

Aegea Saneamento e Participações S.A.
2Q25 Results
August 7th, 2025

Operator:

Good morning, welcome to Aegea's webcast to discuss our 2Q25 and the first half of the year.

Today we have with us Mr. Radamés Kassab, CEO and André Pires, CFO and Investor Relations Officer.

This webcast is being recorded and simultaneously translated into English. Translation is available by clicking the Interpretation button. If you're listening to English, you may mute the original Portuguese by selecting Mute Original Audio.

We will now begin a presentation of results, followed by a Q&A session during which further instructions will be provided.

Before proceeding, we would like to clarify that any statements that may be made during this conference call related to business prospects of Aegea, as well as its forecasts and goals, configure beliefs and assumptions of the Company's management and are not guarantees of future performance as they involve risks, uncertainties and assumptions that may or may not occur.

I will now hand over the call to Radamés, CEO, who will begin the presentation. Please, Radamés, you may begin.

Radamés Kassab:

Good morning, everyone. Welcome to Aegea's earnings call. Beginning with slide three, where we outline our highlights.

Considering Aegea's ecosystem, which reflects performance of the concessions managed by the Company, we ended the first half of the year with 19% growth in net revenue, reaching R\$9.3 billion and a 50% increase in EBITDA, reaching R\$5.2 billion.

This performance is a result of a combination of our portfolio profile, which ensures consistent growth through operational efficiency and expansion of our customer base, as well as inorganic growth initiatives. A non-recurring contributor to this growth was also recognition of the PIS/Cofins tax credits in Corsan.

Excluding this effect, the ecosystem's EBITDA rose by 33% year-over-year. We invested R\$2.5 billion during this semester in expanding water and sewage infrastructure, as well as enhancing existing infrastructure and commercial programs across all concessions.

Additional highlights during these terms include new water and sewage concessions in the state of Pará. In July, we signed contracts for blocks A, B, and D, and announced early launch

by four months of operations in the three largest municipalities of block A, including the state capital, Belém.

Just this week, on August 5th, we won the bid for block C in Pará. With this win, we will operate in 892 municipalities across Brazil, serving more than 39 million people, 5.5 million of whom are in the state of Pará, which now becomes Aegea's third largest operation in terms of population.

Our entry into Pará, including early start of operations alongside the mobilization and launch of services in inland municipalities in Piauí, is a direct result of our ability to apply Aegea's operational model, or MOA, as we call it, developed over these 15 years dedicated exclusively to sanitation.

Our MOA is adaptable to different social, economic, and geographic contexts. Decentralized management model enables our concessions to operate assets locally, supported by scalable and synergistic support structures such as our Holding and Shared Services Center.

Our experience, proven results, and developed capabilities and technologies, including plug-and-play services like the Integrated Operations Center and commercial and relationship programs like Vem Com a Gente, come with us, allow us to efficiently launch operations simultaneously in multiple locations across the country, with operational costs and efficiently with expenses significantly below the industry average.

From a regulatory standpoint, we currently manage over 370 contracts and interact with more than 30 regulatory agencies and authorities.

Our track record, supported by fulfillment of contractual commitments and timely investments, combined with our capacity to mobilize and execute new projects, has enabled us to accelerate start-up operations and investment timelines and, as a result, accelerate the schedule in areas that need it most.

Slide four highlights some ESG initiatives. Through Águas do Pará, we announced the first investment under Aegea's management in Belém, in Vila da Barca, a stilt house community of approximately 5,000 people who currently lack regular access to safe drinking water and sewage access.

To address this, we began priority construction during assisted operations phase. Within three months, we will implement aerial water distribution networks and, within eight months, a sewage system. All residents will be eligible for social tariffs for water and sewage services, ensuring dignified access.

On the people's side, we continue to expand our headcount with a focus on developing local talent. A significant portion is recruited from communities and favelas, many of whom have no prior experience in the sector and find in Aegea their first formal job opportunity. These employees are trained through the Aegea Academy, which offers development tracks for a range of administrative and operational roles.

We also rely on a network of key executives, many of whom are former trainees and talents developed in-house and who are ready to lead the launch of new operations across the

country. The strong results we have already delivered in various regions and locations confirm our readiness to meet the challenges in Pará and beyond.

Our expertise, our efficiency-driven operational model, and our unique tariff solutions, such as Tarif 10 in Manaus, position us for success in Pará, in Piauí, which includes rural areas where Aegea was the sole bidder, and other upcoming challenges on the road to universal sanitation in Brazil.

I will now hand over to André, who will continue the presentation. Over to you, André.

André Pires:

Thank you, Radamés, and good morning everyone.

Starting with slide five, before diving into the results, let me explain in detail the ecosystem perspectives that we use in our reporting. Over the past few years, Aegea has become a platform for investments in the sanitation sector, attracting structured capital to support business expansion.

In this context, corporate structures have been developed that are not yet fully consolidated in the Company's financial statement, as you know. Therefore, both in this presentation and in our earnings release, we present and discuss results from two perspectives, the financial statements view and the ecosystem view.

The ecosystem view includes the financial statements results, plus those of the subsidiaries Águas do Rio and Parsan, which are not currently consolidated in the Aegea's financial statement. At the bottom of the slide, our charts illustrate the diversification of our ecosystem in terms of both revenue and EBITDA.

Here, we should highlight that Águas do Rio and Corsan are represented, respectively, through 29% and 28% of net revenue and 32% and 36% of EBITDA in 2Q25. These assets were incorporated over the last four years.

Moving now to slide six, which highlights our operational results. Expansion of service coverage and integration of new assets led our number of billed households to grow by 8% in the ecosystem, reaching 14.5 million. In the financial statements view, the increase was 13%.

As a result, billed volume in the quarter rose by 5% in the ecosystem and 12% in the financial statements view during the quarter. For the half year, growth was 4% in ecosystem and 11% in financial statements view, driven by increase to households and the start of new operation.

On slide seven, let's discuss financial performance. The ecosystem's net revenue reached R\$4.6 billion in the 2Q25 and R\$9.3 billion in the first half of 25, a 19% increase in both periods, driven by growth and billed volume, tariff adjustments, and an increase in PPP compensation services revenue.

The Company's average ticket, covering revenues from water, sewage, and PPP services per household, increased 11% in ecosystem view and 13% in financial statements view, both

above the 12-month IPCA inflation rate of 5.35%. These increases reflect tariff adjustments and rebalancing measures implemented in respective periods.

Regarding costs and expenses on the right side of the slide, in both views the rise in costs and expenses mainly reflects the startup of new operations.

In the ecosystem, this increase was partially offset by a reduction in the expected credit losses, PCLD, at Águas do Rio, mainly due to adjustments in provisioning aligned with customer delinquency costs, considering improvements in commercial projects and service regularization, which led to increased revenue collection.

The managerial OPEX per household was R\$467 in ecosystem, down 2% from previous year. This reflects our operational models' focus on efficiency, as well as successful initiatives such as the voluntary severance program at Corsan, our migration to self-generation energy contract, and procurement optimizations, among others.

Now on to slide eight to discuss our adjusted EBITDA and managerial cash flow. In the ecosystem view, adjusted EBITDA reached R\$2.3 billion in the 2Q, up 42%, and R\$5.2 billion in the first half, up 50%. In the financial statements view, EBITDA increased 19% in 2Q25 and 44% in the first half of the year.

These results in the first half of 2025 include the positive effect of PIS/Cofins credits at Corsan, recorded in the 1Q25, and was used in practice to offset tax payments, boosting cash generation. Excluding these credits, EBITDA in the first half increased 33% in the ecosystem view, and 22% in the financial statements view.

Cash generation also increased, as we see on the right side of the slide, driven by higher revenue, especially at Águas do Rio and Corsan, and lower tax payments, as just mentioned.

Now on to slide nine, covering net income and CAPEX. In 2Q25, net income reached R\$250 million in ecosystem, and R\$155 million in financial statements view. In the first half of 2025, net income surpassed R\$1 billion in both views, and as we see in the bottom left of the slide, this is mainly due to EBITDA growth across all operations.

These results in the semester also include effects of PIS/Cofins credits, as I mentioned. Excluding this effect, net income in the first half of the year grew 35% in ecosystem view, thanks to improved performance at Águas do Rio, and declined 19% in financial statements view due to increased financial expenses.

Now about CAPEX, in the first half of 2025 it reached R\$2.5 billion in ecosystem, and R\$1.8 billion in financial statements, up 21% and 31% respectively, focused on projects to expand sewage coverage in all operations. The 3% drop in ecosystem CAPEX in 2Q25 reflects the completion of some phases of the Vem Com a Gente program at Águas do Rio.

Now on slide 10, which presents the results of Águas do Rio and Corsan, which together account for more than 60% of Aegea's ecosystem EBITDA.

At Águas do Rio, commercial programs and operational improvements have steadily increased revenue collected, which in turn lowered PCLD provisioning. Combined with tariff

adjustments, this offset drop in build volume caused by intensified connection cuts resulted in an EBITDA margin drop of 33%. Net income rose 3.3% to R\$269 million for the semester.

CAPEX totaled R\$1.6 billion over the past 12 months, down 11%, which as I mentioned, is due primarily to the completion of some Vem Com a Gente programs in some parts of the state capital and several treatment and pumping station revamp projects. With regard to CAPEX for the same period, we began important new projects that steadily increased and will continue to expand coverage in the coming years.

On the right side, Corsan reported, in the first half of the year, a 65% EBITDA growth with a 66% EBITDA margin and net income exceeding R\$1 billion. In other words, 2.5x higher than we found last year. These figures already exclude the impact of PIS/Cofins credit. This improvement stems from efficiency measures, including the voluntary severance program, growth and build volume, and tariff adjustments.

Corsan's CAPEX totaled R\$2.2 billion in the past 12 months, an 89% increase, mostly allocated to sewage coverage expansion projects.

Now on slide 11, about our capital structure. We ended the quarter with a proforma net debt R\$48 billion, with our leverage of net debt EBITDA at 4.0x in the ecosystem view. Note that in 2024 we paid R\$5 billion in grant fees, 4.2 billion of which occurred in 2024, with a highlight on the payment of the last installment of the Rio de Janeiro concession auction at R\$3.8 billion.

This temporarily pushed our leverage to 4.3x at the end of last year. In other words, this quarter we are now on a clear deleveraging trajectory, as we have been highlighting over the past quarters.

In the financial statements view, used for measuring debt covenants, leverage was 2.8x, which is well below the 4.0x cap in our most restrictive financial contracts. The chart at the bottom left of the slide, which shows the evolution of our ecosystem's average debt maturity and leverage, we can see that peaks correlate with years marked by payment of grants as seen in 2024.

Moving forward, we aim to maintain a manageable and comfortable leverage level, which is a strategic principle for the Company, even as we assess new growth opportunities. The average term of debt for maturity in the ecosystem was 7.3 years in 2Q25.

This concludes our presentation. We are now available for your questions. Thank you.

Kaique Dantas, Nu Asset (via webcast):

What is your view about the results of Águas do Rio in this quarter, and do you believe that margin and delinquency are sustainable for the coming quarters?

André Pires:

Kaique, here I think this is an opportunity for us to discuss something we have already been discussing in previous quarters, which is the maturation process for the Águas do Rio

concession. Just to remind everyone, when we started operating Águas do Rio, we inherited a registration of 900,000 paying connections coming from Cedae.

These 900,000 connections, at the time, had a 35% delinquency rate, of provisioning of rates for delinquency rates. Since then, we have been adding new commercial projects such as Vem Com a Gente or other commercial projects to convert our clients and this process has a conversion rate for this curve to add new clients, to convert them into paying clients.

This process has been growing in maturity and as such, we have been adjusting our provisioning for delinquencies according to future perspectives as we observe in the behavior of these clients who have become paying clients. This made us this quarter to adjust these numbers, adjusting it to the reality that we have been facing.

To answer your question, we in fact believe that this margin and this provisioning rate are in fact sustainable for the coming quarters, and that in the long term, this provisioning rate will drop as has occurred in our other concessions, Manaus, Teresina, and the other concessions that we also assumed and we also observed this same similar curve.

So, yes, the results are sustainable in the coming quarters. And in the long term view, we believe that these provisioning rates are expected to drop.

To give you some numbers, as I mentioned earlier, we had 900,000 new connections, or existing connections that we inherited anew, and that we added to our portfolio of households, we already have 1.7 million connections. In other words, we brought these connections into our base and approximately 2.5 million connections for the future.

So, the process of adding clients to our base is still ongoing. It still hasn't concluded. So, as we move along with our commercial projects, we bring these clients into the loop, into our base, so to speak. Thank you.

Rafael Nagano, Kinea (via webcast):

With regard to personnel costs between 1Q and 2Q, how much was due to an increase in headcount and how much due to variable payment provision?

André Pires:

I will ask the IR folks to give you those numbers after the call in writing but I would like to describe these two concepts. As you have, of course, seen, we have steadily increased our concessions and our results, and as a result, we have also been increasing our headcount.

If we compare 1Q and 2Q of the year, we will see an acceleration in mobilization of our concession in Piauí and the beginning of our mobilization in Pará. This, of course, increases our headcount, which as a result, increases costs.

When we bring into the loop concessions that are so important as Piauí and Pará, as Radamés mentioned, Pará is going to be our third largest concession in terms of clients. This also requires us to reinforce the Holding size, especially when it comes to shared services, to meet the needs of these new clients.

So, part of the answer, the IR department will tell you and in the long term provisions for variable pay, I would like to mention that this is a process that has also been maturing as the Company has grown. At the end of 2024, the Company had 1,000 employees, and now we have something similar to 25,000 employees.

So, as part of this process, we have been evolving the variable pay process for key employees at the Company. Part of this is due to the 2023, 2024, 2025 tri-yearly program when these targets were defined by the board. The provision actually came out now in the 2Q, but it pertains to the tri-year process and it is also due to the growth that occurred as well as to adjustments that occurred to key teams that grew over time.

This is a retention strategy for key talent, but also a talent attraction process, which is necessary for the growth that we have seen.

Gustavo, Banco ABC (via webcast):

Today, you announced the exchange of some older debentures. In this scenario, when do you expect the covenant limit to increase from 3.5x to 4x? The old debentures work with 3.5 and the new ones 4.

The second question is, can you comment a little on the progress of Águas do Rio's operations, considering revenue, increased coverage, and the water purchase agreement?

André Pires:

Well, to field the first one, the exchange operation that we announced has the goal of adapting or adjusting our debenture collection curve to the current collection and fundraising costs. So this is an operation that does not entail an increase in debt. It is a voluntary debenture for debenture holders. I believe it is for debentures where you are offering at an exchange.

They are currently in the lockup process, so we are proposing to debenture holders to adjust the cost of these titles and adjust to the times and costs that are more in line with Aegea's current reality. So that is the goal of this operation. And as I mentioned, this is a voluntary exchange offer.

And with regard to the covenant increase, today, all of our debts are already at the 4.0x. We no longer have any at the 3.5x rate.

Radamés Kassab:

Yes, Gustavo, thank you for your question. Let's quickly fly over the start of the contract. Let's take a brief overview.

As André mentioned, with regard to increasing the client base, bringing them into our formal relationship in a broad view, when we win a contract serving over 10 million people, today the potential connections number is approximately 2.4 million. And the city, at the time, historically, only serviced 900,000.

So one of the major challenges over our journey is to uphold the addition of these new people to the base, their residences, high rises, and other properties that, in one way or another, received water, but which were not formally involved in the billing and payment process with the previous account holder.

So starting on November 21, we have been establishing connections with the territory, with the leaderships, understanding where the water arrived, whether it was regularized or unregularized, and understanding and also helping the clients understand that we were offering these requested and required services.

This includes major commercial programs, relationships with community leaders. It depends on the granularity of the neighborhoods. It improves access to schools. It involves creating perceived value and the relationship between the concession holder and the new client.

This journey from November 21 to now has made our client base almost double, from 900,000 to 1.7 million connections and we are bound to 2.4 million, as we have predicted. And key drivers are linked to the increase in the quality of service providers, so the water we received from Cedae, the 36 cubic meters per second that we distribute to the metropolitan region, have been suffering interferences and adjustments that we have made.

We have adjusted these numbers to improve perception among clients about our interventions, to show them that it is a positive intervention. It is a journey to increase perceived value and bringing more water to people's homes and households, more regularly. That means improving and increasing reservoirs, valves, macros, measurement devices, and other systems to homes that previously had water outages as a daily effect, this is no longer the case.

We have also improved the efficiency of sewage networks. And we have seen recovery of some beach regions, such as Praia do Flamengo and Glória in Rio de Janeiro, and moving toward Ilha do Governador as well.

This allows us to see that the volume of sewage or rainwater that fell into the network and used to contaminate these water basins is now being sent to treatment centers, to wastewater treatment centers. This improves client perception of the quality of our service and also clearly makes them see that paying the fee results in services being delivered, with new channels being expanded, with the beach regions being improved and expanded. It is a virtuous cycle.

Specific beach and waterfront regions, when we expand the client base there, they generate an immediate result in expanding payment, as we have seen in the past few months. And the conversion into payments has been moving along at a steady rate as we improve education and perception in these regions, and as we confirm their beliefs with each and every new community we add.

Certain new basin regions have already now started collecting and treating their sewage, whether that is by improving collectors or by expanding sewage treatment centers, such as in Japeri e Queimados. This has prepared our journey to improve and increase revenue, as well as improve and increase sewage treatment system at the concession.

The backbone of this process is the water that we receive from Cedae at an efficiency journey, because today this is Aegea's most expensive input.

Today we pay R\$2.4 billion per year for this input, so the efficiency of this water linked with the addition of this new client, which was previously not formalized in our client base, and the journey for the client's perception and experience, and converting them into a new paying client as they perceive these benefits from the relationship, has led to an evolution cycle that we have all seen and which is demonstrated in our account statements for the past quarters.

So I would say we still have an important inclusion step, that is to include new clients into our base, moving from our current 1.7 million and moving toward 2.4 million. We have an important efficiency journey to come, that will result in reduced costs, which is improving efficiency of the water we purchase from Cedae, macro measurement programs that we are implementing.

But above all, today, ensuring that water is available for the households and increasing the functionality of the sewage collection and treatment systems, that includes expanding and improving the existing stations and implementing new ones, as well as the dry waste collection programs.

This is just a brief overview of a journey that we are still in the middle of.

Alejandra Andrade, JP Morgan (via webcast):

What is the possibility for liability management and also needs to finance any new concessions in international capital markets?

André Pires:

Hello Alejandra, thank you for your question. As we always say, the international capital's market is always something that we look at for a potential funding source for our investments into existing mature concessions and new ones. As you know, we have two outstanding bonds in the international market and this is something we always keep our eyes open to for opportunities, both in terms of terms and in terms of costs.

Remember, we always need to keep in consideration our hedging costs because we cannot incur any foreign exchange risks. As we see new information in the second half of the year, new information about these traits, these will be things we may consider, but we do not have any ongoing projects at the time.

Jeff Kramer, Blue Bay (via webcast):

What are your expectations for ecosystem CAPEX, concession payments and dividends for the second half of 2025?

André Pires:

Jeff, thank you for your question. Our CAPEX, excluding grant payments in the first half of 2024-2025, was approximately R\$2.5 billion. When we look at projects and also the entrance

of new grants, new concession grants, in the second half of the year, numbers are likely to be 20%-30% higher than those 2.5.

The trend is for that CAPEX, which Radamés mentioned, in the expansion process that we are in, to expand the sewage network, as we are doing in other concessions as well. So, when we look at the year 2025 and compare it with 2024, in 2024 our CAPEX was 5.8 billion. In 2025, it is likely to be higher than 2024 and this is in line with the growth of our operations.

Remember that for the year 2025, at the end of the year we are likely to have all of Piauí and Pará, so this CAPEX is going to continue to expand and I would say it is at the same rate as our EBITDA, that is 20%-30% above 2024. Our dividends are likely to have the same rhythm of payment as of 2024. It should be the same pace of payments.

Mateus, Soma (via webcast):

With the investments in the Pará blocks, what is the leverage outlook for the coming years? What about rebalancing Águas do Rio?

André Pires:

Well, with the investments in Pará as a whole and the concession itself, when we look at our long-term planning, there will not be an increase in leveraging and the de-leveraging process is expected to continue. So, if we consider the forecast predicted in the bid document for CAPEX for the next 40 years, of course there is a stronger concentration in the first part of that period.

This is also going to be tracked according to the development of Pará and Aegea as a whole. But in the ecosystem, there is not going to be an increase in leverage over the next few years. On the contrary, as we showed in the 4Q24 and now in the first half of the year, we saw a drop in leverage.

This de-leveraging trajectory has persisted and is going to continue, so there is not going to be any increase in leverage due to Pará. And remember, in the specific case of Pará, in the 2Q25, we have already paid substantially 60% of the grant, which is the grant that we won in the bid.

With regard to the balancing, this is something we constantly look at, not just in Águas de Rio, but in all our concessions. There is not a specific definition. Let's remember that we have seen tariff adjustments on December 24 that included a component of additional fees due to the social tariffs.

This is a constant at our Company, we are constantly studying this, analyzing our reality and our contract, as well as what is set forth in the bid document, as well as our financial balance.

Jacob (via webcast):

Can we explain the sequential decline in EBITDA?

André Pires:

Jacob, I will ask our investor relations staff to give you a deep analysis. This was a 1%, a R\$70 million drop in the 1Q25 compared to the 2Q25. Essentially, there are two items that led to this decline.

In the 1Q, we had the accounting entry of a non-recurring item, which was a tax credit at Corsan, which had an impact on our results at approximately 60 million. When we exclude that item, we would have a sequential increase. And in the 2Q, we had an increase in labor costs, which are essentially related to an increase in headcount due to the new concessions and the long-term variable income payments.

But I think that in order to give you an appropriate analysis of this EBITDA, I will ask our staff to help with that.

Macauley Smith, Ninety One (via webcast):

Has there been any change in the expected timeline to consolidate Águas do Rio?

Could you speak about your funding plans? Specifically, if we can expect any USD issuance this year, and could we see any liability management exercises?

André Pires:

With regard to consolidation of Águas do Rio, our forecast is still between 2026 and 2027 potentially. Of course, we always take into account what has been happening with Aegea over the past few years, which is namely that we have been capitalizing on opportunities at the market and expanding our portfolio and as a result, our accounting statements.

And our bottom line, as we expect that Piauí and Pará will bring very interesting return rates, and we have been operating at a very high return rate, we need to manage all of that in our capital structure. And consolidation of Águas do Rio will occur at a measure that keeps us from deviating from our leveraging rates, even though we continue to add new assets. So we haven't really changed much from the past.

With regard to funding, I think I answered a bit in Alejandra's question. But to be more specific, when we start thinking about any kind of USD issuance, it is really going to depend on the circumstances of the international market and the internalization rates. Of course, since we have two outstanding ones, we are going to consider whether it makes sense for us to add a new one. And as I mentioned, at the present time, we don't have any concrete plans to add new ones.

Operator:

Thank you. The Q&A session is now complete. I will pass the floor to Radames for the final messages. Closing remarks.

Radamés Kassab:

Access to sanitation is a basic condition for a more just and equal Brazil for all. We remain focused on increasing efficiency and executing investments to connect the next household, generating value in our portfolio, and having a positive impact in the lives of people and the environment.

We keep a close and diligent eye on sector opportunities, always with financial discipline, and a strong focus on shareholder returns, which are key pillars of our growth agenda.

Thank you to everyone who joined us for this earnings release. See you next time.

Operator:

Aegea thanks everyone for participating in today's webcast. This earnings webcast is concluded. Have a great day.

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