

RATING ACTION COMMENTARY

Fitch Downgrades Ambipar's IDR to 'D'

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Fitch Ratings - Rio de Janeiro - 22 Oct 2025: Fitch Ratings has downgraded Ambipar Participações e Empreendimentos S.A.'s (Ambipar) Foreign- and Local-Currency Issuer Default Ratings (IDRs) to 'D' from 'C', and the National Long-Term Rating and its rated subsidiaries to 'D(bra)' from 'C(bra)'. Fitch has also downgraded the national long-term senior unsecured ratings on the issuances from Ambipar and its rated subsidiaries to 'D(bra)' from 'C(bra)' and affirmed the senior unsecured issuances of subsidiary Ambipar Lux S.a.r.l. at 'C' with a Recovery Rating of 'RR4'.

The downgrade follows the group's filing for judicial reorganization on Oct. 21, 2025.

KEY RATING DRIVERS

Bankruptcy Protection: Ambipar filed a petition for judicial reorganization to ensure the group's continued operations. The holding company and its rated subsidiaries Environmental ESG Participações S.A. (Environmental) and Emergência Participações S.A. (Emergência) requested protection under the judicial reorganization regime in Rio de Janeiro. The other subsidiary Ambipar Emergency Response (holding with majority direct participation on Emergência) also filed for protection under United States Bankruptcy Code (Chapter 11) in Houston.

Governance Concerns: Fitch considers Ambipar's recent governance shortfalls, reflecting limited transparency around its financial strategy and a series of recent governance shortcomings, including the late filing of a subsidiary's 20-F, an ongoing administrative process from Comissão de Valores Mobiliários (CVM) and limited transparency in recent accounting figures and financial policy.

RECOVERY ANALYSIS

The recovery analysis assumes that Ambipar would be considered a going concern (GC) in bankruptcy and that the company would be reorganized rather than liquidated. Fitch has assumed a 10% administrative claim.

Ambipar's GC EBITDA is BRL1.6 billion, reflecting the low end of expected EBITDA in a distressed financial environment. This estimate represents Fitch's view of a sustainable, post-reorganization EBITDA level used to value the company. We apply a 5.0x EV/EBITDA multiple, reflecting the company's market position and business model.

Fitch applies a waterfall analysis to the post-default EV based on the relative claims of the debt in the capital structure. The debt waterfall assumptions consider the company's total debt as of June 30, 2025. These assumptions result in a recovery rate for its total debt within the 'RR3' range. However, due to the soft cap of Brazil at 'RR4', Ambipar's debt issuances are rated 'C'/'RR4'.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--Negative rating actions are not possible as the company is at the lowest level of the rating scale.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--Fitch will reassess the IDRs upon the completion of the group's debt reorganization.

LIQUIDITY AND DEBT STRUCTURE

Ambipar's financial flexibility deteriorated sharply due to recent events. Fitch has limited visibility into the company's cash position. On June 2025, total debt and short-term debt was BRL11.1 billion and BRL957 million, respectively, versus an adjusted cash balance position of BRL4.1 billion.

ISSUER PROFILE

Ambipar provides environmental services in Latin America (primarily in Brazil), the U.S., Canada and the U.K. It operates in two main segments: response (mitigating and preventing environmental damage from accidents) and environment (managing and recovering industrial waste from private clients).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

Ambipar Participacoes e Empreendimentos S.A. has an ESG Relevance Score of '5' for Financial Transparency due to governance shortfalls, which has a negative impact on the credit profile.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			RECOVERY ⚡	PRIOR ⚡
Ambipar Lux S.a.r.l.					
senior unsecured	LT	C	Affirmed	RR4	C
Environmental ESG Participacoes S.A.	Natl LT	D(bra)	Downgrade		C(bra)
senior unsecured	Natl LT	D(bra)	Downgrade		C(bra)

Ambipar Participacoes e Empreendimentos S.A.	LT IDR	D	Downgrade	C
	LC LT IDR	D	Downgrade	C
	Natl LT	D(bra)	Downgrade	C(bra)
senior unsecured	Natl LT	D(bra)	Downgrade	C(bra)
Emergencia Participacoes S.A.	Natl LT	D(bra)	Downgrade	C(bra)
senior unsecured	Natl LT	D(bra)	Downgrade	C(bra)

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)

[Metodologia de Ratings em Escala Nacional \(pub. 22 Dec 2020\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(pub. 27 Jun 2025\)](#)

[Corporate Rating Criteria \(pub. 27 Jun 2025\) \(including rating assumption sensitivity\)](#)

[Metodologia de Vínculo Entre Ratings de Controladoras e Subsidiárias \(pub. 27 Jun 2025\)](#)

[Metodologia de Ratings Corporativos \(pub. 27 Jun 2025\)](#)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Ambipar Lux S.a.r.l.

Ambipar Participacoes e Empreendimentos S.A.

EU Endorsed, UK Endorsed

EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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