

2Q24 Conference Call – EZTec

Pedro Lourenço:

Good morning, ladies and gentlemen. Welcome to EZTec's 2Q24 earnings call. I am Pedro Lourenço, responsible for the Investor Relations Department in this company. And joining us we have Mr. Flavio Ernesto Zarzur, CEO of the Company and Corporation; Silvio Ernesto Zarzur, Counselor; and Emilio Fugazza, CFO and Investor Relations Director.

This event is being recorded, and all participants will be in listen-only mode during the Company's presentation. Following that, we will start the question and answer session, when further instructions will be given. Should you require assistance during the conference call, please request support via chat.

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Before we begin, we would like to mention that any statements made during this conference call regarding the Company's business outlooks, projections, operational and financial goals are simply the Company's beliefs and assumptions based on the information that is currently available. Remarks about the future are not a guarantee of performance. They involve risks, uncertainties and assumptions because they relate to future events that, therefore, depend on circumstances that may or may not occur. Investors should understand that the general economy, industry conditions, and other operational factors may affect the Company's future performance and lead to results that differ from those expressed in these considerations.

As you know, we have a new phase for EZTec since Tuesday and we have created a video for you.

Video about EZTec's new brand (02:35)

Pedro Lourenço:

Now, I would like to hand over to Mr. Emilio Fugazza, CFO and IR Director, who will begin the presentation. Go ahead, sir.

Emilio Fugazza:

Thank you, Pedro. It's an honor to be here in this earnings call for the 2Q24. I would like to make an honorable mention to the President of the Board. We are presenting the second highest sales in our history on his birthday. So happy birthday, Flavio. Have a good one.

And with that, we would like to begin by discussing our launches for this quarter. In the 2Q, we had a total of R\$188 million with Villares Parada Inglesa, which was a success that we had not seen since 2019. 93% of it has been sold. It's located in northern São Paulo. It's a building that is the kind of product that EZTec wants to provide to the São Paulo middle class. We also expanded the Company's revenue and brought our gross margins closer to our historical average.

We also launched Brooklin Studios by Lindenberg, which is right next to the Vista Brooklin building, which was launched in the 1Q24. These studios are 22 to 27 m², and they already have been 62% sold. So for 2024, we had a total of R\$646 million in performed launches, and these launches are at more than 50% sold levels.

Following that, we can see our upcoming launches for the 3Q, starting with August. Last Wednesday, we had a launch convention for our next enterprise, Lindenberg Alto das Nações. This is a project that is in the southern side of São Paulo, Chacara Santo Antonio, close to Marginal Pinheiros. This is a location that already has a supermarket and a mall from Carrefour. And they are currently building a corporate tower that will be the highest in São Paulo. Our development is in that complex. We have already started construction, and it will be launched in August.

I will leave additional details for Silvio Ernesto Zarzur to comment on later. Here, we have our operational performance, how our sales have been evolving. We reached R\$556 million in gross sales. And here we can see an increase in comparison to the 4Q23 of about R\$300 million. So we have more than doubled our gross sales in comparison to the end of 2023.

The good news here, actually, we have 2. The first is that this is based on high-performing buildings, which really are additive to our gross revenue, and we also have contract cancellations, which was far below 10%, what we saw in the 1Q24.

So when we look at this R\$48 million in contract cancellations, we have to consider only R\$43 million, because we can exclude here the upgrades. So we would say that we are at around R\$43 million in cancellations, which is absolutely healthy for the Company's history.

Following that, we have our deliveries. You can see that deliveries have had a lower volume than in 2023. And in 2024, this volume will be connected to the Minha Casa Minha Vida segment. This picture is Fit Casa Jose Bonifacio. This is an enterprise that had 84% of its units sold and it was just recently delivered in the 2Q.

All licenses have been already met and they have been delivered to clients. And we will have about R\$600 million to be delivered, still without any risk of situations that we have had in the past.

In 2025, our volumes will be much more significant R\$2.3 billion or thereabouts. But as you can see on the graph, the volumes sold out of what we are delivering in 2024 and 2025 is already surpassing 70%. For 2024, it is around 80%. The good news here is that the inventory based on these deliveries will not become a problem for the Company.

The next slide shows the Company's total inventory. Considering, we are selling more than we are launching in the 1H24, we finished the 2Q with about R\$2.9 billion in PSV launches, representing R\$646 million and gross sales representing R\$878 million. Our inventory is here, based on what we mentioned in the southern part of São Paulo and Guarulhos, and these investments had good sales volumes in the 2Q24.

The next slide continues our discussion on inventory and our landbank, which is at around R\$9.3 billion. You can see how these variations are taking place due to adjustments to our project and the zoning law. We have millions in projects in Água Espraiada and Chucri Zaidan. Besides this R\$9.3 billion, we

have about R\$5 billion in lands. These are contracts with a resolution clause. We are expecting these clauses to be enacted and this should happen during the 2H24. And once we have them approved, this will add R\$5 billion to the Company, which will lead us to have a total R\$14 billion in landbanks by the end of the year.

Now let's continue with our financial performance. I have to mention our accounting, our financial administrators, because in 2024, we have become the first company to publish its results among project developers in our industry. This quarter's highlight is definitely our revenue, which went up from R\$239 million to R\$416 million, about R\$180 million in growth. This represents about 80% revenue growth.

And this is due to a number of important indicators. I have mentioned one of them selling our inventory, which had a direct impact here. And also the recognition of Villares and a significant sales volume of about R\$80 million for Lindenberg Ibirapuera. This is a building that had its commercial launch for the second tower or the design tower. And we have had 13 sales, which represent R\$80 million. So this has supported our revenue significantly. And this building has 40% of its units sold. Gross profits and margins, obviously, as revenue goes up, we also see the gross profit and margin going up.

And this can be explained by a couple of things. The first is Lindenberg Ibirapuera. And we had different opportunities in the design tower, but we also sold many units with upfront payment. And of course, this reduces the price. It reduces the Company's need for cash, but it does have an impact to the Company's gross margin, which can be seen on this reduction from 34% in the 2Q to 31%. And this has allowed the Company to have an increase in its bottom line.

Looking at equity income, we can see an increase of over 100%. These R\$23 million are due to our results being recognized. I am referring here to Mooca Citta and Milano, which have been recognized this quarter. And also, we have been advancing in some construction work like EZCAL, Jota and Lindenberg Alto de Pinheiros, which are buildings that have helped us with our equity income.

Finally, we have our expenses. You can see that our expenses are in line with our history with the average expense we had in 2024, about R\$65 million to R\$66 million. Of course, there was an increase in the 2Q due to a one-off event, a technical event that is not different from anything the Company had planned before.

As we have demobilized a booth in the Company in Unique Green. Here, we see the results to be recognized. Our goal in showing this is to shed some light on how the Company is becoming more results-driven in its culture.

The top graph shows our consolidated result added to our equity. Our equity income is about 1/3 of our total result to be recognized, and its equivalence is about 40% of the gross margin, while our consolidated result, meaning buildings that are being executed by the Company and controlled by the Company, are providing a 40% gross margin.

It's important to mention that we are continuing to expand our gross margin since the 2Q23. And you can see how it's given by the units being sold from the enterprises under construction or being launched. So we have, for example, Expression and Exalt and others, whose sales are pulling the

Company's gross margins to be recognized up. So that's also good news. Our total equity gives us a possibility of 41% gross margins to be recognized.

The last slide shows the Company's financial results, which is R\$29 million in the 2Q24, a slight variation in comparison to the 1Q24, because this quarter, we had IGP, which considers 2/3 of our portfolio, close to 0. In the 1Q, it was around 0.88. So although the IPCA index was positive, and it's applicable to 1/3 of our portfolio, it was not enough to maintain the results we had before. The good news is that IGP, which will be included in our 3Q's results, has been positive so far. It has been very positive to our portfolio as we heard in the Getúlio Vargas Foundation's communications, it will be around 0.6% to 0.7%.

Also, in 12 or 6 months regardless, the direct receivable portfolio has reduced. So a part of our clients has decided to sign a direct receivable with us. Many of them selecting this option of 12% plus IPCA. But looking at our portfolio, we have been seeing more direct receivables and this will be seen in the next quarters.

So from the results perspective, the Company's net profit is R\$89 million, up R\$32 million versus the results we had in the 1Q, a growth of over 50% for a net margin of 21%, something that we hadn't seen in the Company for nearly 2 years. And of course, this will give us higher dividend payouts, following the same proportion.

Finally, on this slide, we have our cash information. You can see here that when it comes to availability in the 1H24, we had a growth of about R\$50 million in availability. So the transition from net cash to net debt is happening through real estate funding for construction. This means that in our ongoing construction works, we are taking our financing needs from the banks. So our debt is going up, but this is healthy and our rate is below CDI. So our average financing plan is at around 90% of the CDI index with a growth in our net cash.

The next slide is showing that the Company is at around R\$4.8 billion in its net assets. And when it comes to liquidity, you cannot only count on our cash, but also our performed receivables, which is not only what we mentioned before, but all receivables in transition to be transformed for the Company's cash, which is at R\$581 million. I can also mention this third-party capital, then we have R\$506 million in comparable assets and this is something that we will discuss throughout the next years and will be very important topic for the Company.

Finally, before I give the floor to our other executives, I would like to mention the Company's dividend payment, which has already been approved by the Board of Directors. It will be R\$21 million or about R\$0.10 per share to be paid on August 30, 2024, and ex-dividends to be paid from August 9, 2024.

With that being said, I will give the floor to our Chairman of the Board, Flavio Ernesto Zarzur for his opening remarks. Flavio, go ahead.

Flavio Ernesto Zarzur:

Good morning, everyone. It's a pleasure to be here. It's great to see so many people watching. I think that these numbers are bringing us to that post-Covid level. We are going back to normal levels. We know that we have to take it one day at a time. It could be that this will be the normal threshold, but

we might face adjustments later on, but our intention here definitely is to remain on this track, going back to our historical normal level.

We have a clear and objective strategy being executed here. We have a lot of harmony in the strategy that we have been applying. And that's why I am so happy to be here. Thank you for listening.

Silvio Ernesto Zarzur:

I will make my remarks after the questions. I would just like to say good morning to everyone, and I will make my remarks after the questions. Thank you.

Pedro Lobato, Bradesco BBI:

Good morning. Thank you for taking my question. I would like to go back to gross margins. I think Emilio gave us some information, but I would just like to understand how you imagine that this will take place on the short term. Your performed inventory has margins closer to 30% than 40% considering our reference. So, I would just like to understand how you imagine it will continue.

And you mentioned changes to your strategy. We heard of this launch in Parada Inglesa that had much higher sales volumes than we are used to. So I would like to understand what was the reason, why you had such higher sales for this launch than usual? And what will be your strategy for the next launches? Are you focusing on working capital, or are we going back to a more gradual table? Thank you.

Silvio Ernesto Zarzur:

Pedro, let me answer your second question first, and I will let Emilio answer your question on gross margins. But in any case, we remodeled our sales area. It was restructured. We improved our online sales area and we invested in partner real estate developers. So our ability to sell went up significantly.

Considering the same conditions, we would be able to sell more. We also adopted commercial policies that made it easier to approve credit and made it easier for clients to pay, following the same safety levels in our portfolio management.

So this gives us a slight commercial advantage in price and more flexibility within a safe threshold. So this allowed us to expand our sales in a comparative base, and this slight discount has helped us to reach this volume.

So we hope to improve this structure. We have been taking several initiatives to improve the Company's sales capacity. And here, we are discussing the same comparative base. So same price and same financing conditions.

So we are reinforcing our sales structure. We are investing in that and we found an important path forward, along with Leôncio Martinz, our general superintendents at TecVendas. We have developed many important things for the Company, and I hope to accelerate sales, maintaining our prices and margins.

Emilio Fugazza:

Thank you, Silvio. And Pedro, to add to that, to answer your question about margins, first, we have to remember a technical thing. When we publish a reference margin, the REF margin does not include

taxes, which is deducted from the cost and other fees. So when we do not have much use, this is not relevant, but now currently, we have been having higher use.

Pedro made a disclaimer in our release, but you might imagine that the 41% gross margins we have currently in practice should be at around 37%. So when I look at the Company's gross margin for the 2Q, which is 31%, our focus is to bring it to 37%. What we are seeing here is that in a building like Villares Parada Inglesa, it was accounted as 35% because it's been adjusted to the present value. So the 35% for Parada Inglesa already represents a 37% I mentioned.

So we are getting there with this new launch. Our amount of units sold can show that in a couple of cases. So Lindenberg Ibirapuera is the opposite case because we have been focusing on expanding sales. And this sometimes gives clients a possibility of paying upfront, which reduces our margins.

Our constructed inventory is not at a margin of 30%, some of it is at 45% or 46%, but in some cases, with our commercial policy in order to increase sales, as was mentioned, we let go of that to a certain extent, but it's a gradual increase. The important thing is that what we are selling is demonstrating that we will get there. But of course, it needs to be done step by step.

Fanny Oreng, Santander:

Thank you. Good morning. My question is about your new launches. It's interesting to see the improved performance in what has been launched in the 2Q and your inventory. You still have a high inventory. Except for that peak in 2016 and 2017, you still have an inventory that is above your average, but the numbers in São Paulo are also encouraging. In São Paulo, you are below the historical average. So, do you intend to accelerate launches in the 2H24? Or do you still want the Company's inventory to drop further before that? Thank you.

Silvio Ernesto Zarzur:

Thank you for your question. First of all, inventory is not really the word I use. It's like having merchandise at the store. If you do not have that inventory, you cannot sell, you cannot reach the sales volumes that you would like. So for example, if I go to an apparel store, I like going to stores that have all different colors, all different sizes. This is where I like to buy things. And that's how I manage the Company. I want to have an inventory with different kinds of products so that our brokers can solve variety of apartments.

So I do not see our products as inventory. I do not expect to reduce our inventory. We need to have a good amount of volume so that we can supply the market.

And our pipeline is a bit more robust for the 2H24. It's a bit more robust than the 1H24, considering this new launch that we are going to start selling tomorrow. And we will continue with all the foreseen launches for the year. If we think about the middle term, again, the strategy I mentioned, which is reinforcing sales and increasing our sales capacity will allow us to reach a higher volume in sales, which will also increase our inventory.

I intend to move to a different level and launches on the middle term. We will have to see what we can do. But this is the goal for the Company. I think that answers your question.

Fanny Oreng:

Yes, it does. Could you give us an idea of what this level of launches is for you that would make sense for the Company considering this new commercial area. Would it be R\$2.5 billion or more than that?

Emilio Fugazza:

We do not have an official guidance for that. These are just projections off the top of our head.

Silvio Ernesto Zarzur:

I do not want to give an accurate number. What I want to do is to give you a good result. I know that you have to run your calculations, but I do not want to say anything that we are not absolutely sure about. But in the Company's plan, we do expect sales volumes to go up. We have developed a number of strategies. We have been finding partnerships to help us with that. So this is my perspective.

The Company has a certain financial capacity. We have a certain capacity to build and we can also manage, and sales tends to be our bottleneck. In our strategy, where we want to find partnerships and expand, I think we are going to be able to increase this capacity in sales, which was our bottleneck, and this will naturally lead to an increase of our launch pipeline out of everything we execute.

So I am very confident that this will work, but I cannot give you an accurate volume, I am sorry.

Ruan Argenton, XP Investimentos:

Good morning. I would like to discuss 2 topics. First, if you could give us some more details into what sales you are expecting for July, if you are keeping the same pace of your performed inventory.

And I would also like to ask about your landbank. So, in line with what Silvio mentioned, the potential growth in launches, we can see that the Company has a reasonable landbank. Do you expect for land purchases for the future? Or do you expect to consume what you already have? Would you like to maintain a higher landbank? And if you could give us some more details on the decision to buy this land near Extra, that would be great. Thank you.

Silvio Ernesto Zarzur:

Good morning. Extra is following its natural path. So we are following the contract, we have the path that we have to take, and this is what I can say. We expect to consume a part of the land than buying. So we want to consume a part of it, but you will see that we will still have some land acquisition.

But we want to reduce this landbank slightly. A part of it is for commercial use. So we have EZ Inc, but in São Paulo, there's not a split between residential and commercial. So land can be used for both things.

So when you see our increase in landbank use, this is also connected to a number of projects that were to be residential, but will be commercial. We have Alves Guimarães, Fernandes Moreira this year, 2 residential buildings that were initially set to be commercial. So there will be some land purchases, but we will reduce our landbank, and we believe that this can improve our profitability.

But there's one thing I would like to mention. If we can run the Company at a higher volume, then we will probably buy more. But right now, we are a bit on hold with that.

To answer your question about July, I will discuss the quarter. I expect that our sales will be maintained or be higher. This is always my expectation, to be honest. We want to increase the Company's sales and we are working very hard to do that with every quarter, and we are taking measures in order for that to happen. If everything runs well, we will probably reach this goal.

Luma Paias, UBS:

Good morning. Thank you for taking my question. I would like to ask about launches. We would just like to get a bit more color about your launches pipeline. Besides Lindenberg Alto das Nações that you mentioned, we would like to know what else you have, price per m², location and especially what is your expected sales for these products?

Silvio Ernesto Zarzur:

We have high expectations for our launches. I am betting on seeing high sales. We have 2 studio buildings, and I think I can discuss this because they are well adjusted in Pinheiros and in Berrini. I cannot give you precise figures, but in Pinheiros, it will be above 17.5, and in Berrini it will be about 12 or 13. These are adjusted products. So I believe that they will be sold quickly.

We have a high standard in Moema. We expect sales to be above 24%. This one, I believe, will be slower. These are not big buildings, VGVs of R\$250 million or below, and we have a couple of other launches in line, but we are still looking into them.

So we have Minha Casa Minha Vida, we have partnerships. This is not a high volume and it will be operated by a third party. That's very important.

With Minha Casa Minha Vida being operated by the partner we have our control being shared. We believe that our operational capacity is occupied when we do it. So we might, at a certain point, go back to this low income level. So we might still see a couple of launches until the end of the year, but I cannot give you more details than that.

Jorel Guilloty, Goldman Sachs:

Thank you. I have a couple of questions. First, I would like to ask about your sales or lease process for your assets. I would just like to know how that conversation is going.

And I would also like to ask about the availability of real estate credit for your clients. Is cost becoming better? Is it more available? Those are my questions. Thank you.

Flavio Ernesto Zarzur:

Good morning. It's a pleasure to answer your questions. With Esther Towers, we are still waiting for a couple of things to be concluded, like the heliport. So we are just waiting for the best moment to launch it. We have always talked to real estate companies to see when it's the best time to do it. So to conclude it, it will be anchored to something. So rental of 50% of the blocks that we can conclude it.

This is our strategy. Thankfully, our level of debt is not high, so we can wait for the best moment to do it. And we are open to all opportunities, even if we might have a smaller margin at first, so that we can progress.

Emilio Fugazza:

Jorel, in real estate credit, of course, we hear many things about financing rates and the trouble that banks are facing right now to use map 4 as funding for clients. So they need to raise funds through LCIs, FICs and other investments.

But we see that rates are at low double digits, around 10.5% to 11%. Our clients here at EZTec have been able to pass this on, and if any clients have trouble with that, the Company has its own portfolio available. We can offer credit at 10% or at 9% or at 8%, and in some cases, 12%. So our average is 10% + IGPA for 1/3 and 12% + IGPA for 2/3. So credit approval is about 30% for installment plans.

Andre Dibe, Itaú:

Good morning. Thank you for taking my question. First, I would like to ask you about your costs. We have been hearing more pressure from the industry, especially with labor and services and, of course, foreign exchange is higher. So what is your take on that? Has that been affecting you? Do you expect to see an increase in labor costs and materials?

And I would also like to ask about the discounts given. I think at some point, you mentioned an average discount of 6% in your inventories. So I would just like to get an update on what levels you are at for July. Are you at the same level? Has it gone up or down?

Silvio Ernesto Zarzur:

I will start talking about costs. So, again, I think you understand how much we have been close to the Company's operations based on our answers. So engineering is not reporting any increase in cost, pressures exist, but this has been mitigated through several initiatives, so the Company's engineering side has been working very strongly. So we were able to see their costs to see if they have any justification to go up, even based on international figures. So we have reached a great level in our supply management.

When it comes to cost, we were able to bring costs into the Company. We are no longer reporting excess costs in projects. So when we have the confidence of what was executed, that's when we bring figures into the Company. We have projected savings. Our G&A is also adjusted. So we have very precise control for that. The Company in terms of cost management has gone to a different level in comparison to 2 or 3 years ago. Our management is much stronger. So no, we did not see any increase in costs, especially at least not for the Company.

I cannot speak about the overall market because a part of it is due to the market and a part of it is what we developed internally. What I want to say is that there are no 6% discounts, it does not exist. There are some discounts are lower than that on average. We have a portfolio that is outperformed receivables, which is 140% of the CDI. We have some support to sell, credit approval is much faster currently than what we had previously. We had a sales team that worked a lot more and we facilitated our performance because in Brazil, the contract cancellation law was very unfavorable.

So we had to be very strict in how you approved credit. So with this new contract cancellation law, we were able to adjust our credit approval. And now we are more protected, and this is what led to higher sales.

So we are not giving the discounts that you are imagining. But of course, we have to measure it. We are in a competitive market. When we launch a building currently, it's not in a discount, we are just making it viable. So we might not be able to reach the price we would like.

If the market is doing well, you might need to reduce your price. And when it's not doing so well, you might need to increase your price. Right now, we have been launching buildings at the right price to get a good liquidity. So that's not a discount, it's just working according to the market and how it's going.

Gustavo Cambauva, BTG Pactual:

Good morning. I would like to ask about your JV with Lindenberg. You have this launch for Nações Unidas with Lindenberg, and I would just like to understand how you believe this partnership will go in the future. How have you dealt with their team? How is the brand management? And what is the potential size that you believe that this will reach? How much VGV will you launch in this joint venture? So I am asking more about your partners' appetite and the demand that you have been having. It's a well-known brand in São Paulo. So what do you believe will be the future for this operation?

Flavio Ernesto Zarzur:

Gustavo, it's nice to talk to you. But basically, the partnership that we have with Lindenberg has lasted 15 years. In the last couple of years, we have made it more intensive with EZCAL. It's been working very well. And this has made a part of our landbank more fluid. So for example, we have some land in our landbank that they develop, that's been working very well in sales. Our sales team is focused on middle to high income and they are more focused on high income. So this has been growing well.

So given the synergy we have and all the time that we have had in this partnership, in the next 6 months, we will probably be able to come closer to them. It's doing well.

That's basically it, and Silvio wants to speak a bit.

Silvio Ernesto Zarzur:

So let me tell you something. We have great partnerships. We have sold R\$600 million in products with them. So from the moment we started this partnership, we have had R\$600 million in sales. It has been doing very well. I think we have volumes going up, and our margins have been better.

When we sell under their brand or when we sell with them, we have been able to get higher margins, which helps us to balance the margin that we have been having trouble with, with our competitors. So this is a mix of everything. And one of the components that pulls our margins up is our enterprises with Lindenberg, our projects with them.

So we have sold Lindenberg Ibirapuera with them, and one of the sales strategies that we have is to have Lindenberg sales working, and they have performed R\$300 million in projects. So that's a great partnership and that's what we believe in. We believe that this can become even more significant.

Emilio Fugazza:

This company is publicly traded. So it has been making communications to the market, and it has been communicating its investments. So we are expanding our investments. Alto das Nações is one of them. We also have another expansion that has been approved by Lindenberg with EZTec in Chácara Santo

Antonio, in a street called Rua da Paz, and we have other investments. And Silvio is reminding me that we have already approved some site acquisitions in Paraiso. So our partnership will continue, and this is all taking place this year.

Silvio Ernesto Zarzur:

Emilio is being optimistic, but a part of it will be performed this year and a part of it will be performed next year.

Andre Mazini, Citi:

Thank you for the presentation. Most of my questions have been answered, but I have 2 quick questions for you. First, EZ Inc's landbank, a couple of quarters ago, it was at about R\$2 billion, and this quarter, it went down significantly to R\$76 million. Most of it seems to have gone to the residential development section. So is that what really happened? Are you having any trouble with approval and zoning? Because we know that in some areas of the city, you cannot have a residential development. So did you have any trouble with that? That's my first question.

And secondly, if you can tell us a bit more about your partnerships with Minha Casa Minha Vida. Do you have any preferred players there like you do in high income? Thank you.

Silvio Ernesto Zarzur:

Let me answer the question about EZ Inc. Here in São Paulo, we do not really have any land that is commercial only. I think in some regions, we find them, but we do not have any. Basically, it will all become residential. We have allocated some of it. There's one of our buildings, which will probably be rented. So we can use its potential in other projects. So we do not have a commercial-only landbank.

On the second question, about Minha Casa Minha Vida, we have several ongoing partnerships. We have partnerships basically with every major player in the market. So we partner with them for projects. These are not projects that are concluded. But at the end of the day, this can give us more than R\$1 billion.

So our part will be more than R\$1 billion, and it's ongoing. We have some enterprises with BP8. This is in our release, we have 6 or 7. But basically, we are partnering with several companies and we still do not have a player like you mentioned.

Pedro Lourenço:

Thank you, everyone. This concludes our Q&A. And I will pass it over to our officers, Silvio and Flavio, who will make their conclusions.

Flavio Ernesto Zarzur:

Once again, I would like to reiterate that we are very happy to perform at the same level that we did before the Covid pandemic. And I would like to state again that all of us, all of our employees have been making an effort to perform at the Company's historical level. We are using all techniques available, the media, controlling, we are becoming better and better. So I am sure that we will get there.

We are waiting for a better opportunity in the corporate side. So thankfully, we do have nothing that requires us to be pressured. So we are waiting for an opportunity to lever it, especially regarding our

landbank. The Company's directors and our development area is fully focused on using our landbank as quickly as we can with partners or by developing them internally.

I will pass it over to Silvio for his closing remarks.

Silvio Ernesto Zarzur:

Silvio lamamura is a Director in the Company, and he is taking over the development office in my place. So this is something that we have been looking at for a long time. We have been very careful. This is an important role in the Company. I will continue to be here. I will not reduce my workload, it will change, and we are moving to a more important part of the Company.

Silvio has been here for 17 years. He is the best suited person for this. We thought about this a lot and we are doing this very confidently, and we will be with them so that it can happen in the best way possible. We are sure that he will be very successful.

This new brand modernizes how the Company is viewed according to what the Company is experiencing. The Company is now different from what it was 2 years ago. We are a more professional company. We have systems, we have controls.

I think controlling what we have been controlling with the level of safety we have, it can only be done by banks. So we have very efficient controls, and I think that makes managers feel much more comfortable. And I feel very confident with the controls that we have created here. We have the tools to make decisions. This is all in our DNA. We are in operations, but we have a team of directors that is making a big effort. And I am sure that we will be increasingly successful.

So thank you. I can answer any other questions you might have, if you would like to direct them to our Investor Relations team. And that's all. Thank you.

Pedro Lourenço:

Thank you, everyone. Before we conclude, we would just like to say Happy Birthday to Flavio. On behalf of the Company and our investors, Happy Birthday, Flavio. This concludes our earnings call. You can see additional documents in our Investor Relations website ri.eztec.com.br. Have a great day and a great weekend. Goodbye.

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