BRK Ambiental Participações S.A.

4Q25 Results

February 3rd, 2026

Operator:

Good morning. Welcome to BRK's earnings conference call for the discussion of the results for the 4Q and full year of 2025. Joining us today are Mr. Alexandre Thiollier, CEO, and Mr. Felipe Cunha, CFO and Investor Relations Officer.

Please note that this event is being recorded and participants will be on a listen-only mode during the presentation. The Q&A session will begin shortly after the presentation, at which point further instructions will be provided. Simultaneous translation into English is available by clicking on the 'Interpretation' button and choosing your preferred language.

Before proceeding, we would like to clarify that statements that may be made during the conference call regarding BRK's business outlook, such as projections and goals, are based on Company management's beliefs and assumptions and are not a guarantee of performance, as they involve risks, uncertainties and assumptions and refer to future events that may or may not materialize.

I will now turn it over to Mr. Alexandre Thiollier for his presentation.

Alexandre Thiollier:

Good morning, everyone, and welcome to BRK's earnings conference call covering the 4Q and full year of 2025.

Starting on slide 4, I would like to highlight BRK's solid track record when it comes to results. They continue to improve and make us proud and are a testament to our execution capabilities. Nearly three years into the Next Level project, we have been able to consolidate a culture of efficiency with a clear long-term future vision across the Company.

Our revenue grew at an annual rate of 13%, reaching R$3.7 billion, with an EBITDA margin of 55.2% in the 4Q. Leverage continues on a downward trend, having reached 6x EBITDA in 2025.

On slide 5, let me point out the key achievements of the past fiscal year. In 2025, we once again delivered record results, with our net operating revenue, EBITDA and margin particularly reaffirming the strength of our efficiency-driven strategy.

Adjusted EBITDA exceeded R$2 billion in 2025, an 11% increase versus the prior year on a comparable basis. These results reiterate the consistency of our efficiency journey, which continues to translate into tight cost control. For the year, adjusted PMSO increased by only 2.1%, coming in below cumulative inflation for the period, even considering the increase in our customer base.

With respect to investments, our construction works have continued to advance, particularly in Maceió and Recife, in line with the construction schedules agreed on in the Contract Amendment and the MOU signed for these assets. Total investments reached R$1.1 billion during the year.

On the financial front, we completed another successful liability management transaction, further improving the quality of BRK's debt profile and reducing our costs. In October, we issued a R$1.5 billion 5-year corporate debenture at CDI+1.9% a year. The proceeds were used to repay debt maturing in 2027 and 2028, with costs ranging from CDI+2.4% to CDI+3.4%.

We are also pleased to announce that the BRK Acciona Consortium has won the Block II bidding process conducted by the State of Pernambuco. This asset is strategic to BRK, as we have been operating sanitation services in Recife for more than 12 years. We will provide further details later in the presentation.

As part of our long-term vision, and as disclosed in a Material Fact in December, we filed a request with the CVM for the registration of a primary public offering of common shares. However, we do remain in a quiet period as a result of this filing.

And we also applied for the B3 Green Equity Designation, a global initiative that identifies listed companies whose revenues and investments are in line with a green economy. As one of the mandatory steps in the process, BRK underwent a Climate Transition Assessment conducted by S&P, which was accredited by B3 to verify whether applicants for the green label meet the required criteria.

S&P's assessment highlighted several key aspects of our ESG agenda and operational efficiency. Number one, 100% of our CAPEX and revenue were classified as green, exceeding the levels of peers that have obtained the same designation. 95% of our costs were also considered green. Electricity consumption from renewable sources, currently at 87%, was classified as above the global average among more than 90 companies assessed.

To complete the designation process, B3 will now review S&P's assessment, which should take place in the first half of February.

Moving on to slide 6, I would like to highlight several important milestones achieved throughout 2025.

We reached our highest collection levels to date, with a record volume of payments processed via PIX. This milestone is a result of the effectiveness of our commercial initiatives, our collections teams and our collection campaigns. These efforts are supported by technological tools which, combined with our deep knowledge of the customer base, enabled more targeted, customer-centric initiatives. In addition, we continue to renew our water meters, with 650,000 replacements having been made since 2023. This represents approximately 20% of our customer base.

On the cost front, we continue to implement initiatives aimed at reducing costs, improving comparability of efficiencies and costs, and standardizing best practices across our assets. Some of the highlights are initiatives in energy, procurement, field workforce productivity, security and fleet management. Taken together, these initiatives have the potential to generate R$145 million in savings once fully implemented. We will continue to consistently look for new efficiency opportunities.

From a capital structure perspective, we continue to deploy our strategy to extend maturities and reduce financial costs. As a result, we now have an extended average debt maturity of over 10 years, in addition to a strong liquidity position. We remain committed to deleveraging the Company, having achieved a meaningful reduction over the year and reaching a 6x leverage.

These initiatives attest to our ongoing commitment to being leaders in efficiency in the Brazilian sanitation sector.

Moving on to slide 7, we continue to ramp up the universalization of sanitation services across our operations. To us, sanitation means health and dignity, as well as excellence in execution.

In March 2025, in partnership with Compesa, our expanded operations started at the Cabanga Wastewater Treatment Plant, the largest in the state of Pernambuco. Following the completion of upgrade works, the facility now treats sewage for half of the state capital. The improvements enabled the removal of more than 90% of the organic load, compared to just 45% prior to the inauguration. We also made progress on the second phase of the São Lourenço da Mata wastewater treatment plant and the Prazeres wastewater system.

In 2025, Barra de São Miguel, located in the metropolitan region of Maceió, achieved universal access to a wastewater system. This tourist destination in the state of Alagoas now has 90% sewage coverage, which means it's achieved universal access status.

We have also made progress on numerous other important construction projects throughout the year. In addition to beginning a new era in one of our operations in the southern region of Brazil, this year we started the largest sanitation infrastructure program ever undertaken at the municipality of Caçador, in the state of Santa Catarina. We are moving forward on a construction schedule that will include the installation of 220 kilometers of collection networks, 3 kilometers of collectors, 17 kilometers of settlement lines and 37 pumping stations, as well as the construction of a wastewater treatment plant.

These are just a few examples of the progress we made and what we have delivered in 2025. Unfortunately, given our time constraints today, we are unable to cover all of our major projects.

Moving on to slide 8, I will now provide further details on our newest concession in partnership with Acciona. Pernambuco's Block 2 comprises 151 municipalities, home to approximately 7 million people. This group of cities means we will now provide water services to the metropolitan region of Recife, where we have already been providing wastewater services for over 12 years.

We are very knowledgeable about this region and currently have nearly 900 direct employees engaged in operations, as well as the construction of networks and treatment plants. Our extensive experience positions us well to deliver on this large-scale project.

It is worth noting that 52% of the concession's forecast revenue, as defined in the bid documents, is located in regions where we already operate, creating meaningful commercial synergies for our business. We also foresee several additional operational, administrative and investment synergies arising from this new concession.

Winning Block 2 proves that we can build our portfolio judiciously, maintaining diversified operations while seeking complementary assets that can generate synergies across the overall platform.

Operations in Block 2 will be carried out throughout a joint venture combining BRK's sanitation expertise and nationwide operating footprint with Acciona’s engineering capabilities and extensive experience in operating infrastructure assets in Brazil and globally.

The JV was structured as a 50-50 partnership through common shares with shared control. Acciona is a global leader in engineering, construction and infrastructure, having been operating in Brazil for nearly 30 years. As such, we see significant synergy potential between the shareholders.

Concluding on slide 9, we will share some of the awards and recognitions that attest to our performance, innovation and process improvement, and commitment to environmental sustainability in everything we do.

To share a few highlights, we have been recognized as the most innovative company in the infrastructure sector by the Valor Inovação Award and Strategy. We received the GHG Protocol Gold Seal for our greenhouse gas inventory for the third consecutive year. We have successfully renewed our anti-bribery management system certifications. We are maintaining best-in-class safety standards through our Safe Work Management System.

Multiple municipalities with service have been recognized for advancements in sanitation, notably Limeira and Aparecida de Goiânia, ranked among the cities with the best sanitation indicators in Brazil in Trata Brasil's 2025 National Sanitation Ranking.

Tocantins, where we have a major operation through Saneatins, was also recognized as the second most efficient state in reducing water losses. Our Fonte do Futuro program, which provides access to water in communities and schools outside our concession areas, was recognized as the best social impact project in the infrastructure sector at the GRI Infra Awards 2025. Today, Fonte do Futuro reaches more than 50 schools, benefiting over 47,000 people, directly and indirectly.

It is with great pride in everything we have accomplished to date that I now hand over the floor to Felipe to present BRK's operational and financial results in greater detail. Felipe, please go ahead.

Felipe Cunha:

Thank you, Alexandre. Good morning, everyone. Let's move on to slide 12, where I will comment on our consolidated results.

BRK reported growth of approximately 3% in active economies compared to 4Q24, totaling around 3.2 million active economies. Over the past 12 months, we added approximately 81,000 new active economies. Billed volume also increased by approximately 3% over the same period.

Our average tariff rose by 5.3% from R$6.50 to R$6.84 per m³ as a result of a combination of tariff adjustments and rebalancing mechanisms applied over the past 12 months, as well as the impact of our commercial initiatives.

Therefore, as shown in the chart on the right, adjusted net operating revenue totaled R$1 billion in 4Q, the first time ROL has surpassed this level, and R$3,7 billion for the year, a 10.1% and 7.1% increase respectively, on a comparable basis year-on-year.

Moving on to slide 13, we will cover the Company's costs and expenses. Starting with adjusted delinquency, BRK reported 3.4% in 4Q, a decrease compared to the previous year. Excluding Maceió from the calculation, the delinquency rate would have been 2.3%, which is a 0.4 p.p. reduction. This improvement was driven primarily by our delinquency mitigation strategy, particularly in AP5, the intensification of negotiations with delinquent public and private customers, and the strategy to conduct renegotiation campaigns and our partnerships with credit management agencies.

Water losses are shown at the bottom of the slide, and reached 34.6% in 4Q, a 0.7 p.p. reduction versus the previous year, that confirms a downward trend. As underscored, the Company continues to advance its loss reduction program, which consists of a set of commercial and operational initiatives.

With regards to costs, we continue to deliver results consistently in line with or below inflation, even considering the 5.4% growth in our customer base between 2023 and 2025. These results demonstrate the efficiency of our cost management, which is supported by the ongoing efficiency program that is applied across all of the Company's SPEs.

Turning to slide 14, we posted another quarter of historic results, with EBITDA totaling R$555 million in the quarter, and R$2 billion for the year. These figures represent growth of 14.8% and 11% respectively, compared to the same periods last year, also on a comparable basis. Adjusted

EBITDA margin came in at 54.8%, representing an increase of approximately 1.5 p.p. compared to 2024.

In addition to our efficiency agenda, these results continue to reflect the relevance of what we refer to as our derisked operations. More than 90% of the Company's EBITDA is generated by assets that we have been operating for over 10 years, and where, therefore, we have solid operational capabilities and, consequently, lower execution risk.

The chart on the right-hand side shows our net income. Losses for the periods were impacted by financial expenses driven by the Company's debt level and the increase in benchmark rates, particularly the CDI.

Moving on to slide 15, we will cover the evolution of our CAPEX and consolidated debt. In 4Q25, investments totaled R$393 million, reaching R$1.1 billion for the year. This increase was mainly driven by the progress of construction works in Maceió and Recife, in line with the timelines agreed in the amendments and MOU. As a result, the Company's EBITDA minus CAPEX indicator reached R$896 million for the year, marking the third consecutive year of positive results.

Looking at the chart on the right-hand side, we see net debt, which was R$12.2 billion at the end of the period. The debt increase is mainly due to accrued interest and the execution of our investment plan, which is largely financed.

Leverage decreased by 0.4x, coming in at 6x for the year. Excluding the Maceió effect, which creates an asymmetry in this indicator, leverage would have been 5x.

Turning to slide 16, I will provide further details on our capital structure. The average debt maturity currently exceeds 10 years, while the consolidated average cost of debt stands at 13.4% per year.

At the end of 2025, the Company executed two 5-year transactions, one with Scotiabank for US$150 million, R$795 million, fully hedged, and the 14th debenture issuance, totaling R$1.5 billion. Proceeds from both transactions were used to prepay part of the Company's debt, maturing between 2027 and 2028, in line with our strategy to extend maturities and reduce financial costs.

As shown in the debt amortization schedule, consolidated cash totals R$2.1 billion and is sufficient to cover debt service through to the end of 2027.

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

Alexandre Thiollier:

Thank you, Felipe.

On slide 17, I would like to reiterate our key highlights and that which continues to guide our strategic plan. First, I would like to emphasize the consistency of our results. With the support of strong cost discipline and ongoing operational efficiency efforts, we have achieved a remarkable annual EBITDA milestone, surpassing the R$2 billion mark for the year, nearly doubling our EBITDA compared to 2021.

Second, the validation of our discipline in capital allocation, which has been fostering judicious, strategic, and synergistic inorganic growth. Finally, our operational culture remains firmly focused on operational efficiency, the execution of high-impact projects, innovation, and both financial and environmental sustainability.

I would like to conclude my presentation by thanking all BRK employees. All of these achievements have only been made possible thanks to our whole team's steadfast engagement.

We stand united by our mission to transform people's lives, delivering sanitation that goes far beyond the basics, with efficiency and sustainability.

We are now available for the Q&A session. Thank you.

Tarcisio Pereira (via webcast):

Good morning. I would like to hear about the payment for the concession agreement in Pernambuco. Thank you.

Alexandre Thiollier:

Good morning. Thank you for the question. I will both answer your question as well as give you a bit more color on the concession. First of all, we are very happy with the acquisition and the partnership. This partnership with Acciona is going very well. It is a multinational company that has been in operation for over 100 years, with vast experience in engineering in Brazil and in the world. It's been in Brazil for nearly 30 years.

The JV is a 50-50 partnership with common shares, and it will have shared control. We will be reporting the JV results, just like we do for AP5, as well as all the other assets we do not own 100% of.

Payment for the concession agreement will be done 60% when the contract is signed, which should take place at the end of the quarter. Another 20% of the payment for the concession agreement will be at the end of the assisted operation, six months after signing the contract, and 20% after two years of operation.

Right now, we are discussing different funding structures with different lenders, and we are very excited about how these discussions have been moving forward. We are looking for different long-term credit lines, such as incentivized debentures, Sanitation for All, as well as development banks. And to pay for the concession itself, we will be working with lenders with a bridge loan.

Participant (via webcast):

First of all, congratulations on your earnings release call for this quarter and for winning the bidding process in Pernambuco. Speaking of the acquisition, could you explain what the Company's leverage will look like with this new asset, and which funding structure you are considering?

Felipe Cunha:

Good morning. Thank you for the question. As Alexandre said, the funding alternative we are considering is a bridge loan to pay for the concession, and in two or three years, we will do a takeout of that bridge loan through a long-term credit line, which should include Sanitation for All, infrastructure debentures, BNB, as well as other incentivized credit lines.

Participant (via webcast):

We noted that the increase in your average tariff has been above inflation rates. How much of that came from rebalancing and how much of that came from commercial initiatives, please?

Felipe Cunha:

Thank you for the question. Yes, the increase in our average tariff is the result of a combination of elements. The first one is that as we make investments, we improve water availability across many of our operations, and that has an impact on the average tariff because of the progressive tariff structure.

The second element, which we also like to highlight, comes from our metering initiatives. Basically, our strategy to replace water meters. And let's not forget, BRK has replaced close to 650,000 water meters in the last few years.

Third element is our database program. We are updating our customer database to ensure that we are applying the correct tariffs. And last but not least, it's thanks to the work our team has been doing on contracts, which has led to signing major rebalancing initiatives in the last few years.

So, all of these elements, as well as the annual inflation, have led to a significant increase in tariffs, which has been above inflation for the last periods.

Operator:

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

Alexandre Thiollier:

I would like to thank everyone for joining our webcast, and we are available through our investor relations channel. Thank you.

Operator:

This concludes BRK's earnings release call. Thank you for joining us and have a great day.