

Operator:

Good morning, ladies and gentlemen. Welcome to Cyrela Brazil Realty S.A.'s 2Q25 results conference call. With us today, we have Mr. Raphael Horn, CEO; and Mr. Miguel Mickelberg, CFO and IRO.

This call is being recorded and simultaneously translated into English. You can hear the translation by clicking on the interpretation button. To those listening to the English translation, you can mute the original audio by clicking 'mute original audio'. Also, you can find the slide deck in English on the Company's Investor Relations website at www.ri.cyrela.com.br.

During the Company's presentation, all participants will be in listen-only mode, and, after the presentation, we will hold a questions and answer session. To ask a question, please click the Q&A button and enter your name and organization. When your name is called out, a request will popup on your screen for you to unmute your microphone and ask your question.

We would like to inform you that any statements that may be made during the call related to Cyrela's business perspectives, operating and financial targets are projections and forecasts made by the Company's management that may or may not occur. Investors should understand that political, macroeconomic and other operating factors may affect the future of the Company and lead to results that differ materially from those expressed in such forward-looking statements.

And to start Cyrela's 2Q25 earnings call, I would like to turn it over to Mr. Raphael Horn, our CEO, who will now start the presentation. Mr. Horn, you may proceed, sir.

Raphael Horn:

Good morning, everyone. In the 2Q25, Cyrela demonstrated operational and financial resilience amid a complex and macroeconomic environment. An environment marked by the geopolitical developments on the global stage and further increases in the Selic base interest rate, which reached its highest level since 2006.

We continue to pursue our growth strategy by launching 17 projects during the quarter, with a PSV of R\$2.9 billion. In the first 6 months of the year, launches totaled R\$6.3 billion, 180% increase year-on-year. Contracted sales or presales reached R\$2.2 billion in the quarter, 31% up year-on-year. Year-to-date, total sales reached R\$4.4 billion, a 32% growth year-on-year.

This performance led to the last 12-month sales-over-supply indicator to reach 52.3%, a satisfactory level that shows how solid our operations are, even in a challenging environment.

Our strong operational performance translated into positive financial results. Our net revenue was R\$2.1 billion, gross margin, 32.7%, and net income was R\$388 million. In the 1H25, our revenue totaled R\$4.1 billion, our gross margin 32.6 %billion, and net income, R\$715 million, all of them higher year-on-year.

Our ROE, return on equity in the last 12 months was 19.5%, reflecting the continuation of a path towards growth with the profitability and value creation for our shareholders. Our net debt-to-equity ratio remained at a conservative level at 12.7%, reinforcing Cyrela's solid capital structure and commitment to maintaining healthy financial indicators.

We continue to apply strict criteria while selecting projects and adopting a conservative approach in our financial management. As for the remainder of 2025, we remain confident in

our strategy of developing premium projects and delivering a unique customer experience while always striving for sustainable long-term results.

We thank our shareholders, clients, partners and employees for their continued support and reaffirm our commitment to operational efficiency, transparent governance and value creation throughout the economic cycle.

We will now look at our operating results.

Miguel Mickelberg:

Thank you, Rapha, and good morning, everyone. Our first slide is slide 4. We will talk about our launches. In the 1Q, we had 17 new products with 176% growth and a 15% decrease quarter-on-quarter. So 176% higher year-on-year. We have R\$6.2 billion launched, which is 180% higher year-on-year.

On slide 5, we would like to show the launch of Vivaz Selection Laguna. It's R\$200 million in PSV.

On slide 6, we talk about sales. In the 2Q, we had R\$2.2 billion in sales, 31% higher year-on-year and 6% higher quarter-on-quarter. Year-to-date, sales totaled R\$4.4 billion, a 32% increase year-on-year.

On slide 7, we can see our sales speed. Our Company's SOS in the last 12 months was 52.3%. It was 52.6% in the 1Q. And to the right, we can see the performance of the launches in the 2Q23. The launches we had in the 2Q are 38% sold. And in the 1Q, 35% sold.

Now let's look at inventory on slide 8. We had R\$13.4 billion in inventory. That is thanks to the increase in launches and the total inventory is R\$10 billion.

Slide 9 shows our finished units. We had R\$2 billion at the end of the quarter. It's a 28% rise quarter-on-quarter, mainly thanks to the deliveries. We had R\$93 million sold. So it grew to R\$2 billion. And in the Cyrela's shares, we have approximately R\$1.7 billion.

On slide 10, we had 10 projects delivered, a PSV of R\$2 billion. Year-to-date, we have delivered 17 projects with a PSV of R\$2.7 billion approximately.

Slide 12 shows our financial results. Our net revenue was R\$2.1 billion, a 13% increase year-on-year and 8% quarter-on-quarter. Year-to-date, our revenue was R\$4.1 billion, an 18% increase year-on-year.

Our gross income and our gross margin can be seen. They are slightly lower than what we had last quarter or last year and slightly higher than last quarter, R\$1.3 billion in net income year-to-date.

Now let's look at slide 13, net income and profitability. Our net income was R\$388 million compared to R\$412 million, and there was an 18% increase quarter-on-quarter. To the right, we can see our ROE, our return on equity. It ended the quarter at 19.5%. That's slightly lower than the 20.9% that we had in the 1Q25, but it's higher than the 15% that we had last year.

Now let's look at our debt. We had R\$6.8 billion in gross debt and net debt, R\$1.3 billion. That is a 12.7% net debt over equity ratio. 84% of our debt is long term.

And to conclude our brief presentation on slide 15, we talk about cash generation. We had a high cash consumption of R\$392 million comparing to a cash consumption of R\$61 million in

the 2Q24 and a cash generation of R\$71 million in the 1Q25. So year-to-date, we have R\$320 million in cash consumption compared to R\$69 million in the 1H24. And this is the end of the presentation.

We can start the question-and-answer session. Thank you very much.

Gustavo Cambauva, BTG Pactual:

Good morning. I have got two questions. The first has to do with cash generation. You presented this in the last slide. There was nothing that was nonrecurring. I would like to try and understand a bit better, how was cash generation just a concentration of expenses? Is it just a calendar matter, or does it have to do with any specific land lot that you have acquired or anything else? And how do you expect the rest of the year to perform? What should cash generation be like in the 2H25?

And the second question has to do with dividends. This higher cash burn and an increased purchase of land lots, would that impact dividend yield? Would we have just the minimum payout? Or do you believe there is room for more dividends to be paid?

Miguel Mickelberg:

Thank you for your question, Cambauva. As for cash generation, the main factor was expenses on land lot, R\$480 million in the quarter. That's the highest historical figure that we have in recent years. And when we look at the last 12 quarters, the average is R\$240 million in the quarter. So this quarter was basically twice as much. So this is the main factor.

We had an increase also in expenses on construction works that is expected concerning the growth of the Company. And on land lots, we have some land lots that will have partners, and we are going to have some reimbursement. So about R\$100 million will be paid back, and the cash consumption should change in the 2H25, part of it because of the land bank and part of it because of operations.

Our cash position at the end of the year should be below what we expected at the end of last year or start of this year. One of the main reasons is that even though we have had a sales speed that is quite healthy, that is even slightly higher than our average and in line with what we had last year, the composition has changed a little. So we are selling young inventory faster, and a slower sales speed in the finished units.

So the conversion of inventory into cash is smaller than we expected. So for the year, it should be negative, maybe it should break even, but it's going to be below what we expected last year or at the start of this year.

As for the dividends, we have an expectation of taxes, and this is a factor we are considering. But we will always try and optimize our capital structure. And at the end of the year, we will discuss the possibility of an additional dividend payout. So the cash performance in this quarter and the conversion of the inventory in cash will never impact our intention to optimize our capital structure, and our leverage is quite conservative. So we will analyze that carefully.

It's too early to talk about 2026. There's uncertainty and not much visibility into that. In the 2H25, we will certainly look into the possibility of an additional dividend payout as per our capital structure and future perspectives.

Fanny Oreng, Santander:

Good morning, and thank you for taking my questions. I actually got two. Can you talk about your sales performance in the 1Q? Miguel mentioned the inventory sales. Can you talk about the launch sales? And can you break it down into the different income classes and segments?

And can you talk about Tecnisa, please? Do you have any clarity on when the cash will be paid for that acquisition? And do you expect to have partners in this Tecnisa project as well? Thank you.

Raphael Horn:

About sales, it's as we expected. Brazil is never easy, but it's as we expected. It's not for the faint hearted. But if you have got a strong product, a strong brand, then you can do it there, and it's as per our expectation. We are not feeling confident about our economy in Brazil. That's not what I am saying. Our GDP has been 1.5 or 2. And while this is sustained, we can continue to fight. Well, we are excited, and we continue to work.

The SOS has been lower, not only for Cyrela, but for the whole market. But in medium class and high class, so mid-end and high-end, we continue excited. So, so far, so good. Thank God.

Miguel Mickelberg:

Fanny, as for the Tecnisa land lot, we talked about it at the end of June. We will continue to analyze it. We do not have clear definitions yet and the payment of this acquisition could take place this year, but we are still going through this analysis.

Pedro Lobato, Bradesco:

I have got two questions. Good morning, and thank you for taking them. Revenue grew less than expected, and there's the accounting issue that has its impact as well. But why else could the revenue not achieve what we expected? And what can we expect for the 2H25, considering that the backlog has been growing more than the reported revenue growth in the quarter?

My second question has to do with Vivaz. What level of gross margin do you expect for the coming projects? And how does that compare to launch periods that are at the end of their construction works?

Miguel Mickelberg:

Pedro, thank you for your questions. Our sales that are going to be acknowledged through consolidation, they are growing faster than our gross revenue, which is a like-for-like comparison. So in the last 12 months, the R\$11.2 billion come from consolidation and R\$8.8 billion from gross revenue. So there is a R\$2 billion gap. We have almost R\$4.9 billion in consolidated sales and R\$4.150 billion in gross revenue, so R\$750 million gap.

As you noticed, or as you mentioned, this shows a faster growth of the backlog revenue than the balance revenue. So in the year, the Cyrela shares grew 32% and revenue 18%. There are a few reasons for that. One of them is that we had a substantial volume of launches in the 2Q that have not yet been acknowledged in accounting because there are some resolutions in the incorporation that have not been finished yet or in the development.

And in Vivaz, the revenue is lower because the land lot normally has a lower cost and COGS than the high end. The Vivaz cycle is faster. So it normally takes less time for this to catch up as the construction works start. So this gap that is large right now should be sort of bridged in the coming quarters. It's difficult to talk about the 2H because it will really depend on the launch

performance that has a substantial impact on our revenue. But we really do expect this gap to be bridged partially at least, and we have an increase in revenue.

We saw something similar last year, especially in the 4Q. But it's difficult to talk about the whole year. But we do see this perspective.

As for Vivaz gross margins, we have been seeing improvement. Our reported gross margin in the quarter is 33%. And we saw some projects that had 36%. So it's difficult to say if this is going to be a recurring level. It really depends on the macroeconomic situation and the market, the prices of land lots and construction works. But we have been seeing better margins in projects than we expected a year or over a year ago.

If this persists, the Vivaz gross margin should continue to grow. The projects we are delivering right now have less than 30% gross margin, 26% to 29%. These are projects that were impacted by the higher inflation cycle. These projects account for an ever smaller part of the Vivaz income and the new projects have margins that are above 33%, 34%, and they are starting to offset it. So the reported margin grew substantially in the 1Q25 and 2Q25 for that reason.

Rafael Rehder, Safra:

Thank you. I have got two questions. The first has to do with land bank. In the press release, you mentioned you had 9 new land lots, R\$4 billion in PSV. When do you expect that to be launched, in what year? And in the Rio de Janeiro, Terra Encantada and Peninsula, what are your expectations for those launches?

And the second question has to do with the PJs, what is the impact that could have in gross margins in the next launches?

Raphael Horn:

I do not think there's much to say about the land bank. We buy land lots with resolute clauses, and in this quarter, we bought a lot of land bank. But this is something that could have happened 4 months ago or 4 months into the future, so we are not accelerating or slowing down. Some of this land bank is for launches for this year, and that's why we have the deeds written for this year.

But if you look at the state and try and figure out whether we are accelerating or slowing down, you are going to be confused. We launched 70 land lots a year, so we normally buy 10 to 20 in the quarter, but these are old acquisitions that were confirmed now.

Peninsula, we launched it in Rio this quarter. We are very excited. Terra Encantada is not yet active. There are some challenges to be overcome and it's not to be launched this year or next year, not even in 2 years' time. We are working for it to be addressed.

And gross margin and the other point will be addressed by Miguel.

Miguel Mickelberg:

We cannot give you a detail about the PJ numbers. There will be an impact on the gross margin because of this increase, but this applied for the new hires this year, and it takes some time until this will generate impact.

So you create a project, it normally takes 9 to 10, 12 months to start the works, and then you start clearing out for construction works and only then do you start seeing an impact. So we expect it to be seen in the 2H26 and still limited.

It's bad for our funding cost, it's increased, but we issued a CRI bond in the 2Q with very good spread rates, lower than the CDI base rate. And as for the PJ, this should impact other competitors more than us.

Tainan Costa, UBS:

I have got two questions as well. Good morning. You sold a land lot in Rio de Janeiro. What was the rationale behind it? What segment was that project a part of? Was there a change in the master plan? Was it nonrecurring? Or could it happen again?

And the second question has to do with top line and revenue. Miguel mentioned some points that impacted the quarter, some clauses that were not addressed yet and there was Vivaz. But looking at the Company's new situation with the cost of construction works, the land bank delays in contractors, is this something that you understand will have a greater impact? And in the delivery, do you see major impacts for the 2H25 and for 2026? These are my questions. Thank you.

Raphael Horn:

Again, the question around land bank. It's no use to try and understand what's happening to the Company, looking at our land bank. This is a land lot that I am going to say we bought in 2012. It was a bigger land lot, and if we did not confirm, we would get a smaller land lot. So we ended up getting the smaller land plot because we did not confirm the bigger land lot. And then we thought the bigger project would not be able to be launched.

We thought it made sense to buy the whole thing at the time. And there was some exit clause or something that confirmed that it was going to be the smaller land lot. That's not exactly part of your question, but it was something of the context.

Sometime later, we are able to sell it. So it does not mean anything. It just means that this is a land lot that we are not going to be using, so we need to sell it. So this is around the Pontal land lot.

As for contractors and terms and deadlines, Brazil is difficult. Brazil is not ready to grow. There is not enough labor. But these factors favor us. When it's hard to find contractors, contractors normally go for bigger, more reliable partners where they are sure they are going to get paid. So it's difficult to get to the final match, but it's always fun to play it.

So it's a chronic pain to work in Brazil. But we do not see major delays in construction works. There have been 1 or 2 delays, but things have been well organized. So it's chronic, but we are used to that.

Nadal, for example, he used to have some pain in his ankle and he played with it always. So we cannot delay our deliveries because of that. So you may play in pain, but you have to play nonetheless.

Piero Trotta, Citi:

Thank you for your presentation. I have got two questions. The first one has to do with selling expenses. There was a bit of a bigger increase in sales booths, media and other commercial

expenses. Can you give us more details around this increase? And what is covered by other selling expenses, so that we can understand that better?

My second question has to do with the constraints or limitations for the Company's size. Is it the amount of launches, the sales team, the number of construction work sites? Regardless of the macroeconomic scenario, I would like to hear what the Cyrela perspectives are. These are my questions. Thank you.

Raphael Horn:

We do not work much based on volume. I do not know if there is a constraint or limit. The question is always how long the limit will last. So R\$10 billion to R\$20 billion in 2 years is not possible. We do not have the structure for it, but we can grow in time. So I do not know if there are constraints, objectively speaking.

Constraints or limits will always be what we can deliver, market size, engineering. I would not say it's a bottleneck, but it's a factor to be considered, market size as well. And our challenges continue to be leaders. So as long as we can sustain that without problems, we will.

These are questions that we cannot answer, and we are not really worried about them. We work on having a good team and buying good land bank, and that's what we do. But this is not a point in case. It's great if we can grow, it's great, if we cannot grow, ROE will be good and the team will be working hard.

Miguel Mickelberg:

We had an increase in commercial expenses and selling expenses that was higher than the sales increase. The media booths 37%, 47%. They are much more associated with launches because our selling expenses with media and booths, they are higher at the start of a project when we have the model apartment, when we have the advertising campaign. So it's natural. And we had a 32% increase in sales, but 180% in the number of launches. So it's natural that these line items will grow more than sales. And revenue grew only by 18%. So it sort of diluted into our net income.

The other line item, 2/3 is basically recording or registering the ITBI register and Vivaz. There was a substantial increase there and that also reflects our growth in volume in Vivaz and the acceleration of transfers. So even though that's a high value, a high amount, it grew more than sales, but it's normal because of the increase in launches too.

Raphael Horn:

Going back to your question, we do not really believe in strategic planning. If we are going to be launching R\$10 billion in 2025, if you ask me that, 4 years ago, I would say no. If we sat together with the executive team and plan 2024 and 2025, it would not add up to R\$10 billion. Planning this kind of thing does not really help. It's hard to foresee.

The answers we find here come from the team and how our team works. It's a competent team. And then these things add to one another and they sum up. You do not go into a football match or a soccer match saying that they are going to score 12 goals and it's going to be 12 to 0. You train your team and you go into the game. So it does not make sense to try and say we are going to launch R\$14 billion or R\$8 billion in 4 years. And the answers come in our day-to-day activities. There will be new opportunities in land bank. That's how we see it.

Igor Machado, Goldman Sachs:

Good morning. Thank you for taking my questions. I have got two questions. The first one has to do with land bank, not concerning your acquisitions, but what do you see in the market when it comes to pricing and competition? Will Cyrela land bank going to be focusing on low income in the coming quarters and years?

And the second question has to do with the changes in mortgages and housing funding. If you could give us any more information around that.

Raphael Horn:

Igor, all segments are okay. We do not give guidance on land bank, what we are going to be buying and where. But every segment is performing well. We have a plan for 2026, we are starting to plan 2027, and the team is working, as I said. The results are going to be a consequence of this work. So we are identifying opportunities and what's going to be launched in 2026 is planned, and for what's going to come in 2027, we will find out. And we are not focusing on one segment more than another. We are looking at opportunities. When we find an opportunity, we seize it.

Miguel Mickelberg:

There are changes in SFI, but we do not know more about that other than what was published in the media. This could lead to an increase in housing credit, and this could have a positive impact in pricing with the rates going down.

I do not think there's a silver bullet though. And with high interest rates and in a savings scenario, it's hard to see a substantial decrease there. Any change that is approved, that has to make sense for the banks, because the banks are the ones that are the origins of all of these portfolios. So it has to be making sense for the banks, for real estate credit and for the whole segment, but we cannot give you much more color than that.

Daniel Gasparete, Itaú BBA:

Good morning. Thank you for taking my questions. It's clear that the strategy is quite organic. Where have you been finding more opportunities in land bank? More towards the low end or high end? When we see the number of launches growing, you say it's very organic, but do you think about striking a balance between the different segments, high end and low end, or not? That's my first question.

The second question was around financing and labor. And you mentioned that if it's hard for you, it's even harder for the competition. So have you seen the competition reducing their launches or rethinking their strategy? Have you seen anything there? And if you can break it down into low, high end and mid-end.

Raphael Horn:

You said two, but there were 18 questions there. But I will try and answer your 18 questions. We have learned how to work in scale. And after we have gone public, that's been working in our favor. At first, it was harder to have more projects ongoing. And now we can have more projects ongoing, and the team is bigger, the team is qualified. We can invest more in our brand and sales planning. We can buy more land bank. We can have access to more contractors.

I think there is an advantage to working on scale. If you had asked me this question 10 years ago, I would say no, but I do think there is advantage now. And so working in scale works in our favor, be it with contractors, land bank or whatever.

The other question, you assumed we grow in an organic fashion. So we do. We do not know if we are going to philosophically have R\$10 billion or R\$30 billion in brand, and we have a limit in land bank and engineering, sales and marketing. Every brand will have those in charge, so everyone is working to have the best results they can. Whenever we can find good land bank, we will work to increase there.

So it does not really matter to us if we are going to launch R\$10 billion and it's going to be R\$3 billion in one brand and R\$7 billion in the other or how the breakdown is going to be. But each leader has their own P&L. So each one of them is going to try and do their best.

But again, it's bottom up. Whatever good businesses they present and we have cash to do it, we will do it. We just need to have the cash, the budget. And the more opportunities we can find, the more we will do.

We do not say, I want 30% per brand. It would not make any sense to plan like that. You could have 80%, 20% in one period and then 37% in the other. It does not really matter. It's bottom up. We do plan, but we do not see much value in it. We have a script to follow, and we have to have a challenge, but that's not how we make decisions.

To try and answer your question objectively, it does not really matter. We can have any volume in any brand, without any type of restriction and without any ideal combination. Any combination can be ideal.

Daniel Gasparete:

Thank you. And I apologize for asking 18 questions.

Raphael Horn:

I was just joking, of course, you can ask 24 questions next time. If there was a limit, I would not be able to answer them all.

Mario Simplicio, Morgan Stanley:

Good morning. I have got two questions. Transfers and cancellations, how does it stand right now? And what do you expect considering higher interest rates?

And there was an increase in finished units this quarter. Can you give us more color around the delivered units this year? How sold are they?

Miguel Mickelberg:

Thank you for your question. As for transfers and cancellations, the number did go up in January, and then in March, there was some increase as well. So the average for the 2Q was around 12. In the 4Q, the financing was 10.27%, so 170 bps in 4 to 5 months.

But we have been able to transfer customers. We even saw a small increase in fiduciary divestment. In some cases, the clients share may be even more than the bank because of these changes in rates. We have not had any cancellations above our plan. Of course, there could be changes in one product or another, but we are following the budget, and we expect to meet the budget for the year. And the transfers may be taking a bit longer, but we are able to do it.

What's to be delivered this year was 92% sold and 54% paid. And in 2026, what's going to be delivered is 87% sold and 39% paid. So these are very healthy indicators for the next 18 months.

Operator:

This is the end of our question-and-answer session. We will now give the floor to Mr. Horn for his final remarks.

Raphael Horn:

Thank you very much for joining the call. See you next time. Thank you very much. Best regards.

Operator:

This is the end of Cyrela's earnings call. If you have any questions, please e-mail our ri.cyrela.com.br IR team. Thank you very much for joining the call. Have a good day. Have a good one. Bye-bye.

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