

**BRK Ambiental Participações S.A.****1Q25 Results****May 15<sup>th</sup>, 2025****Operator:**

Good morning, welcome to BRK's earnings conference call for the discussion of the results for the 1Q25. Joining us today are Alexandre Thiollier, CEO, and Felipe Cunha, CFO and Investor Relations Officer.

Please note that this event is being recorded and all participants will be in listen-only mode during the presentation. We will begin the Q&A session shortly, at which point further instructions will be provided. Simultaneous interpreting into English is available. Simply click the interpretation button and choose your preferred language.

Before we proceed, we would like to clarify that any statements made during this conference regarding BRK's business outlook, such as projections and goals, are based on the beliefs and assumptions of the Company's management and do not constitute performance guarantees, as they involve risks, uncertainties, and assumptions and refer to future events that may or may not occur.

I would now like to turn the floor over to Mr. Alexandre Thiollier, who will begin the presentation.

**Alexandre Thiollier:**

Good morning. Welcome to BRK's earnings release presentation for the 1Q25. I will begin with a brief summary of the key highlights for this period, followed by Felipe, who will discuss our operational and financial performance in more detail. After this presentation, we will be available for a Q&A session.

On slide five, I would like to begin by highlighting that BRK delivered another quarter of solid results, proving the resilience of our business, even in the face of challenging macroeconomic conditions.

As shown on slide five, we reached a net operating revenue of R\$870 million for the quarter and an adjusted EBITDA of R\$462 million. On a comparable basis, given the expiration of the Rio das Ostras concession contract, our adjusted EBITDA grew 4.3% with a stable margin.

Our efficiency journey continues to be reflected in cost control. Our adjusted PMSO grew 0.3% year over year, when excluding non-recurring items and extraordinary effects from the 1Q of last year, which Felipe will detail shortly.

Investments totaled R\$210 million in the quarter, driven by ongoing construction work across our assets. Our Company recorded its ninth consecutive quarter of positive EBITDA minus CAPEX, reinforcing our focus on generating operational cash flow.

Now, regarding our financial strategy, we completed the issuance of a R\$260 million debenture for BRK Mauá, as part of our strategy to re-leverage mature assets. This was



BRK's first financial operation structured directly with investors. Additionally, our subsidiary AP5 completed a R\$65 million debt rollover, reducing the cost by approximately 130 basis points compared to the previous debt.

Moving on to other corporate matters, we would like to highlight the following things. The start of the expanded operations of the Cabanga Wastewater Treatment Plant in Recife, in partnership with Compesa, directly benefiting over 300,000 people.

The recognition of Palmas as the capital city with the best sanitation in Brazil's northern region, awarded by the Public Leadership Council. This reinforces how committed we are to our operations in Saneatins, highlighting the importance of our activities, not only in improving urban infrastructure, but also in promoting public health and fostering the region's sustainable development.

And finally, in April, BRK Goiás received approximately R\$62 million from Saneago, confirming the approval of an extraordinary review.

Moving on to slide six, BRK continues to operate in line with its vision of being the efficiency leader in this industry. As previously mentioned, we are implementing the zero-based budgeting project, among other projects, which has already identified over 100 initiatives to increase our operational efficiency.

Here are a few examples. In facilities management, we carried out internal benchmarking and built a new risk matrix segmented by facility type. We analyzed risk versus opportunity and identified local specificities. We also adopted advanced technology to find opportunities to reduce costs and improve efficiency in our operations.

Additionally, we compared the number of meter readings per team across assets, assessing routes to identify gains in efficiency and logistics, as well as to reduce idle time. Among other things, we used geo-referencing technology to optimize our field operations.

It is also important to highlight that our supply team is focused on centralizing demand from every department for the acquisition of materials and services. We have several cost optimization strategies, and we use tools such as e-auctions to secure more efficiency and the best commercial terms for BRK.

On slide seven, I will provide more details about the expansion of the Cabanga Wastewater Treatment Plant. This facility, the largest in the state, now treats nearly 50% of the sewage collected in the city of Recife, directly benefiting a population of over 300,000 people.

This plant was expanded and retrofitted under the Cidade Saneada program, a partnership between BRK and Compesa to provide wastewater services to the Recife metropolitan region. This initiative is a milestone for regional sanitation and represents the revitalization of the Pina Basin, benefiting riverside communities, fishermen, marine life, and this whole ecosystem.

With these new modules, this plant will increase its organic load removal from 192 to 792 tons per year, a significant improvement in treatment capacity that ensures 90% of removal efficiency.



In general terms, the Cabanga Wastewater Treatment Plant receives wastewater from 34 pumping stations and can treat 1,000 liters of sewage per second. This new phase includes an upgraded treatment process, including a modern ultraviolet disinfection system to eliminate pathogens. This is one of the many initiatives reaffirming BRK's commitment to environmental preservation and to improving the quality of life of the communities that we serve.

I will now turn it over to Felipe, who will present BRK's operational and financial results. Felipe, please go ahead.

**Felipe Cunha:**

Thank you, Alexandre. Good morning. Let's move on to slide nine, where I will discuss our consolidated results. BRK saw 2% growth in active connections compared to the 1Q24, reaching over 3.1 million connections, reflecting the continued expansion of our service coverage.

Over the past 12 months, we added 67,000 new active connections, with highlights in Saneatins, Goiás, and Maceió. Build volume totaled 114 million cubic meters, up 2% year over year. 1Q25 results were impacted by higher rainfall, especially in Recife and Saneatins.

In the lower left side of the slide, we see that our nominal average tariff increased from R\$6.21 to R\$6.48 per cubic meter. This increase reflects tariff adjustments and rebalancing efforts over the last 12 months, as well as the impact of our commercial initiatives. As a result, as shown in the chart on the right, our adjusted net operating revenue totaled R\$814 million for the quarter, a 0.4% increase over 1Q24.

This result was driven by higher tariffs in build volumes, partially offset by the end of the Rio das Ostras concession contract in May of 2024. On a comparable basis, our adjusted net operating revenue grew 4.9%.

Moving on to slide 10, we will cover the Company's costs and expenses. Starting with delinquency, BRK posted a rate of 3.5% in 1Q25, slightly higher than 1Q24. This increase is mainly due to the effect of recovered provision for doubtful accounts from public and private clients in 1Q24, and also the natural aging of receivables in the RMM asset in Maceió.

Excluding Maceió, the consolidated delinquency rate would have been 2.6%, down 0.2 p.p., reflecting our overdue receivables strategy, especially in AP5, our intensified negotiations with public and private clients, and our debt renegotiation campaigns and credit management partnerships.

Our loss rate, shown at the bottom of the slide, was 36.4% for the quarter. As noted before, we continued deploying our loss reduction program, which includes several commercial and operational initiatives.

Regarding costs, our adjusted PMSO, shown on the right, totaled R\$409 million for the quarter, a 4% increase year-over-year. In 1Q24, we had two extraordinary items, first, an insurance reimbursement related to operational issues in Rio das Ostras, at R\$5.4 million.



And secondly, the recovery of allowances for doubtful accounts resulting from different negotiations with public and private clients, in the amount of R\$7.4 million.

If we were to exclude these items from 1Q24, our adjusted PMSO would have increased by only 0.3% compared to the same period.

The chart at the bottom compares our adjusted PMSO to inflation. Over the last two years, BRK has kept its costs in line with or below inflation, despite a 6% increase in active connections, showing the effectiveness of our efficiency and cost control efforts.

Moving to slide 11, our adjusted EBITDA was R\$462 million for the quarter. This represents a 2% decline year over year. Again, if we followed the same rationale that we followed for the adjusted net operating revenue, excluding the end of the Rio das Ostras concession contract, our adjusted EBITDA growth would be 4.3%.

Our margin was 53% in 1Q25, stable year over year on a comparable basis. If we were to exclude Maceió's results, our margin would have been 59% at the end of the year.

In addition to our efficiency efforts, these results reflect the strength of our de-risked operations. Today, more than 90% of our EBITDA comes from assets we have operated for over five years, assets where we have proven operational capacity and lower execution risk.

On the right, the chart shows our net income from continuing operations. The loss of R\$46 million was driven by financial expenses due to the Company's debt volume and increases in indexes, especially CDI.

On slide 12, we will review our CAPEX and our consolidated debt. In 1Q25, investments totaled R\$210 million, a year over year increase, mainly due to progress on construction work in Maceió following the February 2024 contract amendments, as well as in RMR Recife. As a result, and stressing our focus on operational cash generation, our EBITDA minus CAPEX reached R\$252 million for the quarter.

On the right, we show our net debt, which ended this quarter at R\$11.6 billion. This increase mainly reflects accrued interest and investment execution, most of which was financed. Our leverage remains stable in 1Q25, though still impacted by non-recurring expenses related to the next-level project in the past 12 months, at R\$24 million and also the end of the Rio das Ostras contract.

To demonstrate what we call our pro-forma leverage at BRK, we have two scenarios here. In the first, we exclude the non-recurring effects on EBITDA over the last 12 months, thus removing the impact of the Next Level project and applying an ad-share lens. In this case, our leverage would be 6.2 times. In the second, if we also exclude the effects from Maceió, which distorts this metric, then our leverage would be 5.3 times.

Now, on slide 13, as we have highlighted in past presentations, BRK's debt profile combines long maturities with competitive costs. The average debt maturity is now 10.2 years and the average consolidated cost is 12.3% per year.

As we can see in the amortization schedule chart, debt maturing in 2025 amounts to less than R\$700 million, mostly at the asset level, against a consolidated cash position of over R\$2.4 billion.



Following the short-term debt refinancing carried out throughout 2024, there are no principal payments due at the Holding level until March of 2027, when the loan contracted in March of 2024 matures, followed by the maturity of the Company's 10th issuance of debentures. We are already exploring several options for refinancing these maturities.

I will now hand it back to Alexandre for his closing remarks.

**Alexandre Thiollier:**

Thank you, Felipe. On slide 14, I end our presentation by reinforcing BRK's key highlights and strategy. We ended another quarter with EBITDA growth, driven primarily by our cost control efforts and the maturation of our assets, supported by the Zero-Based Budget project.

Secondly, our focus on operational cash flow generation was confirmed by yet another quarter with a positive EBITDA to CAPEX result. And finally, we once again demonstrated our ability to deliver on public-private partnerships with the successful expansion of the Cabanga Wastewater Treatment Plant in Recife.

We are now available for questions. Thank you.

**Participant 1:**

What do you think about the possibility of a potential IPO?

**Alexandre Thiollier:**

Good morning. Thank you for your question. As we have said in our webcasts, it is important to highlight that regardless of what happens in the industry, we are 100% focused on pursuing continuous excellence and higher productivity in everything we do and every investment we make.

After many years without an IPO in Brazil, we start seeing changes in the capital market, which indicates potential improvement. The stock exchange is up. We had capital market changes that are usually precursors to IPOs. And we have the Central Bank indicating a potential end to the increase in interest rates, which would be helpful for a market opening.

We know that these transitions could happen quickly. When it comes to BRK, BRK is CVM category A. We have robust, solid results, and we are ready to explore a potential IPO should the market conditions allow for it.

**Participant 2:**

Good morning. Could you please explain the Zero-Based Budget project?

**Felipe Cunha:**

Good morning. Thank you for your question. At BRK, we start based on the vision of being leaders in Brazilian sanitation. We then had many initiatives deployed by the Next Level project, and now the ZBB project is yet another tool that the Company is using.

ZBB is a tool for control and budgeting. It reinforces a very strong culture of cost control at BRK. It allows us to know our assets in depth. We are focusing on understanding our cost basis in depth. We want to look at costs in a granular way with unit prices and quantities per item. This allows for internal benchmarking among our facilities.

Based on this approach, as we were saying at the beginning, we were able to map over 100 initiatives that are focused on cost control. The vision for the ZBB project goes way beyond analysis that is only based on historical costs. This methodology has been applied and used in several other companies.

What is also important about its use at BRK is that here we are putting together our facilities, our corporate departments, and especially supply in the ongoing pursuit for excellence. We understand that to reach our highest potential with this initiative, it is paramount for us to have a culture of excellence throughout the Company.

**Operator:**

This is the end of our Q&A session. I will now turn it over to Mr. Alexandre Thiollier for his closing remarks.

**Alexandre Thiollier:**

Thank you, ladies and gentlemen, for being here for our webcast. We are always available to you in our investor relations channels. Thank you.

**Operator:**

This is the end of our earnings release presentation. Thank you for being here and enjoy your day.

