Operator:

Good afternoon, ladies and gentlemen. Welcome to the extraordinary earnings call on the Incorporation of Vital Engenharia Ambiental and its Affiliates.

This conference is being recorded and the replay will be available on the Company's website at ri.orizonvr.com.br. The presentation is also available for download on the Company’s investor relations website.

Please note that all participants will be in listen-only mode during the speaker's presentation.

Before proceeding, I would like to emphasize that forward-looking statements are based on the beliefs and assumptions of Orizon VR's management and on information currently available to the Company. These statements may involve risks and uncertainties as they relate to future events and depend on circumstances that may or may not occur. Investors, analysts, and journalists should consider that the results may differ materially from those expressed in such forward-looking statements.

Participating in this conference are Mr. Milton Pilão, CEO, and Mr. Leonardo Santos, Chief Financial Officer and Investor Relations Officer.

I would like to turn the floor over to Mr. Pilão.

Milton Pilão:

A good afternoon to all of you. Thank you for participating in our extraordinary earnings call, on what I deem to be a historical day for the Company to explain the transaction that was disclosed as Material Fact today with the Company Vital.

I will give the floor to Leonardo, who will speak about financial and economic aspects, and I will then speak about strategic aspects. Thank you.

Leonardo Santos:

Good evening, everybody. Thank you for your time. We are sorry to do this at the very last moment, but it is important for the market to gain an understanding.

In this first slide, the structure of the transaction that we are planning with this incorporation announced early this morning, with the corporate governance parameters and the company’s structure. This is the incorporation of Vital and its affiliates, and Urbis, which is a greenfield project that will be part of a holding incorporated by Orizon.

At the end, we have the shareholders of Vital Engenharia with 30% of Orizon. Basically, the payment of this transaction is being done through shares of Orizon in a volume already disclosed by the Material Fact, and in the same terms as the last follow-on that was carried out of R$3.53 in 2027. We have a shareholders agreement that will be signed upon the close of this operation among the present day buyers of the Company.

And the vehicle that controls Vital, the Queiroz Galvão family, has a majority block made up of the present day controllers of Orizon, while we will have the control of these two blocks, the present day block and the family of Queiroz Galvão. They have a majority stake, of course. And we do have some Vital set up for this.

So the management of the Company will have four members of each block plus three independent members. The majority block will be the chairman of the board, the vice-chairman of the board, and we will have the main guidelines for the day-to-day of the Company set forth by the majority block, the present day controllers, an annual budget, of course.

We have 12 months as of the close of the operation for the agreement, and the long term for the agreement is of 20 years.

Here you see the shareholding structure, a control block of 60%, a majority block of 50 plus one, and free flow representing almost 40%, as you can see on the slide.

On the next slide, number four, you can see some of the figures of this operation. This is a construction with payment in shares from Orizon. Orizon will incorporate Vital and deliver shares to Vital. The issuance of shares is of 42,2 million shares. The exact figures are in the Material Fact.

We are based on an average of the last stock price. It's a just price. We worked from R$57 to R$67 reais for 42,000 shares and subscription bonus, and here we are trying to show you all of this in numbers considering the historical average of the price share of Orizon, R$2.3 billion to R$2.8 billion. And of course all of this will vary depending on the analyst or depending on whoever is assessing this.

We have a subscription bonus that is a market set bonus. We worked with some simulations pointing to R$23, R$24, around R$130 million paid-in bonus. The equity value, once again, R$2.4 billion to R$2.9 billion. The estimated net debt, R$360 million. Enterprise value, R$3.3 billion, and the EBITDA from Vital, R$500 million at stake, as mentioned in the Material Fact. And these are the parameters for this operation.

Comparing this with the present-day multiples of Orizon, there's a great deal of growth when it comes to EBITDA with our biomethane projects and much more. But this will give you an idea of the value of this operation as a whole, and the value generation. Through time, the Company, of course, will offer more information.

This is a listed company, and we normally do share information with the market, so we will be carrying future exercises working with simulations and projections for coming years for this combined company in the coming weeks or periods.

On page number five, the highlights after the transaction. In volume, a company of 14.3 million tons. We are annualizing our last quarters of 9 million tons approximately. We will be growing 60% in the volume of waste.

In net revenue, the growth is greater because of additional activities such as integrated management. We will go from R$1.1 billion of net revenue to R$3.2 billion net revenues, and EBITDA will be doubling in the Company to R$980 million.

We are adjusting the issues of revenue and the construction of cash based on the last 12 months, of course, based on the accounting of concessions. Net income representing R$350 million for both companies, and the net debt, quite healthy, of R$1.5 billion combined debt for the two companies.

We end here with slide five, then we will go on to the questions, and then I will give the floor to Milton Pilão.

Milton Pilão:

Thank you, Leo. First, let's speak about the businesses. And to be quite simplistic, we have three broad divisions, the integrated management, final destination, and collection.

In the first, the integrated management, people ask, what is this integrated management? I respond that these are public and private contracts, long-term contracts that arise from the landfills that are at their property, so you can add to the contract an additional revenue from collection without bringing with this what we mentioned about collection, the low margins, the low predictability of revenue, the high competitiveness without investments.

All of this you leave aside when you add collection to the integrated management, and the landfill as a barrier of entry will protect the margin and the forecastability of the revenues. This is what Vital has. They have eight contracts of integrated management with six of their own ecoparks.

One of the integrated management contracts from Maranhão, in São Luis, has a landfill, and they have the contract, and they are not part of the same integrated management contract, and the other refers to Angra dos Reis, where we could have doubtlessly future synergy when it comes to our landfills.

These eight contracts with six of their own ecoparks receive 6.9 million tons, a gross margin, as you can see, you will understand what I am saying, how the landfill protects it. We are incredibly increasing the revenue of these landfills, increasing the gate fee of the landfill 4x or 5x, and you have a higher margin than other landfills. So this is our way of thinking, and we will think about our 18 ecoparks when speaking about this.

This is the main integrated management contract of Brazil, the most streamlined one, especially in the city of São Paulo. So we start off with this integrated management contract that is truly awarded nationwide as part of all contracts.

In the second point, we have final destination. This includes another six landfills that receive 2.5 million tons. In a medium liquid environment, they are operating at R$81 per ton, representing a gross margin of 40%. This is a business that you know from Orizon, and it's some steps behind, some stages behind compared to what Orizon has. They do not have the revenues of biogas, biomethane, or carbon, those valorization revenues that will be explored in this division of final destination and integrated management.

And finally, they have three contracts for collection, representing a low percentage of the gross profit of the Company, and based specifically on three contracts. This is the part of the business that we have always spoken about. We continue with the thesis that we do not like this, but in a certain way, there is a way of resolving this problem because we have the Recife contract as the main collection contract from the Company, where we have our ecopark Jaboatão dos Guararapes.

So obviously here, I think everybody will understand that this is the first contract that will migrate to an integrated management. We will include it in integrated management, and basically, the Company will eliminate that long-leg collection from its portfolio.

These are the motivations for carrying on with this transaction. Of course, we are creating the largest company for residues of waste in the Company. We have three broad pillars in terms of motivation. First, the consolidation of our leadership, not only for the sake of consolidating this. This will increase our bank of waste. We are going from 18 ecoparks to 30 ecoparks, which means to say in locations that are complementary to ours, which is very positive.

We have some in São Paulo. They are in Belo Horizonte, the capital of Minas Gerais, where we are not. They are in Espirito Santo, where we have no position. Our waste banks will bring us all of this valuation going forward, and this is something we will be doing jointly through our ecoparks.

And the group, and we prefer not to tell you where they will be because the projects are still under licensing, the new company will have four ecoparks in a mature stage of licensing. So besides the 30, in a few years, because of their maturity, we will have an additional four ecoparks that will have a greenfield license.

So we are broadening our presence to 15 states. We increased final destination to 14 million tons, 18.4% market share. Now this market share is much higher than that of the landfills. 31 million tons go to waste banks, and from the 50 million, we will have 14 million, 30% of the addressable market for landfills, which of course brings us absolute leadership in that market.

And as part of consolidation of leadership, we have the potential to produce biomethane. We go from 1.3 million to 2 million m^3 a day of biomethane becoming the main player. It's not important to be the main player. This will enable us to have the body and capillarity to become a relevant player in the renewable natural gas market.

So you will see that the Company will make movements in the sale and distribution of gas in Brazil in a more relevant way and not simply as a passenger, as we have done so far through trading companies.

Secondly, we have that new frontier of organic growth. We spoke about integrated management of our 18 assets. We have always attempted to help investors to understand that we make money from tons of waste received. We showed you graphs of waste, biomethane, and others, and what happened with organic growth.

When you bring collection to integrated management, and this will protect revenue, protect reception, protect the margin that the landfill brings you, what you are doing here is adding revenue. We will be able to add a collection revenue that normally is 4x or 5x the revenue of the landfill. That is why the revenues that we sell are much higher than ours. We will be adding a great volume of revenues with a protected margin in that ecosystem where we operate in our 18 ecoparks. Doubtlessly, this is an expansion of revenues per BRL, something that is relevant. This is another relevant organic growth avenue.

Secondly, you participated in some of the calls with us, and we will sell based on the market demand. In some calls, the market was asking, what is happening with those PPPs from Caixa Econômica, BNDES? How will they position themselves as they only work with landfills?

Very well, we can now participate in them and give a response to the market demand. This is not only a Brazilian demand. It's a demand that exists elsewhere, waste connections, waste management. All of these will be integrated, and this will come to Brazil with direct collection in the water and energy tariffs, and we will receive a waste generator from the municipality. So we are preparing the Company for this new era of private and public partnerships. This doubtlessly is our second pillar of motivation.

Our third pillar refers to the evidence synergies. During the interviews with the press, when the companies disclose their position or incorporation of this size, you always have that other question, are we going to gain synergies? I said, yes, we are going to gain synergies, but the other synergies are so large that these have been minimized.

We will have a gain of scale in the operation, in the purchase of equipment and everything that we do, because landfills use the same chain. We will have strong operational efficiencies. We will integrate complementary efficiencies.

I said here, and I am going to repeat a phrase to Vital, we assess several acquisitions, taking away the financial side. If we had to bring in a company into our ecosystem, I would choose Vital.

We have known Vital for more than a decade. We operate side by side with them. We know that the culture, the strategy, their way of thinking, the executives are very similar with our company, and I do not doubt that this will facilitate the integration. We have that union of strength that will bring about a great deal of value to the Company.

And finally, of course, the consolidation of the strategic positioning in the environmental attribute market. I had an interview half an hour ago with an international media, and they said, “you are the largest platform of environmental attributes in Latin America”. And what we are doing is unifying carbon credits, biomethane, CO2, and so many other products that will come out of our enormous asset base that we have just come up with.

In the next slide, and very quickly, this is simply to give you an idea of the number of assets that are coming together through this transaction. We have some pictures, and while they are somewhat small, of course, perhaps, Leo can share this with you, and once the deal has been closed, we can carry out visits. We obviously visited all of these sites. They have 12 landfills in São Luis, Ipatinga, Juiz de Fora, Maranhão, Juparanã, Campos, Foz do Iguaçu, Angra dos Reis, which means that we have a gigantic pool, or group of assets that we are not necessarily buying. We are buying assets, not a positioning. And this clearly shows you the size of this. Many of the pictures were not even included here, so we do have an enormous list of assets for the Company.

On the next slide, and on the next three slides, we will speak about what we expect to see in terms of gains the next day through this company. It's important to recall that we have the same thesis with the Vital landfills that we have in our own landfills, so we have 14 million tons a year. However, we have two forecasts for relevant gains. First in the average gate fee, Vital’s is higher than ours as part of the ecosystem. This will bring about a real gain of average gate fee in the coming month.

This is not only a drive for Orizon. We are the only listed company. If you ask all the market players who have landfills, you will see the price growing in terms of real percentages throughout the world. So these assets will also grow alongside ours, and we have important gains in the coming years and months in terms of average gate fee for Vital as well, and an enormous potential for volume.

We have 2 million tons above our 9 million once we close all of the deals around the 18 ecoparks, and Vital has 2 million tons approximately with its ecoparks, without counting the ones that are undergoing licensing. We should get close to 18 million to 20 million tons in the coming years when the 30 ecoparks are very close to their stage of maturity.

In the next slide, I speak about the Ecourbis concession contract. Important information, this is the concession that extends until 2044. It has 19 years ahead of it. 90% of gross operational revenue is fixed, R$125 million monthly rates guaranteed, and only 10% or 15% are part of the biogas, carbon, and recycled energy that we will be able to give a thrust to. In the recent renewal they carried out, the granting power took on the debt of the concessionaire of R$1 billion. R$200 million were paid in cash in 2024, R$800 million come along with the transaction, and those R$800 million will be paid in the coming years through that combined company.

As part of the main goals of the concession, we are going to streamline the present day fleet for collection, substituting diesel with alternative fuel, biomethane, or natural gas, and we are going to learn through our other assets to transform.

This is being done broadly in the United States and Europe to transform the truck fleets that take waste to landfills with a substitution of diesel. If I could choose, this would be the best sale price for biomethane. This represents US$27 per million BTU compared to US$14 of biomethane.

So here we already have a significant gain when we sell our biomethane to fleets, not only the industry, and you can have a natural biomethane service station where the trucks can go to every day.

This is a goal of the concession that will be put in place, and we are going to use our assets for this. We will have development of technical solutions geared towards energy valorization of the waste. We are going to make the most of the expertise we have in our plant in Guarulhos, and we will be able to now work in São Paulo with the Ecourbis concession in advanced processes for the treatment and management of solid waste, which is the focus of the City Hall.

And this is the service that will definitely undergo a streamlining. By streamlining this service as Orizon was, it was modernizing the treatment of waste, we will now streamline the entire process for the treatment of waste.

In this next slide, we speak about biomethane. Vital had a subdivision, they have GBIO that adds gas to the thesis. We have BioE. These will now become the same company. Now, GBIO is already operating with 30,000 m^3 per day. There are some plants under construction for Titara, Ipatinga, Juiz de Fora, Macaúbas. They will be ready between 2026-2028 with already contracted biomethane with 150,000 m^3 per day. And this will lead to another 340,000 m^3 per day once the pipeline is fully constructed.

So as you can see below, BioE and GBIO will have a potential for the generation of biomethane of 2 million m^3 per day. We will become extremely relevant in the renewable natural gas market in Brazil.

In the next slide, for all of those who follow up on us while you are quite aware of this slide, we have always shown this slide, the totems of margin contribution per each activity in waste for Orizon. We have the gate fee, biogas, carbon credits, biomethane, circular economy, stand-alone plant in Barueri, and we are now adding the gate fee that I have just explained to you, which is a gain that we have from integrated management.

And the integrated management represents a significant gain of EBITDA with very high margins, organic margins throughout the coming years. You will ask in how much time? Nothing for tomorrow, but in the coming five years, certainly you will see several of these projects being implemented in the macro system of our 18 landfills.

And finally, our last slide before we open for questions, showing you this combined company that will generate 15,000 direct employment, will manage 14 million tons of waste generated by almost 40 million Brazilians, thus avoiding 6.3 million tons of $CO2$ per year, with an EBITDA of approximately R$1 billion. This is the start of EBITDA. We had already been growing 30% organically. We are now beginning with a new level, strong organic growth, because the thesis remains the same. But this company arises with R$1 billion of EBITDA as the largest producer of biomethane in Latin America.

I would like to thank all of you. I do not know if I spoke excessively, but it was necessary.

Erico Bruni, Aqua Capital (via webcast):

Congratulations for the transaction. Which is a degree of maturity of Vital when it comes to capturing gas and biomethane?

Leonardo Santos:

Thank you for the question. When it comes to the monetization of biogas, I think Vital began somewhat later than we did in the exploration of biomethane and gas. They still have a way to go.

Vital has a longer path. They have their first operational plant in Metagas and a large pipeline of projects. And we are referring to more than 500,000 m³ per day with their present day projects without counting the greenfield that are already operational. So they do have a long path. But we see opportunities for growth as we see in Orizon because of this transaction's huge potential to grow along those lines.

And along with biomethane, we have carbon credits. Orizon was a protagonist in that activity. With the assets we are gaining in this transaction, of course, we will grow a great deal. We were speaking with our teams, we are speaking of 2.5 million, a substantial volume in carbon credits, biogas and biomethane, which is still at a very embryonary stage at Vital.

Now, they are excellent operators and I have to praise them for that. And we have been here for longer. We are going to add to this. We have worked very diligently, we have followed up on their assets, and we are going to bring them into the group, put together assets that are extremely well operated, including biogas, to capture as much revenues and other opportunities going forward.

Raul Cavendish, XP (via webcast):

In terms of integrated management for the long term because of the fixed tariff, does the Company have the opportunity to gain merits through a greater densification and others? And the contribution margin of final destination, can we believe that that will be more convergent with that of origin? And how much of this will come from optimizing gate fee and how much will come from optimizing costs?

Leonardo Santos:

Thank you. In integrated management, I think you captured one of the avenues to capture value on that front. The tariffs, of course, are based on fixed fees. The more efficient we are in cost expenses and efficiency, the more we will gain from this project. And you see that this is the risk that the Company is running. The better you perform, the better your margins will perform in this contract.

Regarding the landfills, yes, the margins are somewhat tighter compared to our assets. We spoke about the gate fee, the price. There is a minor difference in price at the startup.

The work to improve prices is something continuous. We will do this upon renewing contracts. We will work based on localities. We have to discuss this with the clients and defend a good balance. We have 18 assets. The price that is now up two digits should reach three digits, and we will see what happens with this transaction.

And we will have a higher gain. Orizon already works at a higher level, but there is that opportunity for gain in landfill. And the final destination margin should be higher than 60% with prices at three digits. And those prices from Vital will not be different.

João Soares de Oliveira (via webcast):

Can we presume that Orizon will seek integrated management contracts in all of its landfills?

Milton Pilão:

Yes, João, because of what I said during the presentation. This if for two reasons. The first reason is economic. As I mentioned, through building PPP contracts in the ecosystem of our present day 18 landfills, we are going to diversify revenues and, of course, enhance the results of these same assets.

So the answer is yes, but not only for that reason. There's also the reason of the demand. We had already had demand of the 18 landfills. We have three to five of our eco parks that will begin this process almost immediately. And ensuing this, we will try to replicate this throughout our entire base.

Felipe Andrade, Itaú BBA:

Good evening. Thank you for taking my question. I would like to gain an understanding on the gross margin that you are presenting here. When you speak about the union with the Vital business, have you carried out some adjustment for integrated management? The gross margin reported by Vital in 2023 was 40%. It dropped to 32% in 2024. Was there a one-off impact in that sense?

And in terms of collection, gross margin was much lower, 8% in 2024. I would like to know if you have carried out some sort of an adjustment, and if you will prioritize the expansion of biomethane or opt for more M&As in the Company.

Leonardo Santos:

Thank you, Felipe. I will try to answer all your questions. Regarding the contribution margins of integrated management, the main contract with the largest customer from Vital is Urbis in São Paulo that had a concession that ended in 2024 and was renewed for 20 years. They also had a rebalancing of price. So there is that impact of the price change with an impact on margin, of course. This justifies a relevant part of that amount.

Yes, we have made adjustments. We have a criteria to account for concessions. It's something that refers to infrastructure, real estate, so that we can reflect the reality of the project. So these two effects combined will explain that difference in margin. And it is worthwhile adjusting this to be able to assess the integrated management activities of Vital.

In terms of collection, yes, their margins are more compressed. There are no benefits there. Projects that seem to be like infrastructure that require high CAPEX, that is why the margins tend to be more compressed. It's very typical for that activity. We are going to think of these activities as Orizon integrated with landfills, very much more similar to integrated management.

When it comes to how to optimize the balance, how to allocate resources, the Company naturally will continue to pursue acquisitions. But, of course, we have more projects for organic growth.

We are a larger company, and because of this scale, we can work with a higher number of biomethane projects. To respond to your question, we will continue to be focused on acquisitions. We will not stop with this transaction. We are focused on the acquisition of landfills and on the development of energy projects.

João Pimentel, Citi:

Good afternoon, and congratulations for the transaction. I have two questions. One that I heard before, but I would like to hear once again from you in a more detailed version. The first question refers to competition. We have historically seen Orizon purchasing companies' smaller landfills after the IPO with good EBITDA. And a short time ago, there was a transaction, the acquisition of Simpar, with an account of 10x. The market was somewhat frightened. They were fearful of the acquisitions that would exist in the market. They thought Orizon would pay more for their acquisitions, which is not the case.

Now, from the viewpoint of the balance, this is a very healthy company. If we look at their balance, extremely healthy. So which was the process of this transaction? Did you have other companies participating? If you can explain to us, which was the advantage? What was it that Orizon brought to this process to carry out such a decisive transaction? It seems to be a low-cost acquisition. So which was the edge that Orizon had in this deal?

The second question is easier in terms of carbon credit. How many of the landfills of Vital are already certified? Have they all been certified? Which is the certification? Is it a Gold Standard? Simply to gain a better understanding of that.

Leonardo Santos:

Thank you, João, for the question. I will answer here and Pilão will complement it in terms of M&As, a transaction like this one, it did not have an organized process. We focused on what we have always had, that reciprocal appreciation for the other partner. We worked with Vital in Pernambuco 10 years ago, and based on that among their shareholders, we created that desire to work together and to think together.

So we decided that it was not simply paying for something and then going home. Here we are thinking of working together, creating a company of a different size, and undergoing a journey jointly, with integrated management projects and new acquisitions.

The value proposition that we see in this company in the medium and long run will capture much more than the transaction that we see at present. Our ambition, or the ambition of the shareholders of Vital was not to leave this transaction. They are going to remain in the Company with their present day controllers.

It's not a very conventional transaction. We focused on it through the Company teams. We are equal partners, and I think this was one of the main pillars for the success of this operation.

Milton Pilão:

This is a very important point to complement what Leo said. We have been able, in this market that you explained very clearly, it will become ever more competitive, of course, there is no doubt of that. Not only competition with national players, but there are also international players coming into Brazil with that same appetite, and we use the only tool we had at hand to carry out a transaction that would bring more value to our shareholders.

For this, you have to have that other side that understands their journey, believes in the journey. Otherwise, the transaction will be only about money and higher multiples. If a partner does not believe in the journey, and if in five years this will have a much higher worth instead of selling nine or 10x instead of the 6x that are on the table, this is what happened. It's a partner that understands that journey of gaining value based on the valorization of the business.

I am not speaking on my own behalf, I am speaking on behalf of the family, of our partner. We have a governance fit, we have a strategy fit. We, of course, were extremely cautious in the shareholder agreement to maintain the Company management as it has always been in the hands of the original partners, with myself and Ismar.

But regardless of that, we did not want to have partners that thought differently from this. This is another fit. It's difficult to convey this to you, but after a year of conversations, we were able to clearly align this so that jointly, we can have a smooth journey ahead of us in pursuit of that enormous dream, which is to make this company in the next five or six years, one of the largest companies, 5x or 8x fold larger than it is at present. I think this is what underlies the transaction.

On your question on carbon credits, there were 6 ecoparks with projects with a Gold Standard.

Leonardo Santos:

We have 6 projects at different stages, 3 of them have already been registered according to the Gold Standard, and projects at an advanced stage of registration, Juiz de Fora, Ipatinga, and Campos, and the later landfills already have in their agenda that search for the registration. And we also have a very similar situation, with registrations this year and the coming year when we think of Orizon-Vital.

Milton Pilão:

Now we can share with you the figures so that you will have a greater visibility of the carbon volume. One of them that is concluding the registration is from São Paulo. Alone, they generate 600,000 tons of carbon per year, and a relevant volume is probably already registered. 3 million have already been registered, apparently.

Gustavo Faria, Bank of America:

I have two questions at my end. I would like to hear from you about the pricing power that the business will have in renewing contracts. How do you assess that difference in purchasing power because of that integrated management compared to the landfill business alone, where you are able to grow revenues above the inflation? And how do you assess the premium for the market risk among the two companies?

And a more specific question in terms of integrated management, how will the payment be if you could speak about the difference of risks and the difference of collection between the two companies?

Milton Pilão:

Thank you for the question. In terms of pricing power, the integrated management contract, as I mentioned at the beginning, has landfill as the pillar of competition for the contract. When you have one competitive pillar, you end up taking all of the services that are in the package to the same purchasing power that has higher competitiveness and a higher margin.

You see that the margin of integrated management of Vital is very similar to our landfills. So there's no reason to have a lower margin compared to our landfill contracts.

When it comes to the risk premium, once again, my vision is the same. The landfill dictates the game in this scenario. And once again, the risk premium is given by the most restrictive asset. The most restrictive asset in this package is the landfill.

When it comes to receiving and tariffs, you work with a single tariff, a closed tariff, which is the case of Ecourbis. You do not receive per ton, you receive in reais per month. There's a closed tariff that encompasses all of the services.

And there are two modalities in those contracts. Either you have a type of warranty that comes from protection funds or a protected account that will guarantee that you will receive, even though Vital will be the head of the game, or you have another modality, which I mentioned, of charging directly from the user.

Recently, we purchased a landfill in Presidente Prudente, three months ago, and we went to the streets, we went to the PPP from Presidente Prudente. It encompasses the landfill, and the collection is done directly through the accounts of the water system, the water and sewage system of the region, Sabesp.

I believe Caixa Econômica worked with this modeling, and it took us some time to look at the translation of that of BRL per ton. And we saw that the BRL per ton there was much higher because you are able to have a disconnection. In Brazil, we suffer a great deal to disconnect the price of the landfill from the price with which Brazil has operated waste areas for so long.

That is why we have such a significant price difference in Brazil compared to the rest of the world. And the gate fee will be a significant driver here. When you collect directly from the water and sewage tariffs, their share is very small. The share of waste is minor compared to the area for water and sewage. And the perception is not that it will increase the bill of water and sewage if you are paying for the waste as well. And the gate fee per ton is much lower than what we charge here. So in the integrated management contracts, we will have gate fees much above those that we are operating within our landfills.

Flavia Sounis, Veenlight Capital Management (via webcast):

Which is your margin of maneuver in your equity balance after this transaction?

Leonardo Santos:

Flavia, we were very careful in this transaction because of the way it was structured, because of the design of the present day shareholders of Vital that will also participate in this combined company. They want to be part of this dream and the growth of this company.

So, we are creating and maintaining a good balance. And this transaction in the final account will deleverage the Company further, and this will accelerate organic and inorganic growth with the purchase of new landfills or implementing biomethane projects.

Fraser Hale (via webcast):

Thank you very much for the presentation, and thank you for the contribution. To clarify the issue on carbon credits, is Vital selling credits presently? Do some of them have international accreditation? Are you going to sell carbon for all of your new assets, and how long will it take to do this?

Leonardo Santos:

Thank you for the question. We have a very victorious year when it comes to carbon in Orizon. When you reach your goal, you have to double your goal, so this will represent a headache for us in our coming exercises.

We are generating carbon credits and selling them. We have common clients with Vital. We have 10 or 15 clients for carbon credits in the Company, and we have also registered this with Gold Standard and other accreditation.

After the necessary approvals, especially the CADE, the antitrust agency, we can think of this as a single company placing carbon credits in the market, and, of course, with the idea that we will enhance the portfolio and have a higher volume of products for our clients in several Gold Standards, in different locations, and all of this, we will generate value for the final user. And, of course, we will have environmental and social projects as well.

Operator:

The Orizon earnings call ends here. We would like to thank all of you for your attendance. Have a wonderful evening.