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ATTAPARTNERS.COM.BR
INFO@ATTAPARTNERS.COM.BR

Post-Election Memo
ATTA Partners

What Changed and What Did Not

Our intention has always been to communicate primarily through annual letters, complemented by individual investment cases and research pieces. The events of the past few days, however, warrant an exception.

We started Atta with the conviction that exceptional businesses can create substantial value over time, even in Brazil, despite political uncertainty and macroeconomic volatility. We believe that periods when stocks move together in response to macroeconomic events can create attractive opportunities for long-term investors.

The recent election provides an important illustration of this belief.

What changed

The election result was materially different from what Brazilian asset prices had come to reflect in the preceding weeks.

After the first round, markets increasingly priced in a Flávio Bolsonaro victory and, with it, the possibility of a more restrictive fiscal policy and a lower sovereign risk premium. Equities rallied, the currency appreciated and long-term interest rates declined.

President Lula's reelection forced a rapid reversal of those expectations. Investors who had positioned for a different outcome had to reprice Brazilian assets, and the adjustment was extremely violent.

October 26 will be remembered as one of the sharpest single-day corrections in Brazilian market history. Our portfolio declined approximately 20% that day.

Yet perspective matters.

Despite that extraordinary decline, Atta is down 2.5% since the end of August. An investor returning from a two-month sabbatical, having missed the political developments and market

volatility of the past several weeks, would see a very different picture from someone looking exclusively at Monday's returns. Brazilian assets wouldn't make global media headlines.

Over that period, markets first priced in the prospect of a more market-friendly government and a lower cost of capital, before abruptly reversing those expectations following the election. Stock prices moved dramatically in both directions, while the underlying economics of our businesses changed far less.

This is not to suggest that the election outcome is irrelevant. Brazil's fiscal trajectory matters, and a persistently high cost of capital has real implications for corporate valuations, financing conditions and capital allocation.

But the distinction between price volatility and changes in intrinsic value is fundamental to our investment philosophy.

We are not trying to predict which government will be elected or when Brazil's risk premium will compress. We are trying to own businesses capable of compounding economic value across different macroeconomic environments, at prices that do not require favorable conditions to generate attractive returns.

The environment ahead

The need to address Brazil's deteriorating fiscal trajectory was widely recognized even before the election, media outlets dedicated innumerous editorials, and elections debate questions were formulated around it. We believe society understands this need, markets demand it and pressure will continue.

However, we do not expect a rapid correction in public debt dynamics, it will take time. Our base case is that fiscal uncertainty will persist, and the cost of capital will remain relatively high for the foreseeable future. That was already the environment we underwrote our investments.

This has important implications for corporate performance.

Higher financing costs create a more challenging environment for leveraged companies and emerging competitors that depend on external capital to fund growth. Conversely, established

businesses with strong competitive positions, access to funding and attractive reinvestment opportunities can continue creating shareholder value under these conditions.

This distinction is central to our portfolio construction.

Some of our investments have conservative balance sheets; others use leverage against contracted or highly visible cash flows. What they share is the ability to deploy capital at returns meaningfully above their cost of capital, supported by durable competitive advantages.

The recent rally also illustrated how quickly equity valuations can respond to a reduction in perceived country risk. We regard that possibility as upside optionality rather than a necessary assumption in our investment cases.

At current prices, we believe attractive long-term returns can be achieved primarily through earnings and cash-flow growth, without relying on substantial multiple expansion.

Brazil is not standing still

The political debate can sometimes obscure the structural changes taking place underneath it.

Brazil's tax reform will progressively alter competitive dynamics, increasing formalization and reducing some of the advantages historically enjoyed by smaller, less formal businesses. Improvements in the bankruptcy and restructuring framework should continue to support a more efficient allocation of capital across the economy.

The financial system has undergone an extraordinary transformation that impact consumer dynamics. Digital banking, instant payments and increasingly sophisticated credit infrastructure have significantly changed the competitive landscape. Underserved individuals now have a better access to credit since cost advantages from digital players allow them to absorb higher NPLs.

Technology creates another separation mechanism. Artificial intelligence is broadly available, but implementation will not be equally effective. Companies with better management teams, cleaner data, scalable processes and stronger cultures should be disproportionately capable of converting these tools into higher productivity.

These developments are gradual rather than dramatic. But over a five- or ten-year ownership period, incremental structural changes compound.

What is happening inside the portfolio

Since the middle of the year, operating developments across our main investments have generally been consistent with our underwriting. The contrast between business performance and recent share-price movements is worth highlighting.

- **Nubank** generated more than US$1 billion of quarterly net income for the first time in 2Q26, growing 67% year over year, while producing a 33% ROE. The company now serves approximately 139 million customers. More recently, Nu announced its expansion into the United States and introduced Nu Global, extending a platform originally built for Brazil into much larger addressable markets. We continue to believe its structural cost advantage, customer engagement and increasingly sophisticated credit capabilities provide a long runway for value creation. In hindsight, during Lula's third term, Nubank doubled its customers base, grew its Interest Earning Portfolio by more than 5x, and moved from a net loss to a substantial profitable operation. On our estimates, the shares currently trade at approximately 12x 2027 earnings.

- **Panvel** grew adjusted net income 39% year over year in 2Q26. More important to us than one quarter of earnings, the company is beginning to harvest an investment cycle that materially expanded its store base, logistics infrastructure and digital capabilities. As newer stores mature and capital expenditure normalizes, we expect earnings growth increasingly to translate into higher returns on invested capital. Its strong regional brand, store density and private-label portfolio provide competitive advantages that are difficult for smaller competitors to replicate. Yet, on our estimates, we can invest in Panvel paying around 6x 2027 earnings.

- **Smart Fit** grew EBITDA 24% in 2Q26 while continuing to expand its gym network across Latin America. TotalPass has become an increasingly relevant part of the thesis, reaching more than 2.2 million end users and growing considerably faster than the underlying gym business. Competition in corporate wellness remains intense, and we monitor it closely, but the platform's scale and integration with Smart Fit's physical network create strategic value that we believe is still inadequately reflected in the

company's valuation. On our estimates, the current market value implies roughly 7x 2027 cash earnings for the gym operation, leaving limited value attributed to TotalPass.

- **BTG Pactual** increased adjusted net income 23% year over year in 2Q26 and generated a 26.7% ROE, its fifth quarter in a row above 26%. Its evolution over the past several years is particularly relevant to our thesis: credit, wealth management, asset management and consumer banking have grown substantially, making the group progressively less dependent on trading businesses. Since 2022, earnings almost tripled. At the same time, BTG is extending its franchise outside Brazil. We believe its growing international presence can expand its addressable market, particularly in wealth management and investment banking. On our estimates, the shares trade at approximately 9x 2027 earnings.

For our infrastructure investments, we believe a longer-term perspective is particularly revealing. Looking at how these businesses have evolved since the beginning of the current administration provides a better measure of value creation than any single quarter.

- **Orizon** has increased standalone adjusted EBITDA 2.4x since 2022 (approximately 33% CAGR), expanding margins by roughly 14 percentage points, largely through real increases in gate fees rather than volume growth. More recently, the all-stock merger with Vital more than doubled its operating footprint, creating Brazil's largest waste-management platform, with 30 EcoParques (landfills) across 15 states and approximately R$1.1 billion in combined EBITDA while adding long-duration integrated waste-management concessions extending through 2044. Beyond traditional landfill operations, Orizon has built a biomethane business from scratch. We believe this combination of scale, pricing power and additional monetization opportunities positions Orizon particularly well as Brazil gradually replaces open dumps with regulated waste infrastructure. At current prices, our estimates imply an equity IRR of approximately 14% in real terms without considering optionalities like carbon credit monetization and new long term concessions.

- **Eneva** has increased adjusted EBITDA 2.9x since 2022 (approximately 36% CAGR), while extending the contracted life of its legacy generation assets. In the 2026 capacity auction, the company secured 39% of newly contracted capacity. This expanded its contracted thermal portfolio from 6.3 GW, in 2022, to 10.1 GW, today, and strengthened its integrated gas-to-power platform across three LNG import and regasification hubs.

> More recently, Eneva completed its exit from coal-fired generation while consolidating full ownership of the Ceará Hub, reinforcing its focus on natural gas infrastructure. We believe these developments materially strengthen Eneva's competitive position and expand its reinvestment opportunities in future capacity auctions and natural gas markets. At current prices, our estimates imply an equity annualized return of approximately 14% in real terms, without considering any redeployment of capital.

These six companies represent more than 85% of our portfolio.

They operate in different industries but share characteristics we deliberately seek: strong competitive positions, substantial reinvestment opportunities, capable management teams and the potential to compound economic value over long periods.

Their evolution over the past four years illustrates a central element of our investment philosophy. Despite one of the highest real interest-rate environments in the world and persistent political uncertainty, these businesses have continued to grow, strengthen their competitive positions and create new opportunities for capital deployment.

We see no reason why their ability to create value over the next several years should be fundamentally dependent on a particular electoral outcome.

Atta's portfolio has changed little since inception. Our only new investment has been a small position in B3, funded by a meaningful reduction in GPS. At a low-teens price-to-free-cash-flow multiple, we are acquiring a capital markets infrastructure business with limited capital requirements and meaningful earnings growth potential. New management team has opportunities to improve operating efficiency and sharpen its competitive positioning.

On the Monday following the election, we took advantage of the selloff to increase our position in Eneva. At the prices we paid, we estimate a nominal IRR of approximately 20%, based solely on existing contracts and without attributing value to future reinvestment opportunities. We considered the risk-adjusted return too attractive to ignore. Eneva is now our largest position.

Investing through uncertainty

We have always viewed public equities as ownership interests in real businesses rather than instruments for expressing short-term macroeconomic views.

This does not mean ignoring the macroeconomic environment. Interest rates, inflation, fiscal policy and regulation are important inputs into any investment decision. They affect both the cash flows businesses can generate and the prices we should be willing to pay for them. But they are inputs, for us as investors, and for the companies to run its operations.

André Esteves, controlling shareholder of BTG Pactual, expressed a similar idea in a speech last year:

"Bad companies need good governments. Good companies can thrive even under bad governments."

He went on to describe macroeconomic and political conditions as *boundary conditions*: variables outside our control, but within which businesses must operate. We look for companies and leaders with similar mindset.

Our objective remains unchanged: to own a concentrated portfolio of businesses capable of compounding economic value over many years, purchased at valuations that offer attractive prospective returns without requiring favorable macroeconomic assumptions.

Market volatility will occasionally make that journey uncomfortable. But it is also what allows long-term investors to acquire exceptional businesses at prices disconnected from their underlying economic value.

We believe this remains one of the most compelling characteristics of investing in Brazil.