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PRESENTATION

Operator

(interpreted) Ladies and gentlemen, good morning. Thank you for holding, and welcome to MRV's earnings conference call for the fourth quarter of 2025. Today with us, we have the CEOs of the company, Mr. Rafael Menin and Mr. Eduardo Fischer; and the Chief Financial and IR Officer, Mr. Ricardo Paixao. (Operator Instructions)

To open our 4Q 2025 earnings call, I would like to hand it over to Mr. Rafael Menin, the CEO.

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Good morning, everyone. It's a pleasure to participate in the earnings conference call for the fourth quarter 2025. This quarter was marked by significant progress in our key operational and financial metrics as well as by continuing initiatives that will position us as leaders in the industry. Among these, I highlight the purchase of land with lower unit cost per net operating revenue and a higher percentage of land swaps in recent years. The development optimized products, increasingly efficient execution as well as the ability to adjust prices always above inflation and the granting of a controlled portfolio at healthy levels.

In the fourth quarter of 2025, we reported the highest gross margin in the last 26 quarters, totaling 31%, while our cash generation, thanks to this healthy gross margin level, and the balance between the number of units transferred and produced totaled BRL182 million. Although we are pleased with these good results, we know that we can and will deliver much more. In addition to the continuous expansion of gross margin and cash generation, we are committed to optimizing capital allocation, seeking excellent returns to -- for MRV shareholders.

Looking at our subsidiaries, Luggo has three fully constructed developments currently undergoing stabilization and available for sale. This subsidiary is an uncomplicated option within MRV since it leverages the same hardware as the developer and will stand out as a major differentiator in the cycle of falling interest rate. Urba reported excellent results for 2025, driven by sales 40% higher than the previous year and net income in line with cash generation of BRL20 million. With a high-quality operation, the land development company, we report steady and healthy growth in the coming years.

Regarding Resia, we'll be even more diligent in the complete deleveraging of this subsidiary, and I emphasize that we are committed to not initiating any projects with Resia within the corporate structure of MRV&Co. Therefore, we will seek the best way to monetize its remaining assets in order to optimize the return for MRV shareholders. In operations, we have already taken an important step in the first quarter, reducing G&A by 40%. The combination of all these actions and strategy clearly marks a new chapter in which we will become the best MRV in history. I thank our more than 20,000 employees for another journey on this journey -- another year on this journey.

I now turn the floor over to [Kaka].

Ricardo Rodrigues - *MRV Engenharia e Participacoes SA - Chief Financial and Investor Relations Officer, Member of the Executive Board*

(interpreted) Good morning, everyone. Thanks, Rafa. I'll start by talking about the operation of MRV Real Estate Development. Our Q4 results were marked by good operational progress with BRL2.9 billion in new launches in the quarter, in line with Q4 '24, 21% above Q3 '25. For the whole year, BRL11.5 billion was launched twice the amount launched in '23 and 23% more than '24.

Net sales reached BRL2.8 billion in the quarter, 18% and 6%, above 3Q '25 and 4Q '24, respectively. We closed the second consecutive year, very close to BRL10 billion in net sales. We produced 40,000 units, 13% more than 2024 and 28% more than 2023.

Strong sales volume and improved production resulted in increased revenue. Net operating revenue in Q4 '25 reached BRL2.8 billion, 5% above Q3 '25 and 27% above Q4 '24. In the year, it was BRL10.1 billion, the second consecutive year, in which this indicator grew 20% compared to the previous year. The gross margin indicator continues to improve.

We closed Q4 '25 at [31%] in the year-on-year comparison. We closed 2025 with 30.4%, 4 percentage points higher than 2024, and 7.7 percentage points above 2023. This trajectory is supported by a combination of prices growing slightly more than inflation and costs rising less than INCC.

On the expense side, we saw a decrease in sales expenses in Q4 '25 compared to Q3 '25 of 13% closed in the quarter at BRL205 million. The SG&A over net operating revenue indicator closed the quarter at 11.8%, a reduction of 2 percentage points compared to the previous quarter.

For the year, we came in at 13.9%, 60 bps better than 2024, and 2.4 percentage points better than 2023. This resulted in an EBITDA for Q4 '25 of BRL602 million, 15% above 3Q '25 and 113% above Q4 '24. For the year, EBITDA was BRL1.9 billion, 69% higher than 2024. This is strong financial proof of our operational improvement.

And finally, the bottom line where adjusted net income continued to improve quarter on quarter. In the fourth quarter, we reached BRL268 million, 32% higher than Q3 '25 and more than 3 times that of Q4 '24. We closed the year 2025 with BRL611 million, a growth of 2.2 times compared to the previous year.

Moving on to the balance sheet indicators. I would like to highlight the adjusted cash generation, excluding the effects of credit assignments of BRL182 million in the quarter. With this, the debt ratio for Q4 '25 closed at onetime net debt over annualized EBITDA, almost half the figure of the previous year. Another point that deserves highlighting is our debt. We started 2026 with no need for fundraising to roll over corporate debt in the next two years.

Speaking now about our subsidiaries, I'll start with Urba, where we had a good quarter. The group's land development company saw its sales increase by 40% compared to 2024. This caused net operating revenue to jump to BRL371 million, 48% at 133% greater than 2024 and '23, respectively. And the bottom line reached BRL20 million in 2025, reversing the loss from the previous year.

Resia remains committed to its deleveraging plan. In Q1 2026, we sold two plots of land for $18 million at the same amount of the impairment assessment value. We have accumulated less sales up to now of $167 million of assets versus $800 million planned until the end of 2026. Regarding projects, we have one that is stable and four projects showing good leasing speed with sales expected in the coming periods.

I conclude by providing an account for 2025 guidance. Our net operating revenue came slightly and above the midpoint for our guidance at BRL10.1 billion. In terms of gross margin, we exceeded the upper limit by 0.4 percentage points, closing the year at 30.4%. Regarding net income guidance, we reached 94% of the lower limit and regarding cash generation, we had -- which was discontinued in Q4 '25, we fell short with a huge impact generated by producing 5,000 more units during the year than we passed on to Caixa. This effect amounts to BRL600 million.

We will now start the Q&A session.

QUESTIONS AND ANSWERS

Operator

(interpreted) (Operator Instructions) Pedro Lobato, Bradesco BBI.

Pedro Lobato - *Bradesco SA Corretora de Titulos e Valores Mobiliarios - Analyst*

(interpreted) We have two. First, I would like to hear from you how do you envisage the trend looking at the business of selling portfolio? How much do you think you plan to do, and what is the gap in terms of sales of receivables and transfers?

And the second question is about cash transfer or cash generation. So there's BRL600 million that are delayed in terms of receivables because of this mismatch in transfers. So ex-credit portfolio transfer, how do you envisage the net income generation -- cash generation throughout 2026?

Do you expect it to be gradual? Or should we expect an impact of this gap in the first quarter. So understanding this dynamic would be good.

Ricardo Rodrigues - *MRV Engenharia e Participacoes SA - Chief Financial and Investor Relations Officer, Member of the Executive Board*

(interpreted) Good morning, Pedro, this is Kaka speaking. Let's start with the trend of selling sales of receivables. So first, we have less and less need to sell receivables because our operation has closed the year well, and we closed the fourth quarter with a cash generation, especially ex assignment of credit. We have two groups, Flex and the other one.

With Flex, we -- every credit that we assigned -- we grant to customers, we want to continue to assign those receivables. So we can consider that every credit assignment -- every credit we have given to customers we will assign. We want to close the year with the net zero, so to speak, by transferring previous transactions.

Looking at the cash generation for 2026, it's always good to take a look at the overall earnings for 2025, especially the fourth quarter of the year, in which we had a very good cash generation, very close to net income with no adjustments. So if we look at this value annualized would be a good proxy for 2026. Of course, there is some volatility among quarters. But for the year figure, we believe that there will be an important conversion of cash to profit.

Operator

(interpreted) Tainan Costa, UBS.

Tainan Costa - *UBS AG - Analyst*

(interpreted) I also have two questions. One for Resia and the other MRV. Starting with Resia, this line of other that you disclosed, maybe we should expect the line closer to net zero. It's about BRL50 million. Is there anything we missed in there?

And moving to MRV Inc. Kaka highlighted the efficiency, especially in sales and SG&A expenses. Could you give us some more detail about the strategy you have adopted? And looking to 2026, if this 1.8% or 2% of net income level, should -- is this the new level for the company? Or will it change?

Ricardo Rodrigues - *MRV Engenharia e Participacoes SA - Chief Financial and Investor Relations Officer, Member of the Executive Board*

(interpreted) This is Kaka speaking, Tainan. For Resia other line, 75% of this line, the impact was project write-offs. Since we had capitalized the expenses of projects and now we decided not to develop new projects, you probably saw that announcement, we decided to recognize the expense of those projects in the other line. That's the main impact of that line.

Also, we start to have the depreciation of Golden Glades that's finished. So there's $1 million of depreciation in the quarter, which didn't happen in 4Q. As for SG&A expenses for MRV, in nominal terms, it is going up, but it should go up less than revenue and sales. So if you look at 13.9% for the year, we still have room to continue to dilute the SG&A line from now on.

Tainan Costa - *UBS AG - Analyst*

(interpreted) Okay. That's very clear. Thank you. Just a follow-up on the write-off of Resia? Do you expect -- should we expect anything further for 2026 or the adjustment is equivalent?

Ricardo Rodrigues - *MRV Engenharia e Participacoes SA - Chief Financial and Investor Relations Officer, Member of the Executive Board*

(interpreted) From what we've seen so far in terms of our decisions, this is it.

Operator

(interpreted) Fanny Oreng, Santander.

Fanny Oreng - *Santander Osbkinc - Equity Analyst*

(interpreted) I have a few questions. First, about Resia and also MRV Brazil. From -- about Resia, I remember the last earnings conference call, we had discuss the cut of SG&A that I see that this is now for the first quarter, why this didn't happen? And what should we expect for SG&A for this year since you mentioned that this will happen in the first quarter?

And leasing of Resia Memorial used to be with higher leasing rates, and there were some cancellations in lease agreements. So I would like to understand what happened with that project? And also another question about Resia. So what's the pipeline for divestment? Tributary has been stable for two quarters. So how are the negotiations?

And regarding MRV Brazil, my question is about this lower SG&A. So sales expenses were quite lower compared to what we had. Is this a one-off event? Or should we expect an improvement in the next quarters?

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Good morning, Fanny. This is Rafael speaking. My voice is not so good, [says] Rafael. I hope you get well soon from your flu.

Well, regarding Resia, we had an important reduction last year. SG&A -- or G&A was reduced by almost 30%. This -- in the first quarter of this year, we had an additional reduction of 50%. So the company is becoming leaner and we have -- we added to the release this evolution of the company's strategy, saying that we're not going to start any new project within MRV&Co. Although we like the pieces of Resia, and we believe that this new cycle that's starting is a lot more positive than the previous one but it's not the moment to discuss that. But the idea is to simplify MRV&Co and focus in Brazil and our core product, which is lower income products, and we decided to be more diligent in that instead of starting new projects.

And since we have other assets, in addition to those mentioned, we'll -- in the next quarters, we'll proceed to generate more value to MRV recycling the monetization. I'd say that almost all the assets of Resia in the coming quarters. And talking about Memorial, Fanny, there are assets that are very mature, very close to sales and Tributary is the most advanced one. This negotiation is advanced. It may happen in this quarter or maybe next quarter, but we do expect during this year 2026, and there are also new assets that were placed in the pipeline so that in 2026 and 2027, we may take assets and liabilities of Resia to a very reduced level.

And naturally, when we do that, the financial expense would be much lower than the current level, as well as a simplification and reduction of the G&A of the company. So we are very diligent and confident that we're doing the best possible. And in some areas, such as Atlanta, in the Memorial area, there's still some competitors, new properties being delivered at lower and lower volumes. So I believe that from now on, the US market in margins will improve.

That could happen to cap rates as well. We are confident that the worst moment of the US market for recycling has -- is in the past. So from now on, we believe it's possible to have a development in the speed of leasing and the cap rates may fall in coming quarters. But the most important thing is to understand the size of the assets and liabilities of Resia and that from some quarters from now, we'll have both assets and liabilities looking much better than current levels.

Regarding your question about Brazil, as what Kaka said, we have worked -- we have started this work in the last one or two years. We're very reducing expenses, the headcount is much lower, both administratively as well as in sales. And in the fourth quarter or rather last year, we started a slight increase in house, but there will be a reduction in the mob sales channel. So with the combination of the sales channel and a higher growth in net operating revenue, in 2026, we're likely to have a lower SG&A than what we had in 2025.

Operator

(interpreted) Victor Tapia, Bank of America.

Victor Tapia - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

(interpreted) I still would like to go over the SG&A again because I still have a question. So there is room to dilute SG&A when compared to the year 2025 that has ended, this is the message you conveyed. But when we look at the net revenue line, we see that it has shown a significant growth. And if we look at the second and third quarters of 2025, we could see that levels were -- of revenue were increasing. And when I look at the decrease of SG&A compared to the revenue in these two quarters, I see that they account for 14% of revenues.

Since 2013, this average is 15% of revenue. Now this quarter has dropped to 12%. So has there been any significant adjustment in terms of structure whether in sales or other areas that was not adequate, and you made some adjustments? Especially regarding the second and third quarters of 2025, in which revenues had increased already.

And my second question is regarding cash generation. I think that this quarter has been rather positive with an improvement when compared to last quarters and years regardless of the adjustment we're talking about, it has been positive. And we talk to other players in the industry and other companies that there has been an unlocking of checks from cities and states in the fourth quarter. So when we look at MRV information, we see that transfers have increased 10% quarter on quarter, but in the year, it only grew 3%. So there is a certain bottleneck in terms of transfers.

But production has dropped 10% in this quarter and increased 13% in -- for the whole year. So in cash generation, could we say that the cash generation in the fourth quarter had a significant impact -- suffered a significant impact from these unlocking of checks? And the produced units before these checks still present a lower profitability in terms of margin. And if the answer is no, how could we reconcile all these things? And I can explain it better if you need.

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) No, it's not complex. Your question is very clear. Let me start with SG&A. There are two important components. The first component has to do with the maturity of the location we operate in.

MRV produces 40,000 units per year for 10 years in a geography that's been reduced in the last three years. In addition, we invest in technology, we have done that for many years, and we are now capturing part of this investment. Another important aspect Victor is that the sales price or the inflation in the industry in the last four or five years was higher than the average growth of wages and salaries in Brazil. So in order to balance the margin, the average price in the industry has grown higher than IPCA inflation rate. That has a positive effect in terms of dilution.

When you look at the full year and in the context of [balance] in the main metrics, when you produce 40,000 units and have revenue of 37,000 units transferred there is a reduction of G&A. But this revenue stream could have been even better if we had been able to transfer the volume budgeted in the beginning of the year. We said that the main Achilles heel in the beginning of the year was having transferred less than we sold. And these bottlenecks of the checks -- but -- it had some impact, but the stronger was gross sales that we lagged behind. Not because our product is not good for the market.

On the contrary, our product is great. We have a very good product. We've opened excellent markets, many of which we have low competition. We've been talking for some time now about the importance of the restructuring of our proprietary sales channel.

And in 2023, we chose to reduce our own sales team channel in order to have lower fixed expenses and higher variable expenses. It was important for that cycle now -- but now looking now, we have to pay the price for that. And the price was this mismatch of 5,000 units that we did lower than we produced.

So we did not transfer all of them. So we had a good year, but it could have been even better had we sold and transferred more units. That's exactly the 5,000 units gap that we reported short of what we built.

As for the checks, they have improved a bit in the fourth quarter, but we still ended the year with 1,000 units not transferred. And now moving on to 2026, the two states that we suffered the most last year, we are no longer selling with state checks. We'll only go back to selling with state checks in those two states when the flow is 100% established.

And as for the fourth quarter, you wanted to understand the cash flow. This was the first quarter after three or four quarters in which we're able to transfer at the same amount in which we produced. The production in the fourth quarter was a bit lower, seasonality, a lot of rainfall. December has a lower productivity by working day.

But given that the two metrics were equal, we had a very good cash generation, which shows that these season that we are executing and producing has much higher margins than the previous ones. And operations continue to have an increase in margins because today, I launched a product with a higher margin when compared to sales of products launched two years ago. So we've talked a lot about our expectations because our cost is growing below inflation and the price is growing above inflation.

So every quarter, margins will increase a bit. And this will be reflected in the gross accounting margin and the overall gross margin of the company, provided that we're able to transfer at the same level that we build. Is my explanation clear?

Victor Tapia - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

(interpreted) Yes, Rafa. If I could just ask you a follow-up question. You said 14%, 13%, 12%, says Rafa. But that's exactly it. Since our revenue is growing -- our revenue base is growing more than SG&A, the average of 15% of the previous cycles will not be repeated.

The net operating revenue for our [2026] and moving forward, if we have the sales volume and transfer volume as budgeted we'll have a lower SG&A than in any other cycle of the company after the IPO.

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Go ahead. I'm sorry for interrupting.

Victor Tapia - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

(interpreted) Yeah. No problem. SG&A is very clear. In terms of cash generation, the main question, when you -- the gross margin reported is good, has improved. What I was trying to understand and my question is what is being produced today or what you still have to produce maybe in number of units.

But what do you consider as legacy that could still hurt cash generation, given that new sales are at that level? What is still has -- what still has to be transferred in terms of legacy projects?

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Well, okay, what -- the sales from the fourth quarter in terms of products that have been launched sometime in 2024, very few from 2023, and most launched in 2024. Now for products launched in previous quarters have lower margins, but the margins are good because sales prices increased a lot.

But when it's going through my operation, margins are lower but margins of sales made in '23 and '24. So those margins reduced the average margin of what is going through the operation. But as time goes by, and these constructions are finished and new constructions become more and more relevant in the business, the average margin will have been reflected in the accounting gross margin and the cash generation will increase.

So the two KPIs, three years ago, my cost to produce a unit for three years now has been below inflation. And the sales price was slightly above inflation. So this gap between the two metrics causes the margin for each quarter to improve -- the margin improves every quarter. Is my explanation clear?

Victor Tapia - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

(interpreted) Yes. It's clear.

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) And on tomorrow, on MRV Day, we'll talk about that. This new cycle we're now starting with an excellent cycle regarding profitability and cash generation -- or capital employment. We'll have very good examples in terms of land purchased, the product we created, execution of construction, and also sales policies. We'll have very good examples of lots of data on how we've been able to improve capital allocation and profitability in time and towards the future. I think our explanation will be very detailed tomorrow.

Operator

(interpreted) Piero Trotta, Citi.

Piero Trotta - *Citi Infrastructure Investments LLC - Analyst*

(interpreted) First question is, how do you see the indicators scenario for 2026 for labor? For example, do you see any difficulties for that indicator? And is there any issue in the ramp-up of production that you've been doing? And also, I would like to understand what you project for inflation for 2026?

And the second question is a bit more specific about Belo Horizonte City. We've seen some improvements in the master plan of the city for the downtown area. How do you see the exposure of the company in the city for the year? If you have a significant land bank and how do you see the effect of those changes?

Eduardo Fischer Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Piero, this is Fischer speaking. Well, regarding costs for 2026. Rafael mentioned that tomorrow on the MRV Day, we'll see that in detail, but we have a cost optimization process that's been implemented for some year now. Now simplification of portfolio, we discussed that last year. So this starts to be produced, and that helps us to have costs below inflation, as mentioned by Rafael.

So my vision for 2026 is to continue with this process of gaining efficiency, offsetting inflation. . There's a very strong discussion nowadays regarding labor. Indeed, labor is becoming scarcer, but we haven't had any difficulties. Because, as I said before, we've been able to increase our productivity level.

And that somewhat offsets this additional inflation coming from labor. So we're covered there. In terms of ramp-up, there is something that distinguishes MRV in the market is that we already have a level of production of units and especially delivery of units very close to what we sell. The operational risk of the company is much lower because our net operating revenue is very close to what we sell. So our risk is much lower.

So looking at inflation for 2026, we estimate something around 5%. We won't necessarily attain that. I still expect us to go -- to run lower than that.

But in terms of Belo Horizonte, we've seen these changes happen in Sao Paulo 10 years ago. And the impact is felt in Sao Paulo in the whole city. The real estate development market in Sao Paulo has changed, not only to Sao Paulo, but all the companies that operate there. And that now is happening all over Brazil.

This discussion that's happening in Belo Horizonte is happening in other cities in Brazil as well, which is very good for us, will be benefited by that. Belo Horizonte has always been difficult city for us. The master plan did not favor the production of units and companies operate at low levels there in Belo Horizonte.

We've started to move now, and we think it's very good. We started to buy land in order to be able to produce and the hyper center of Belo Horizonte given this change in the master plan. And obviously, we will not see this in 2026, you'll be able to see that 2028 onwards because it takes a long time for the approval of this.

But we -- this is a discussion that's happening strongly in other cities in Brazil. And the market will be -- will have a good benefit from that. And in addition to that, we'll now see different cities doing the same as Sao Paulo did and what Belo Horizonte is doing now.

Operator

(interpreted) Igor Machado, Goldman Sachs.

Igor Machado - *Goldman Sachs Group Inc - Analyst*

(interpreted) I would like to talk about the RAV margin. We see that it has grown up by 2 percentage points now it's at 44%, and it's been flat compared to the previous quarter. So is this the point to be reached by the company? You still have more room for growth in the RAV margin. And how do you see this decrease -- bridging the gap between the reported margin and the RAV margin?

Ricardo Rodrigues - *MRV Engenharia e Participacoes SA - Chief Financial and Investor Relations Officer, Member of the Executive Board*

(interpreted) This is Kaka speaking, Igor. Well, regarding opportunities that we still have to grow margins. And what we're doing to be able to grow the gross margin of new sales, we'll give a big disclosure tomorrow in our Investor Day. So I would like you to attend tomorrow, so you can have more detailed explanation.

Regarding the RAV margin, the 44% in RAV margin started 34% with a reported gross margin. So there is a room from 31% something to be able to reach 34%, which is very close to the margin of new sales that's now at 35%. We have to go 10 to 11 percentage points so that the two margins converge.

Operator

(interpreted) Elvis Credendio, Itau BBA.

Elvis Credendio - *Banco Itau BBA SA - Equity Analyst*

(interpreted) I have two questions. First, about the sales volume. In the beginning of the year, we see good contracts in FGTS, more changes as expected for March. Regarding the sales pace in the beginning of the year. Do you see a good sales pace as other companies have mentioned?

And how do you envisage launches for the year? Maybe you could be more aggressive in terms of launches for the year?

And the second question, I would like to go back to a sale of the project there. We expected those sales to happen a bit quicker -- quickly during the year. I would like to understand whether the pricing of rentals are below what you expected. What do you envisage as risks? I would like to understand how do you see that if these sales could extend further than 2026.

Eduardo Fischer Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Now this is Fischer speaking. I'll answer the first one, and Rafa will answer the second. So the year started much stronger than last year. The first quarter of 2025 was not good. And this year is much better.

Now looking at the benefits and the changes in the program, more specifically, the efficiency we've been able to attain in our sales team as Rafael mentioned, yes, this has been effective. January and February have been much better when compared to last year. So we are optimistic.

March has everything to be an excellent month. Carnival was in February because -- so that's good. March will be a very good month; we are very optimistic about it. And tomorrow on MRV Day, we'll also see that the expected launches for 2026 are more than 2025. We believe we have sales over supply better, higher, not only of launches, but also of inventory items. So we are optimistic about it, and this will be the result of stronger launches and a much stronger sales oversupply for the year.

And now I turn it over to Rafael for the second question.

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Good morning, Elvis. Regarding tributary and other assets of Resia. As I said in the question previously answered, the US market is at the end of a cycle in which there were too many launches now entering a cycle with few units being delivered. And demography is still positive for the multifamily segment and the demand is positive.

So for this new cycle that we see starting now, the capacity of absorbing rental prices will be more positive than it was in previous cycle. That changes from market to market. Miami, for example, is higher is more difficult than Texas and Georgia. So the price dynamics was completely different from -- compared to these other two markets.

Now more specifically about Resia portfolio, we see a development and improvement for the five assets that are ready, only one property, this North City in Dallas is the only property that's under construction, the other four properties, every quarter are more and more leased. And tributary, as you mentioned, has been stabilized for two quarters now. And in the end of March, we should get Rayzor Ranch stable as well in the north of Dallas. So every quarter, we have more properties stabilized and ready for sale.

The US market is super liquid, huge, their transactions happening all the time at very high levels. But our role is to control profitability and leverage -- is to choose the best time to sell each property. So that's what we've been doing in the last quarters, and that's what we'll continue to do from now on. So we make decisions to -- based on -- we had offers for all the assets, including properties that are 50% leased.

We could monetize them in the second quarter, but we try to make choices as to the best moment in terms of sales price, and this carriage cost that we have with a higher leverage costs or higher leverage of Resia. It's not a lack of buyers to buy the property. It has to do with choosing the best moment to generate the best possible value for the company. That's how we operate.

You also mentioned something about that. Kaka answer that. Regarding corporate debt, the maturity of the Resia are being discussed and no issue regarding that. We have proposals for that.

Operator

(interpreted) Alejandra Obregon, Morgan Stanley.

Alejandra Obregon - *Morgan Stanley & Co Ltd - Analyst*

The first one is a follow-up. I wanted to understand what's baked in here. Are these land bank sales at a loss? Does it write down some existing portfolio given that the economics of the existing projects are changing? Are these costs no longer going to be built? Like, what's baked into this line?

And then the second question, can you remind me of the current size and the composition of your land bank in Resia? Where is it primarily located and the scale? I mean -- and do you see more potential capital recycling opportunities here? Thank you.

Ricardo Rodrigues - *MRV Engenharia e Participacoes SA - Chief Financial and Investor Relations Officer, Member of the Executive Board*

Okay. So this is Ricardo here. Considering the land bank for sale, out of all the total amount that we impaired last year, there is like another $150 million, okay, outstanding in our balance sheet. That's something that, as Rafael said, we're going to start to work and get it done for sale in the next months, in the next quarters, okay? Not committing here to any hard stop or to any deadline, right?

So if we were to make the impairment of the same assets we did July last year, we would do absolutely the same amount. So there is -- there were no changes in the macro, no change in the asking rent that would make us to change the value of the assets that were already impaired.

About your second question, it's a lot. So if you won't mind to repeat it.

Alejandra Obregon - *Morgan Stanley & Co Ltd - Analyst*

Sure. So my question was really about the current size and the composition of your land bank. Where is it primarily located and the scale for Resia, and if you see more potential opportunities for recycling here.

Ricardo Rodrigues - *MRV Engenharia e Participacoes SA - Chief Financial and Investor Relations Officer, Member of the Executive Board*

Yeah. Okay. So we do have more opportunity to recycle here. We have like five remaining land plots. One of them is already under construction.

So that's the North City project. Out of the other four land plots, we have -- the two biggest are in Florida, okay? And there is another one in Dallas.

Operator

(interpreted) Marcelo Motta, JPMorgan.

Marcelo Motta - *JPMorgan Chase & Co - Analyst*

(interpreted) Two quick questions. First one, if you could comment on Luggo. You're talking about these three projects, 440 units altogether. In terms of cash generation and results, and let's suppose that these projects are sold this year. What are the potential gains maybe price or cap if you could give us so that we could make some calculations here.

And the second question is about the changes in, Minha Casa, Minha Vida project in the -- to be voted in -- by the end of the month, increase in the level of income, would that convert into increased sales speed. What is the strategy for those changes?

Rafael Nazareth Menin Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Okay. Regarding Luggo, the three properties are performing very well. We envisage that they will become stable very shortly. These three assets have hybrid short and long stay model. In very preliminary conversations, the sales price of them is close to BRL160 million, BRL180 million.

It's not budgeted for the year, the revenue from these properties. The current moment is a bit more difficult regarding cap, but the company is paying attention. If there's opportunity we'll recycle these three properties. Regarding Minha Casa, Minha Vida is a bit of everything. The program is very good now.

We've said that the federal level, the program continues to evolve. Probably there will be changes in the end of March. At the state level, the checks have had a significant role for the low income sector. Other states are starting to provide those checks as well. So we may also have some tailwind coming from those checks.

And at the local level, Eduardo mentioned that not very long ago, the change in the market dynamics happens when we understand that urban areas, downtown areas are so important to solve the main problems in capital cities of Brazil. Sao Paulo was a good example.

The city of Sao Paulo, I would say that the market multiplied by five, not because the income from Sao Paulo inhabitants increased so much. But it was not proportional to the rest of Brazil. I would say that most of this increase came from the fact that now people are able to live in downtown properties close to subway stations, to stores and areas that have public services. So this is happening in many other cities in Brazil. We talked about the changes going on in Rio de Janeiro, Belo Horizonte, Recife, Salvador, Fortaleza.

So this agenda is here to stay. I'd say that the impact in cities is very significant. And so moving -- looking forward, we'll have more tailwind for this lower income sector, not only for one year but for many years, favoring the industry for this low-income segment, even further.

Operator

(interpreted) Joao Pedro Rodrigues, XP.

Joao Pedro Rodrigues - *XP Inc - Analyst*

(interpreted) I have one question regarding the tax reforms that are now coming into force. And becoming effective. Regarding revenue for people that will make income statements up to BRL5,000 limit. And this would probably increase the market of property buyers. I don't know how Caixa will assess the credit score of these new buyers, maybe taking into account their bank statements or with the new income statement from people with informal jobs, what is the additional number of buyers for your market, do you know how many -- what's the percentage of buyers at MRV that have an informal source of income that could now be -- have a credit facility available for them.

And looking at your balance sheet, you have about BRL9 billion in inventory in the last reported balance sheet. What I would like to understand with this tax reform, if you could sell those units a bit faster? And the second question I think that construction industry for low-income units will have a further incentive for lower rates with the credit generation throughout the chain and units up to 100,000. Do you know what's the reduction of taxes and how positive that would be? But the [IVA] reform that added value tax reform could increased exposure to this lower income brackets for the industry?

Eduardo Fischer Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Okay. This is Fischer speaking. Pedro, regarding income tax reform, you will have an additional benefit coming from no taxation for people who make up to BRL5,000 per month. In terms of income, it's both formal and informal. In our conversations with Caixa, Caixa said that they will start to monitor the behavior of these people.

January, February and March, will have a greater performance of these people. And Caixa will take that into account. So that's an important moment now of when people have to formalize their income and report their income, although they don't have to pay tax. It's hard to say how -- what will be the impact for us, but there will certainly be some impact given that the benefits are good. And certainly that will impact the inventory of properties that we have.

It will be impacted not only by this, but by the fact that we want our sales over supply to grow given the changes that favor us and this one, there was not even mentioned in the call, but it's an extra benefit for us.

Regarding your second question, our industry was penalized regarding the tax complexity in Brazil. We are changing the hedge, which was simple with the credit that didn't happen in the past. So it adds some complexity. In discussing the tax reform last year, we wanted it not to harm low income sector. Of course, there is -- the higher the average price or the lower the average price of the units, the greater the benefit, but the two situations would be similar looking at MRV portfolio.

But now looking at 2026, '27 to '28 as we see the optimization effort, that will allow us to have a reduction in the average cost of units produced and therefore, we could reduce prices to cause these changes to be positive to MRV instead of neutral. So as all these actions entering to our production line, we do expect to see additional benefit when compared to what we have today.

But these are complexities that are operational. What matters to us in the financial area is that we'll have a benefit in the margin given the expected cost reduction that we'll have. We still have to wait and see what will happen to the chain. If we will be neutral or beneficial for us. We will see that in 2026 and '27. I hope I have answered both of your questions clearly.

Joao Pedro Rodrigues - *XP Inc - Analyst*

(interpreted) Yes, Fischer. Could I have just a follow-up question from ER? And I don't know if in your talks to Caixa, the bank has told you how they do the credit analysis for informal income people, if these people who have -- people who do not have a paycheck to prove how much they make every month. So maybe these transfers to these customers will take a bit longer. Has Caixa talked about the cycle of this credit or income analysis?

Eduardo Fischer Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Well, the transfer cycle doesn't change. In fact, they do not have a paycheck. They prove their income, their credit terms based on how much they consume, how much they buy, usually in the last three months. So January, February and March are three months to provide for the consumption evidence, so to speak. Credit would limit the income at BRL2,800 and they provided credit up to 30%.

When you change that limit to BRL5,000, you unlock an important potential. Most of the informal contracts that came to our pipeline did not convert to sales. So this will change, and we'll probably be able to see this behavior affecting us as of the second quarter of this year. But Caixa said that we'll continue to look at the consumption behavior of people to provide credit. And the benefit is that instead of BRL2,800, we're talking about BRL5,000 income per month.

Operator

(interpreted) Rafael Rehder, Safra.

Rafael Rehder - *Safra - Analyst*

(interpreted) Two quick questions. First, I would like to see if you could talk about the potential of the end of the six by one work schedule in Brazil. So also going -- and the second question is the provision in the budget, do you see some room for maneuver there, especially now in case we see freight costs increasing. And if you could talk about what do you expect to see the impact on input with the higher freight costs?

Eduardo Fischer Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Well, this is Fischer speaking. The six for one scale or schedule is something we are taking part in the discussions as many other industries because we will have a significant impact on our industry because construction is an industry that works 44 hours a week at least. So working less than six days a week will have a strong impact for us. If it's reduced to six hours, there would be an impact of 20% on labor. We have to pay attention to that.

The entire industry is mobilized -- getting mobilized to be able to try to prevent that from happening because there will be an impact. So I think it's too early because this discussion is still taking place. All the companies and trade associations in general are making strong studies to prove that this could not be done without thinking about the consequences because there will be consequences. So this is a concern of the industry today. Looking at inflation, it is too early to say whether the cost of oil will have an impact on costs in general.

With this momentarily raise in prices, I cannot see the impact of that. If this becomes steady, then yes, there will be an impact. But our option will be to increase productivity even further to offset an increase in labor cost. In terms of logistics, it's too early to discuss it, and it should be marginal as an impact. So this is not a concern for now.

So these are the two points. I don't know if you still have any questions.

Rafael Rehder - *Safra - Analyst*

(interpreted) No. That's very clear.

Operator

(interpreted) This ends the Q&A session. For the final remarks, I would now like to turn the floor over to Mr. Eduardo Fischer.

Eduardo Fischer Teixeira de Souza - *MRV Engenharia e Participacoes SA - Chief Executive Officer*

(interpreted) Well, some points that I would like to highlight as I said previously in the call, and I had also mentioned this in our previous quarter. MRV has a very strong level of operational maturity. We've had three challenging years. Our turnaround changed in 2025. We are now at this cycle of consistent results being delivered.

And I'm confident that we are on the right track. It's important to highlight that when you look at what we've showed and what we delivered, the entire cycle is complete in the company for some years now. MRV does not face a growth challenge. So the operational complexity of MRV is much lower now. And we are gaining efficiency and tomorrow, you'll be able to see that in more detail.

So I'm quite confident with this low operational complexity we have today. We only have upsides in my point of view. So when you look at the market in general, there are important growth challenges but MRV is at a level of operational maturity that provides much lower risks in terms of operations. And just to wrap up, our decision to -- not to start any new projects in Resia is a very important decision. It must be taken into account is because Resia has been a considerable challenge for us.

We have delivered what we promised, but this is an important decision that will have a good impact on Resia. And in general, we closed the year of 2025 very well. And 2026 is -- has started as a good year and the tailwind from regional programs, Minha Casa, Minha Vida and now the income tax reform, all of that adds to our operational efficiency, our search for optimization and greater efficiency, all of that together provide very good outlook for 2026. So we'll make new launches for 2026 to also increase the sales over supply speed and increased sales.

Okay, that's been great. We'll see you in the next quarters.

Operator

(interpreted) The conference call of MRV has now ended. We thank you all for attending and have a good day.

Editor

Portions of this transcript that are marked (interpreted) were spoken by an interpreter present on the live call. The interpreter was provided by the company sponsoring this event.
