we did at our own expense and at the shareholders' expense was to give these discounts and to communicate to the concession that need it. And throughout the 1H, we saw about 1.5 million economies that were eligible for discounts when we kept both criteria in 1Q, and almost 1.8 million economies in 2Q, as we communicated in the release.

So when we look at those 2 figures and what happened later on, which was the approval of Tarifa Paulista and the extension of 18 months for discounts for the clients that are eligible to vulnerable and social tariffs, we saw in 1Q a R\$40 million mix impact incremental to the CadUnico criteria, and we saw R\$130 million in 2Q incremental to the CadUnico criteria.

So in total, the Company invested R\$170 million in the population for the first 6 months that now, from July onwards, is going to be compensated in the tariff cycle. Just to make sure that the timing is right, this is going to happen in January 2027 when we issue the tariff cycle with the market of 2025, which is going to be in 2026. So just to keep in mind.

That said, when we look at the financials of the Company in the 2H, we will continue to see that impact, but this impact is going to be compensated in the tariff that's going to be effective January 1, 2027.

**Giuliano Ajeje, UBS:**

Good morning. My question is about the universalization CAPEX. Sabesp has a target of over 1 million new sewage connections for the cycle 2024-2025. However, by the 2Q, only about half of the target has been delivered, implying that the Company would need to complete 500,000 new connections in the 2H, which is 3x the pace achieved so far.

We understand that the sewage treatment connections might be delivered in large blocks as the treatment capacity is expanded. So 2 questions here. First, if this explanation is correct. And second, which projects still need to be completed into 2025? What percentage of competition has they reached? And when are they expected to be delivered?

Also, if I could do another question, I would like to have more information about the materials reduction of the OPEX. So 2 questions, materials and the first one about the CAPEX of universalization.

**Carlos Piani:**

Giuliano, thanks for your question. I will take the first one and Daniel will take the second one. So we have basically 3 types of goals: water coverage, sewage collection coverage and the sewage treatment coverage. The treatment, the last one is the most challenging one because we need to expand our treatment capacity to treat units already connected to the sewage collection network.

We are more advanced than what we imagined for this time of the year. So we are not concerned about this challenge about the 1 million. We are roughly 18 months on because our target started at beginning of 2024, and our goal is measured by the end of 2025.

We still have roughly based on the data that we have provided for the end of the quarter, 500,000 units to be connected, and we are above pace. We are going to probably reach

this only on the 4Q because, as you mentioned, we are going to connect by bulks. So give me a little bit more detail. This is going to be concentrated connecting units in the northern part of the metropolitan region of São Paulo, namely Guarulhos.

We have 15 projects that are concentrated, most of these units are going to be connected by year-end. You are going to see this evolution based on the transparency agreements that we have signed commitment with the concession contracts. So we are going to publish this through time. But I will tell you, I am not concerned of this, but it's going to be at the very end.

So we have 15 projects located in the north region of the metropolitan region. They are going to provide us these 500,000 connections.

And taking into account as well that we are pacing even better on the water and the sewage collection targets, and these connections will also provide material to this other target. So every new sewage collection in an area where sewage is already treated becomes an additional unit for sewage treatment.

So we are advancing on the 2 fronts, and even if we reach the target, we are going to go over and above because this will help the treatment of sewage as well.

Daniel, the second part?

**Daniel Szlak:**

Thank you, Giuliano. In the materials line, specifically for that and for chemicals, what have we been doing? Sabesp was formed 52 years ago as a union of many companies. And for many, many years, Debora says that we still had the 'Sabespinhas'. The units had a lot of operational difference and freedom, and there was little standardization as an operation.

So what we have been doing, we have named 2 different roles here. We have a head for water, a head for sewage, and we have started standardizing how we work across the network in terms of how we apply materials and how we do things, and we are starting to see the fruit of that.

In parallel, we have also enhanced our procurement team and we have less constraints, no longer being an SOE, also to operate differently in how we do the procurement and so on and so forth.

So I think it's a combination of the two things that are starting to show results and to help us drive better savings.

**Giuliano Ajeje:**

Excellent. Daniel, just one question here. Will the Company keep the CAPEX base of R\$3.5 billion per quarter?

**Daniel Szlak:**

I think probably, yes. Probably the profile of the CAPEX will change through time, and we are going to see minor differences on the level of CAPEX. The first thing that we did

was the expansion of the largest sewage treatment plants to deal exactly with the treatment goal that you mentioned.

Through time, we are going to finish those expansions, and we are going to have shorter cycles of CAPEX, usually making smaller connections in the countryside of São Paulo. So we are probably going to see a change of the profile of the CAPEX, probably maintaining the same level. That's my educated guess today.

I think the law of the average is a good application of how you think about our CAPEX for the next 5 years, the law of the average by quarter. So it's a good way to think.

**Guilherme Lima, Santander:**

Good morning. Just a follow-up in the OPEX question. In the general and administrative line in the sheet, you have a negative R\$50 million expense, and we assume this line was impacted by a reversal of provision of R\$200 million. Is that correct? Can we expect this line to come above negative R\$200 million from now on? In the 1Q25, it was close to negative R\$216 million. Just to help us have an idea what could be a recurring level for this general and administrative line in the sheet.

And the second question is in the bigger consumer tariff discounts, you reported R\$111 million gains in the quarter with few discounts. In the 1Q25, there was a R\$100 million gain, closing 1H25 with R\$211 million gain. Can we expect the 2H25 to have a similar gain with the 1H25, or should we see this gain accelerating from now on? And what could be this gain in the 2H25?

**Daniel Szlak:**

Good question, Guilherme. Thank you very much. Talking about the expenses first, on the expense front, yes, you have R\$200 million reversal of legal accruals. And on top of that, when you compare year-on-year, you also have more municipal funds for about R\$100 million, which are driven from the fact that we have anticipated the municipal funds last year. So we will see less of that. If you look at 1Q, you see the exact same number when you think about year-on-year effect. So that's point number one, on the expense.

On the revenue, we have removed the discounts from our first cohort, which was at the end of last year, and we are seeing the benefit of that in 2Q. We saw some of that in 1Q. We are at the running rate here. We have some injunctions that were filed that we are still fighting in court, but this is a small amount.

What we have done, and we have communicated that also at our 1Q call, we have also removed discounts from the majority of the clients, but this also had a cure period of how long it will take the discounts to actually be removed. So 60 days, 90 days, 120 days.

So as we go and as we have the measurement cycle, the metering cycles from our readers, we will also start seeing the capture of the second cycle of discount removal until the end of the year. So we will see a ramp-up of that in the 2H. That's our expectation as of today.

**Daniel Travitzky, Safra:**



Thank you for the opportunity. I have 2 questions. First, can you give us more information on the reasons why we had an increase on delinquency rates in this quarter, just to understand a little bit more?

And secondly, if you could give us more details on the initiative of smart metering agreement you have closed this quarter, it would be very nice. Thank you.

**Daniel Szlak:**

With regards to allowance for doubtful accounts, last year, we had about R\$60 million in terms of deals or settlements that we made with delinquent customers. So year-on-year, you have that effect that's explaining more or less half of the year-on-year difference.

On top of that, we have also had a tariff increase that helped increase a little bit the delinquency. But more than that, remember that I mentioned about the CadUnico that we removed the discounts in December and January from a lot of the customers. So we are actually seeing that effect now.

These customers were rebilled and re invoiced later on. So potentially, we will see a change in the profile in 3Q due to that. But this is just the lagging effect of that. So those are the main 3 drivers for that impact.

Regarding your second question, first, let's set the stage. We have the obligation, according to the new concession agreement to provide smart meters in the city of São Paulo and São José dos Campos. At least on these 2 municipalities, this is an obligation, and we have the degrees of freedom if we choose to do so in the other municipalities.

So after we got here, we are in Sabesp for 11 months now, we went out on a journey to understand what type of experiences existed around the world regarding smart meters. So we went to Europe, we went to Asia, and based on this investigation, we chose a technology based on NB-IoT. It's a type of technology using some of the spectrum of the wireless companies.

We also took the decision to go to meet this obligation through a turnkey project because usually, there's a discussion about the responsibility when you have problems about the carrier, the telecom carrier and the manufacturer of the meters. So we took the decision to have only one major point of contact that's going to be the telecom communication company. So that's what we did.

So we are very excited with the deal that we struck with Vivo, Telefonica from Spain. They already rendered this similar type of service in Spain for the water industry. They rendered this type of service in the U.K. for the electricity sector. So they have experience providing smart meter technology to other utilities. They are going to be responsible for the rollout of this obligation.

We have pre-negotiated with some meter companies to provide the meters, and they are going to be built directly to Sabesp, so they are going to be incorporated to our regulatory asset base. But all the interaction is going to be done through Vivo, and they are going to be responsible for rolling out this.

We are probably going to bring other metering companies from around the world to help us meet this target. So we have a couple of foreign companies interested in this contract as well to help us meet the 4.4 million units target that we communicated to the market.

So basically, this is the relationship. Part of the amount of the R\$3.8 billion that we mentioned, most of that amount is related to the meters, but there's also a fee to be paid for the communication, the setup, the software, all the connection that is going to be set up by Vivo. And they are going to guarantee the lifespan of the meters of that agreement around 10 years. That's the regulatory life cycle of the meters.

**Arthur Pereira, JPMorgan:**

Good morning. Two questions on the tariff review process. First, on the timeline, I think that it differed a little bit from the expectations that we had and also that investors had regarding the public disclosure. You mentioned that the only public disclosure would be the final review by early December, and we were expecting something at least in September or October.

And the main question about this is, why not a public hearing process? This is usual for any regulated utility, and especially in a process in which we will discuss a new methodology about the financial compensation for the CAPEX that were included in the contract amendment from December. Wouldn't this be a risk of friction from consumer associations, et cetera?

And the second, as Daniel mentioned, out of the 3 main drivers for this tariff review process, one of them would be the financial compensation for the CAPEX not executed in the previous tariff cycle. Could you provide any kind of details or expectations about how much CAPEX you did not execute, or at least what could be the best way to look at it? We know that there could be some differences between the CAPEX reported and also how the regulator assesses this CAPEX in the tariff review. Thank you.

**Daniel Szlak:**

Thank you, Arthur. I think what we try to do here was just to give visibility of what's already embedded in the contracts. A lot of investors question us, what's the road map? What's going to happen? So what we provided today is the road map that's agreed and it's described in the contract.

What's described regarding the RAB is that we submitted already the 2024 RAB by the end of May, and the regulator, Arsesp, has until the end of September to provide a final number to us.

We still do not know if it's going to be confidential or not, but my personal opinion here, and we are going to live this first cycle, if this is definitive, probably I will make the case here to make it public because I am not going to hold a final private information. It's probably easier to disclose this information. We are going to see how this is going to play out in September.

In October, we are going to receive the number that's going to be embedded on the tariff increase next year, so we can apply appropriately in the 1st of January of the following year. So this is the mechanics. There's a couple of things that we are going to learn together with Arsesp.

I think the second question that you mentioned is regarding the change of the methodology regarding how the RAB is evaluated, we are going to have a public hearing. I think this is a little bit behind schedule, but my understanding is that we are going to

have a public hearing regarding this issue as well, where every stakeholder will have an opportunity to make a voice and express their opinions about the proposal that the regulator is going to make.

Even us. We are going to make comments on see how we see the proposal of these changes. So I think this is part of the process, and it's still going to happen in the due time. That's my two cents.

Do you want to take the second one?

**Carlos Piani:**

That's fine. I think with regards to the adjustment based on the CAPEX not executed on the last cycle or the old methodology, if you want to say, the forward-looking methodology, yes, this is one of the items in the tariff review. We are not disclosing publicly what we think the number will be because this review is not a fulsome review, it's just an incorporation of RAB.

But we will see that together with the result of the tariff review. There should be no big interpretation here. That's at least our expectation, to be very technical.

Just one final comment, Arthur. The regulator gives a preliminary number where we have the opportunity to question and challenge some of the positions. So even us, we have an estimate, but this is not final. So that put us in a position that it doesn't make sense for us to disclose this number.

But for sure, there is a gap on that number that's going to be considered on the repositioning of the tariffs for next year. And when we have definitive numbers, I think we will work to make these numbers public as soon as they are final.

**Arthur Pereira:**

Perfect. This would be super important. And just one final question about this financial compensation for the previous cycle. Besides the CAPEX, is there any line in the previous financial compensation? Were there also some adjustments for other revenues and concession fees, or should the CAPEX be the bulk of it?

**Carlos Piani:**

The CAPEX is a large bulk of it. Since we are new here, we are looking at everything that happened in the past. There's positives, there are negatives. We are trying to make an inventory of everything that's on the table, and probably we are going to make a proposal considering 100% of this.

That's usually the case, and it's also usually the case that you do not get everything. But we are trying to raise everything that makes sense for Sabesp to make a plead with the regulator, and we are going to do in the due process before the November final position of Arsesp.

**Bruno Amorim, Goldman Sachs:**

Good morning. Thank you for taking my question. Maybe for Piani, now that you have been running the Company for roughly 1 year, what's your assessment of the opportunity

at Sabesp? Where did you find even more opportunities to create value? And what are the areas where the challenge is bigger than what was initially expected 1 year ago?

**Carlos Piani:**

Thank you, Bruno. I think Sabesp is one of the largest companies in the world. So it's an opportunity for me, for Daniel, for Thiago, for everyone who's been part of this transformation. I think we have evidence every day that we have many opportunities.

What we did not imagine was how heated was going to be the economy of São Paulo. I think the governor has promoted many investments in the state. It's a heated demand for services, for people, for the workforce. I think this we did not envision.

Our challenge has been to balance the efficiency gains that the market always tries to get a commitment from us where we want to get to with the annual targets. Remember, we have annual goals, specific numbers that we need to get to independently of the savings and so forth.

So we need to balance these 2 things, and I think we have done so far a great job. Still early days, but I am very excited what we have done so far, with very little friction and negative impacts. So I think we are good in that front.

**Operator:**

The Q&A session is now over. We wish to give the floor back to Mr. Carlos Piani for the Company's closing remarks.

**Carlos Piani:**

I would like to thank you all for the questions, for joining our call today. We understand that Sabesp is delivering on its commitments. I think we gave very robust strides towards the universalization, a big pent-up demand here in the state of São Paulo. We are improving services, the service quality. We are strengthening the financial and operating performance at the same time.

So I think we are very excited with what happened so far and optimistic with the future. Thank you for your ongoing support, and see you all on the call for the 3Q results.

Have all a nice day. Bye-bye.

**Operator:**

Sabesp's earnings presentation is now closed. Thank you very much for your participation, and we wish you all a very good day.

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