**Operator:**

Good morning, and welcome to Sabesp 1Q25 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 filings with the Brazilian Securities and Exchange Commission, B3 and on its Investor Relations website. Investors should understand that changes in such factors may lead 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 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 submit it in written via Q&A box, informing your name and company. At the Q&A session, once your question is chosen, your name will be called and your microphone will be open so you can ask your questions out loud.

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

**Daniel Szlak:**

Thank you, operator. Good morning to all our investors. Thank you for joining us today for Sabesp's 1Q25 Earnings Call. My name is Daniel Szlak, and I will be presenting our financial and operational results. After me, our CEO, Carlos Piani, will give his remarks on the progress of our evolution in our new phase.

Starting with our operational figures, production volumes grew 4% compared to the same period last year, driven by higher reservation and water pressure in the network. When we look at the number of connections, we have observed growth both in water and sewage progressing against our U Factor targets, which we will address in a few pages.

The strong operational figures translated to sound financial results, with adjusted net revenue increasing by 3.9% and EBITDA reaching R$3 billion in the quarter, with a 17% growth rate and increasing our margin roughly 1 p.p. versus 4Q. Moving ahead, our reported net income also increased by a remarkable 80% year-on-year.

Last but not least, we have generated R$1.1 billion of operating cash, a 37% conversion from our EBITDA. The conversion was lower versus prior year, mainly due to higher income taxes retained for interest on own capital paid in January versus January 2024, better working capital terms to our CAPEX vendors versus the prior model to foster the growth of our supplier base.

Before deep diving into the drivers of the financial results, we will first walk you through the reported versus adjusted figures for the quarter. This quarter saw 2 small positive nonrecurring effects, with the adjustment of the sales tax rate on revenue estimates moving from the statutory to the effective rate. Additionally, we saw the payment of roughly R$55 million in municipal debt to Sabesp, with R$10 million positive impact in the allowance for doubtful accounts and R$45 million in interest income. We continue to monitor the payments of the remaining amounts already published in October 2024 and April 2025.

Looking at the main drivers of our net revenue, the 3.9% increase came mainly from pricing carryover from 2024 and the positive impact from the removal of discounts to large clients, contributing a positive 7% in total; an increase in volumes, adding 1.2%, already net of a negative effect from having a leap year in 2024.

These were partially offset by the implementation of FAUSP in 3Q24 and the adoption of Cadastro Unico in the social tariffs, which expanded the number of economies receiving subsidized tariffs.

Diving deeper into the revenue figures, we expand on our price and mix effects. For price, we saw a gain versus 1Q24, due to the carryover of the tariff cycle, contributing a positive R$300 million, combined with the gain from the removal of discounts to large clients, represented R$100 million in the quarter.

On the mix front, we have expanded the number of economies with access to subsidized tariffs with the adoption in September 2024 of the Cadastro Unico base. This generated a negative effect of roughly R$100 million in the quarter.

Zooming out and looking at our EBITDA drivers, we had challenges on electricity, driven by the increase in the water network pressure and lower rainfall, requiring more maneuvers in our water dams. These were more than offset by favorability in people, which we will zoom in and G&A, mainly from the lower municipal fund payments in connection with the anticipation from 2024. We also had a large settlement in 1Q24 that we are also lapping.

Looking at our labor cost evolution, we have seen an overall gain of 8% year-on-year, driven by the lower headcount behind 2023 and 2024 voluntary dismissal programs, that was partially offset by the inflation adjustment carryover from 2024, negotiated with our unions. As disclosed in last quarter's call, we have started the departures from the 2024 voluntary dismissal plan in February, with the average happening in 2Q25. We have ended 1Q with roughly 9,700 employees.

Now moving on to CAPEX. We are excited to announce that we have doubled the CAPEX execution year-on-year. This is the most important metric we have been tracking and focusing our efforts on since we took over, and the results are starting to reflect that effort.

When we look at how this translates to U Factor attainment, we have progressed a lot in water and sewage collection, and we will see the progress on sewage treatment mostly in the second half as we are working on expanding our wastewater treatment stations, prior to connecting all the economies, and we are also laying down sewage collection pipes concomitantly.

When we look at how this translates to impact in the lives of the population we serve and the environment we act, this is something we are very proud of. A few highlights here. In 1Q, we have a CAPEX backlog that is 3x what we had in the same period of last year in more than 90 projects with more than 90 suppliers. And the additional sewage treatment capacity that came online in 1Q is the equivalent of removing 12 Olympic pools from Tiete River per month of sewage.

Now, turning our focus to our balance sheet, we have progressed immensely in our liability management, extending our debt profile and tenure and reducing our relative cost by 63 bps, even as we grew our total debt amount. We have renegotiated debt, reducing spreads, took advantage of tighter credit spreads to refi some of our notes, and also took a proactive stance on swapping foreign currency-denominated debt to eliminate currency risk. All of this translated into sound leverage ratios and superior returns to our shareholders.

Thank you for your attention, and I will now pass the floor to our CEO, Carlos Piani. See you on the Q&A.

**Carlos Piani:**

Thanks again, Daniel. Good morning, everyone, and thank you for joining our 1Q25 earnings call.

As we transition from the groundwork laid in 2024 to full execution mode in 2025, I am pleased to report that we are seeing tangible progress across every front of our transformation agenda, following the next few slides of our presentation.

Let's start with a quick recap of our key priorities. As shared in our previous call, our strategy continues to be anchored around 3 pillars: first, addressing the new challenges brought by the concession agreement; second, elevating Sabesp's operating standards; and lastly, reinforcing our corporate foundations through people, technology and process transformation. These priorities provide the steady direction behind our work.

Now moving to the next slide, which brings a snapshot of recent execution, let me start with CAPEX. Execution in the 1Q25 was fully in line with our plan. More importantly, the supplier base supporting that execution continues to expand. The number of active vendors has tripled compared to early last year, allowing us to diversify risk and accelerate delivery.

On the regulatory front, roughly 70% of the injunctions filed by large clients to retain legacy discounts have now been overruled in Sabesp's favor. That gives us confidence in our approach and in our ability to recover this revenue over time.

We have also began executing on our obligations to extend service into rural areas. The rural census has already been contracted, and our teams are actively preparing delivery plans. Also, the water resilience plan has been delivered to Arsesp, our regulatory agency, ensuring we are better prepared for climate-related stress.

On the commercial side, our overdue receivables campaign brought in R$35 million in collections in the Gato Molhado operation, with focuses on cracking down water theft and consumption fraud continues to scale. In 1Q alone, we identified over 7,300 cases of fraud, an essential step towards reducing nonrevenue water and strengthening fairness across our client base.

We are also accelerating our metering modernization. In the quarter, we installed 205,000 new meters, up 25% versus the 1Q24, marking an important milestone in improving both measurement accuracy and consumption transparency.

Finally, on cost discipline, ZBB initiatives are underway. This quarter, we executed several changes, including centralized logistics, fleet optimization and new electricity procurement contracts, and tighter controls on labor shifts and overtime. We also began optimizing our call center operations to better align with demand.

Let's move now to the last slide to wrap up. The 1Q25 marked another quarter of consistent and resilient financial results. Revenue grew 4% year-over-year. EBITDA was up 17%, and we continue to generate strong cash flow. Our covenants are solid, debt is under control, and we are progressing well with our funding road map.

Beyond the numbers, we are seeing impact on the ground. Our CAPEX program is evolving to achieve the 2025 universalization targets and is directly benefiting communities. Over 98,000 people gained access to water or sewage services this quarter and then an additional 32 million liters of sewage are now being treated daily.

We are also making an important contribution to employment. Around 40,000 direct and indirect jobs have been created through our investments and construction activities. Internally, our Sabesp Gente program, our talent management program, continues to perform well. We have onboarded fresh talent, retain experienced professionals through smooth transitions and build strong leadership teams.

And finally, we continue to work closely with regulators to close historic gaps. While there is more to do, we are encouraged by the dialogue and confident in our path forward.

So in summary, we are executing with speed and purpose. The transformation of Sabesp is underway, not just in strategy, but in action.

With that, I will turn back to Daniel, and we will open the floor for questions.

**Daniel Szlak:**

Thank you, everyone. We are going to open for questions.

**Guilherme Lima, Santander:**

Good morning. Thank you for the questions. Could you comment on the general expenses line which decreased from around R$600 million in 1Q24 to around R$260 million in 1Q25? Part of the reduction is due to the almost R$100 million from the municipality fund, right? I would like to understand the other part of this variation. That's it from us.

**Daniel Szlak:**

Thank you for your question, Guilherme. Indeed, R$100 million comes from the anticipation of municipal funds that happened last year. So going forward, we will probably continue to see a similar effect until 2029, actually.

And then, when we think about the remaining, the bulk of that comes from legal accruals and settlements, whereby in February last year we had a large settlement that has not repeated this year. So this is really what explains the bulk of the variance, Guilherme.

**João Pimentel, Citi:**

Good morning. Actually, if you allow, I have 2 questions. The first one, the Company was able to boost its top line by removing R$100 million in tariff discounts to clients. And it seems there are more discounts currently being tackled by the Company. So if you could provide more color on the development of these negotiations, that will be my first.

And my second question, we saw a very good progress on cost reduction and improvement in EBITDA margins jumping from 49% to 55% this quarter. But when we look at some more mature private concessions, the most efficient ones, of course, we see EBITDA margins close to 75%. So how do you compare those concessions with the potential of Sabesp? Thank you.

**Carlos Piani:**

Thanks João. Regarding the discounts, after the communication that we made at the end of the year for some of our customers, we retained a little bit less than R$300 million in contracts with large customers that had discounts. Some of these customers that received the notice, they filed for injunction. This is very small today, roughly R$5 million to R$6 million per month, and we are very optimistic that we are going to eliminate this through time.

To qualify for the R$300 million allowance, that's a provision that we have in our concession contract, that period ended in March. So this ability does not exist anymore. From the balance of a little bit less than R$300 million, we are confident that we can cancel roughly 80% of that balance. So probably we are going to keep 20% of the gap, let's put it around R$50 million, R$60 million, that maybe we will need another solution. But we will continue to notify these customers below the R$300 million threshold that we believe that they can have regular tariffs.

Regarding your second comment, remember, we have a very ambitious goal to provide universal access by 2029 with annual goals. So we need to balance our efficiency gains with this very aggressive execution plan. I think where the other players are today is something that's achievable through time. But we need to do this in a way that we preserve or we do not put our capacity to execute at risk. So our efficiency gains will happen through time. And we do not have a goal. We do not have a target. We do not have a guidance for this. This we will figure out through time as we get better at the execution of the CAPEX.

This year is going to be a very relevant year because this is the first one. Our run rate, we are already at the level that we want to be at. So everything looking good, so we can have a better perspective by year-end how we should execute our efficiency goals from an OPEX standpoint. I hope this was clear.

**Maria Carolina Carneiro, Safra:**

Thank you for the opportunity of participating in the call. A follow-up first on the tariff front, Piani, that you just mentioned. On top of the negotiation with clients for those that you are not able to actually take out the discounts, what would be the alternatives here presenting something to the regulatory agency that might be able to fit here and provide discounts to, I do not know, maybe sectors that need them? At the same time, will the Company be able to recover at least part of the gap?

And secondly, also on the regulatory front here, I understand that May would be an important milestone. The Company was supposed to deliver the first appraisal of the regulatory asset base. If you can remind us if that's the correct timetable, and how is it going to work in terms of the next important days referring to the tariff review that's supposedly occurring at the end of the year? Thank you.

**Carlos Piani:**

Let me start by the end. I think the timeline or annual calendar is the following. We finished the year, and we have until May of the following year to provide the report of the more incremental investments that we made to the regulator.

So this incremental RAB report's due on May. We are on track. No worries there. The regulator has up to the end of September to make an audit and give us a feedback whether he accepts 100% or less than 100%. And by November he needs to give an estimate of what's the tariff repositioning or tariff review number that should be applied 1st of January the following year. This will happen on every year for the next 10 years. So this is the timing.

Going back to your first question, there was a provision as well in the concession contract for the regulator to evaluate a new discount policy or program for customers that signed contracts after the end of 2022.

We already had some discussions with the regulator regarding this program. And since this is a state policy, not even a regulator takes that decision, the government is reviewing these policies, seeing which industries or which sectors they believe they should attract or incentivize in terms of price.

So, what I can say is that, to the extent that we could contribute, we already did this. Now it's in the camp of the state to make a decision in terms of a new program.

Just to keep in mind, the balance of what stayed with a gap, it's less than 3 individual clients. So it's not material. And if this new discount program does not materialize, we are looking, negotiating creative ways to try to offer other solutions like a free market solution type of other benefits from the captive market to these customers in our objective to eliminate 100% of the outstanding balance. So this is our game plan.

**Bruno Amorim, Goldman Sachs:**

Thank you for taking my question. I just have a quick follow-up on your strategy to reduce personnel costs. Can you provide more color on the strategy there? And also, will you need to increase other cost lines as you reduce the number of employees? Any color there would be very helpful. Thank you.

**Daniel Szlak:**

Bruno, thank you very much. The voluntary dismissal plan is a part of a broader initiative that we have, which is called Sabesp Gente. Sabesp Gente basically has 3 pillars. The first pillar is internal moves, because we have many talented people. And I think what we will need now is not a private, but like no longer an SOE, it’s a bit different than what the Company needed when it was an SOE.

So there are opportunities for people to be reskilled. So we have a lot of very talented people. So we have an important pillar, which is internal recruiting. We had more than 1,000 applicants internally to new positions.

The second pillar is recruiting. So we are bringing in fresh talent. We have hired 200 people since we joined the Company, and we will hire another 200, give or take, in the following months.

And as part of the voluntary dismissal plan, we had 2,000, give or take, people taking it, like we disclosed last quarter. And when we think about that, we mapped at least 400 critical positions that for sure we needed to replace. So that's how we think about that in itself.

When I think about how we continue to work with our personnel, I think there are a few things that you have to keep in mind. The first one is as an SOE and given the career tenure, there are many things that you tack on to the personnel costs, and that's a comparison that everybody used to make about the average personnel cost for Sabesp compared to the market and to other companies.

And we start to see that change in the mix and the average cost in the new hiring process. So this is one of the things that you have to keep in mind. But I think it's actually the opposite, Bruno. As an SOE, the Company had to wait for a public servant test to recruit people. We no longer have to do that.

So there were many positions that were hired through third-party services because the Company simply couldn't hire people. And we are actually looking at how and which positions of those are actually positions that we want to internalize and actually to make offers to these people. So we actually expect a bit of the opposite.

And there are other things that are going to materialize in terms of savings and so on. And this will bring in itself savings to the Company because we will no longer have to pay a margin for someone that's actually outsourcing that. But more than that, I think there will be things that will actually require investment, that will require changes in processes that will happen throughout our journey here.

For example, the S/4 go-live, which will happen in the middle of 2026 is, for sure, one of those enablers. But there are many other things that we are doing in terms of investments for smart metering and other things, that will actually enable us to continue becoming more and more efficient and actually using people for more value-added activities vis-à-vis manual repetitive tasks.

**Luiza Candiota, Itaú:**

Good morning, and thank you for the opportunity. Actually, my question is a follow-up on Bruno's question regarding personnel expenses. So we observed a significant year-over-year reduction in this line, mainly due to the employee layoffs, as you mentioned during the presentation. I would just like to get more color on the exact impact of the most recent voluntary dismissal program in this quarter, and if you could share more details on the expected cost savings going forward, the expected payback period coming from this program, and also the timeline for the departures. Thank you.

**Daniel Szlak:**

Thank you for your question, Luiza. I will take this one too. We had about 2,040 people that actually adhered to the voluntary dismissal plan. We started the departures in February 2025. So we do not see a lot of impact from that plan in 1Q.

That said, we ended 2024 with about 10,500 employees, and we ended 1Q with 9,700 employees. So we had already a relatively big departure in March, but the bulk of the departure actually happens between April and May. So I think at the end of 2Q, we should probably be relatively well in terms of the execution itself of the voluntary dismissal plan.

But in parallel, like I mentioned, we will probably be rehiring some of those positions in the market. But again, at probably a lower average cost as we have seen so far if you compare SOE's average personnel cost compared to regular companies, especially on the base of the pyramid that they are very different. So this is what we will expect. We will see in the upcoming months.

We are not necessarily disclosing the payback of the plan, but one thing that you should keep in mind is we have a no layoff policy until January and April 2026 with different triggers. And for sure, the plan has to pay back better than this. So because otherwise we just wait for it. So I think that's a good thing to keep in mind. It is like what would be your ceiling in terms of payback. That's what we probably could comment on that.

**Francisco Navarrete, Bradesco:**

Thank you very much for the call. I just have 2 questions, if I may. One is regarding the tariff mix. You indicated that because of this mix and the CadUnico, you had a negative impact of R$100 million, or R$105 million estimated in the 1Q. And first, just to see if I am getting this right, this would mean that maybe if you forecasted it for the full year, it would be equivalent to about R$400 million. And then, can you recover this at the tariff review?

I understand that this increase in the number of consumers with access to subsidized tariffs makes all the sense in the world, you are including them in the CadUnico because, of course, they should be enrolled in this program, makes sense, I suppose, and I believe so. But will the regulator be sensible to look at this from the standpoint that this is public policy and should be public policy, and not something that should be paid by the Company and by investors?

The second question was only about what Carlos said on the revenue gap, that R$50 million or R$60 million that will remain. All else held equal, just imagine that just for the sake of argument, we do not get any other fix into this, the curve to get to the R$50 million , R$60 million as a permanent gap will be, I imagine, only 2026. Would that be a correct statement? 1Q26 is when we would see this gap going forward of only R$50 million, R$60 million, just for the sake of argument? Would that be a correct statement? Those 2 questions only.

**Daniel Szlak:**

Thank you, Navarrete. Let me first address the mix question. We had R$105 million negative impact from mix, and this is driven by 2 factors mainly. The first one is, we used to have social and vulnerable tariffs that had a criteria. And for the new contract, we had to introduce Cadastro Unico, had to harmonize Cadastro Unico as the eligibility criteria for these tariffs. And that meant that we would exclude people that had access to vulnerable social tariffs with this new scheme.

And when we saw that in December, what we decided to do was to extend that for a few months, which is going to happen until the end of 2Q, with access to those subsidized tariffs for many reasons.

But in the end, when we think about the R$105 million that we had in 1Q, I would say, about 60% of that is the adoption of Cadastro Unico and that would be, for sure, contemplated into the new tariff revision at the end of the year.

And if you think about that and you think about the expansion, if you recall, in last quarter's call, one of the investors actually asked the question about how this would impact our mix in terms of economies as we grow. Because we typically grow, especially in the metropolitan regions, we grow to lower income economies. So that will be a mix impact.

The first year naturally is a negative working capital, I want to say, impact because you get a compensation for that in the next tariff cycle. With the last year, assuming you do not continue growing to lower income economies, you do not continue worsening your mix with regards to average price, you actually get a positive carryover at the last year. So it's just a head and tail effect with roughly 60% of that.

The remaining 40% of that it was done at our discretion as a company, and we will continue doing that until the end of 2Q, at which we are discussing together with the regulator and the government, a potential expansion of the subsidized rates to make sure that we encompass the whole population that is currently receiving these discounts. If that does happen, then we would get compensation for that, and we will keep these people on the tariffs. But that's how you should think about that going forward. That's the first question.

About your second question with regards to commercial discounts. I think what Piani said is that we first rescinded 580 contracts, give or take. And with that, we captured about R$500 million of potential discounts, which we have about R$5 million to R$6 million per month now that are actually fighting with injunctions, and so far we have been successful at that. We have won more than we lost, which is always a good thing to happen. And we have taken the remaining R$260 million that we had in terms of discounts, and we have rescinded another R$200 million of that.

And when we think about those R$200 million that we have rescinded, naturally, they are not all like a flip of a switch decision. So there are some contracts that need to run off. There are some contracts that have 60 days, some contracts that will have 90 days, some that will have 120 days and so on and so forth in different contracts.

And we will potentially see a movement on injunctions as well there. And we are ready for that, and we will continue to do what we believe is correct and fair for the whole system, which is continuing to try to enforce the actual tariff for those clients.

But the timing of that could vary depending on that. I think optimistically, we would finish the year with all of that captured, and that's what we are working against, but that could vary depending on clients' decisions with regards to trying to enforce that at the legal front. But that would be the part that we do not control.

**Carlos Piani:**

Navarrete, just to add a couple of things on the 2 points. Our commitment was to finance with our own balance sheet until May of this year. We have aligned with the government starting on June, or there's going to be a change on eligibility process that will encompass more consumers, or these consumers will become regular residential consumers.

So we have discussed many alternatives with the government and with the regulatory agency, and this will happen starting in June. We are going to stop financing at the end of May.

So 2 options: or they become naturally regular consumers, or they are going to be able to receive the benefits given a potential change, and this is going to be compensated 2 years down the road. This is it.

Regarding the discounts, the injunctions happen because we have no decision at the first level. We are working with the Court of Appeals at the second level. When we get there, this is going to be a jurisprudence, we are going to have a rule that's going to decide this very quickly. So we expect when we get there, there's going to be no injunctions anymore. As Daniel said, probably the longer tenure that we have is 120 days on this new batch of contracts that we are terminating.

So all that to say probably this is by year-end. This is unfortunately Brazil, court is a little bit more complicated. But I think we are in a good track to solve the majority of these problems.

**Antonio Junqueira, BTG Pactual:**

Good morning. My question was mostly answered in Navarrete question, mostly, if not 100% of it. I think it's clear like the fingerprints on cost control, on investments, on the development of new factor. Thanks, by the way, for that slide, it was interesting.

So I think I can complement his question by asking how the relationship with the regulator is. Because this revenue gap thing is a historical problem for Sabesp. I think all of us analysts always achieved much larger regulatory revenues than actual revenues. The previous administrations could not explain all the gaps, why the gaps existed. I think there was a philosophical debate on wholesale discounts, on some variables that created that big gap, but the entire gap was never explained.

So how is the interaction about all those topics with the regulator? Is he receiving it? Because I guess like the regulator has also been a reason for skepticism on our side. So how is your confidence level that we are not going to see revenue gap from the tariff event at the end of this year onwards?

**Carlos Piani:**

Thank you, Junqueira. I think we can give you our perception, how we think. We have a hybrid regulation, but based on incentive-based regulation where you have RAB concept and regulatory costs and so forth, you need a strong regulator. And this is to the benefit of the Company. And I think Arsesp a strong regulator, and this is helpful to us. If we had a weak regulator that did not understand the rules and had different parameters, this would be a different problem to solve.

Our interactions based on this have been very good, I would say, a very public relationship, very technical. Many challenges of the new contract for both sides. Of course, I think the expectations of having Sabesp as a private player are higher, or the same, but at the end of the day, everybody expects more of the private player, and we hope to deliver.

I think that we are going to be able at the end of the day to solve most of the issues, and I am not going to guarantee that we are going to solve all the issues, but I think we are going to solve most of the issues through time.

And I do not see, to your point, that the agency is a restriction for our performance. I see it the other way. And I am telling this publicly on this call because I already told them publicly in another event with them on my side.

So I think this is to the benefit of Sabesp, and I think we would have benefited in other states if we had stronger regulators to have those discussions. And I think through time, we are going to show through objective results that this is feasible for us to achieve, given this relationship and how competent they are.

**Antonio Junqueira:**

Understood. And there's no technical pushback on their side when you debate this revenue gap, right?

**Carlos Piani:**

No. They said the rules are the rules. You should follow the rules. And when the rules do not make sense, they hear. I can tell you, this is the most technical relationship with a regulator that I had in many years. So far, so good.

**André Sampaio, Santander:**

Good morning. Very briefly here. I just want to hear you a bit about the rural census. What is the expectation to when we should have that ready? And what do you expect in terms of the impact for the project, I mean, the projections going forward?

My second question was related to the tariffs as well, so it was already discussed it. So first, on the rural census?

**Carlos Piani:**

I can take that. We already hired the third-party provider. There was a rule on the contract on how to do this. We have already been through this. We are beginning the 3Q. There's an 18-month time frame at the very end of the period to validate and provide a final report, but we expect to have intermediary results starting even in the 2H25, so we can have a basis to compare to the plans that we are doing for the works until the end of the 2029 cycle.

So on track, no major issue here. Timeframe is long, until the end of the year, but we as the concessionary, we are going to receive partial results first, and probably the final results are going to be public at year-end, of next year.

**Daniel Szlak:**

Just to give you a few numbers on that and actual date, the field work actually is going to start in June 2025. So it's going to be a long work, and we will probably have about 400 people on the ground doing that census, just to give you some color on that.

**André Sampaio:**

Let me see if I get this right. Let's imagine we have a census with much higher expectation of, let me say, demand for CAPEX. That I would say would be something that we would probably have to have some discussion with the regulator and the government about adjusting tariffs potentially on the revision, right?

**Daniel Szlak:**

Let me see if I understand your question. In theory, what you are saying is if there is a variation on the CAPEX because in the end, the rural census shows you that you actually have to do more than what was originally thought on the appendix of the concession agreement.

**André Sampaio:**

Yes.

**Daniel Szlak:**

In the end, given the contractual model that we have, if the CAPEX is prudent, it gets compensated on the RAB. For sure, the concession, the URAE has an expectation of how much the tariffs are going to increase to the consumers, and if that's materially different, they, of course, need to discuss and understand. But in theory, there should not be a change to the contract. It may be a change in expectations, but it should not represent a change in the contract.

**Carlos Piani:**

Let me add here. There's a provision in the contract. If there's a gap larger or equal to 3 p.p. in coverage on the eve of switching between 2026 and 2027, there may be a time to discuss. So that's the provision.

And maybe depending on the census, where you have a larger rural population than expected, this may be triggered. We do not see this. If this happen, it will not happen on the eve of 2027. We will receive this municipality by municipality, and the final result will happen just by year-end of 2026.

So we will see the buildup of this gap through time, and we will have the time to manage this deviation from expectation. We just need to understand how we can communicate this to the market given this is under the regulatory contract. But we do not see, just to be clear, this as an issue or additional risk for Sabesp. We are on track and everything is working well.

**Operator:**

Thank you. 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:**

Thank you all for the questions, and thank you again for joining us today. We appreciate your continued interest and support as we move forward with the transformation of Sabesp.

We know that the road ahead is ambitious, but we are confident in the path that we are taking. And more importantly, in our ability to deliver results that create value for all stakeholders.

We look forward to keeping you updated on our progress in the coming quarters. Have all a great day today. Bye.

**Operator:**

Sabesp 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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