

2Q23 CONFERENCE CALL

PEDRO TADEU LOURENÇO:

Good morning, ladies and gentlemen. Welcome to EZTEC's 2Q23 earnings conference call.

We would like to inform you that, this event is being recorded, and all participants will be listening to the conference call during the Company's presentation. Then, we will start the question and answer session, when further instructions will be provided.

If anyone present needs assistance during the conference, please request support via the chat. In case of a failure in your connection, please reuse the same link or ID available on the EZTEC website, ri.eztec.com.br, to return to the presentation.

You will also find on our website the presentation slides on the download center. Information is available in BRL and in BR GAAP and IFRS applicable to real estate developing entities in Brazil, otherwise indicated.

Before we start, we would like to mention that any statements made during this conference call regarding EZTEC's business prospects, projections, and operational and financial targets are beliefs and assumptions of the Company's management, as well as currently available information. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions, as they refer to future events and, therefore, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operating factors could affect EZTEC's future performance and could lead to results that differ materially from those expressed in such forward-looking statements.

I would like to give the floor to Mr. Emilio Fugazza, CFO and Director of IR, who will begin the presentation. Please, Mr. Emílio.

EMÍLIO FUGAZZA:

Thank you so much. It's a joy to be here with all of you to present our results for 2Q and 1Q23. I would also like to thank our President of the Board, Mr. Flávio Ernesto; and the CEO and President of EZTec, who is also a Member of Board, Silvio Ernesto Zarzur.

I would like to begin by sharing with you a little bit of the results of our operations, which we see here in slide 2. This quarter, we had the launch of East Blue Tatuapé, for starters, pretty much 50% of this launch has been sold already. We have been seeing the results in our earnings right in this semester. And we also have the launch of the first tower of Lindenberg Ibirapuera, which is approximately 35% of units have been sold and R\$ 300 million. This means that in this quarter, we have R\$ 602 million in launches.

In sales, we have reached almost R\$ 900 million in gross sales during the 1Q, with a highlight to the 2Q where we had R\$ 487 million growth in sales. We see a positive result for the Company. Sales have been recovering and we can see that in the results. This is the Company's best 1Q results since their IPO. These results are absolutely in line with what we have been seeing in previous quarters. Although, we are talking about a year, where we are likely to see record numbers of deliveries and launches that the Company has made over the past 3 years, this volume reaches approximately R\$ 1.8 billion.

And most importantly, out of this volume, we have already sold 84% of units. This launch, called Reserva JB, as you can see in the picture, we are launching the 6th and last part of this venture. And over 90% of these 600 units have already been delivered. So this means our inventory is at less than 10% pending.

Our savings in launches have been increasing as well. We have approximately R\$4 million in cost savings. And this has a positive impact on our balance result. Our current stock in residential units is approximately R\$2.6 billion, which is a reduction in what we practiced in 2022.

Next, we would see that in addition to residential stock, we also have our commercial ventures and these are also important to our statement. Here on the left, you see Esther Towers. As you can see in the picture, 57% has been complete. Here, we were determined to finish the first tower. We are on track to finish the first tower during 2024. And we are also completing the region that comprises the shared space between both towers.

And on the right, we see the Air Brooklyn Venture, which should be complete in the next few months. This is a venture that is right next door to another residential venture of ours. Our landbank is currently standing at R\$ 8.5 billion. That means R\$ 8.5 billion available for future ventures, that bodes for My Home, My Life residential ventures. And the bottom left, you will see the profile per type of project. We have some great results this quarter. That means, these results will be coming due in the next quarter.

I would like to start by talking about net revenue. We, in this quarter, 2Q, we have R\$ 243 million in net revenue. And this includes 2 ventures. We are also seeing some good results in recovery of our gross margin and another 1 here in Moema that was launched in the end of 2022.

On the top right, we see the slow and gradual recovery of our gross profits starting in the 4Q22 and also continuing into the 2Q23. This reflects construction costs and has been showing to be much closer to be in line with the INCT variance, which we have confirmed for 2Q23. These results will be, this trend line completes in 2024.

And in the bottom right, you will see the results and margin to be appropriated. This includes a 1 p.p. recovery, exactly as we saw 1 year ago in the 2Q22.

So, this means that in our consolidated results, we are close to 37% in margin to be appropriated. And also, on the left, you see the highlight for this quarter, the property equivalent and its percentage to our net profit. Most of these ventures have been carried out in the current quarter.

These include the results from Reserva JB, which is a venture that has seen very good sales. So, the results were very good for this quarter. Park Avenue, here on Avenida República do Líbano, corner with Arapanés, already demonstrating its results, and a gross margin of approximately 55%. As well as the Jota development, on Rua Joaquim Távora, the first project launched by the partnership EZCaI, EZTEC with the construction company Adolfo Lindenberg, which also has its calculated result and composing the R\$ 50 million of net income, observed in the equity income line.

We see some of the Company's financial results. On our cash, as we can see in the bottom right, the development of our net debt and cash, we are posting approximately R\$ 781 million. And on the top right, we see the evolution of our direct receivables. This has improved compared to 2022. And we also see the result of the much more intense speed of deliveries that we are going to see in the 2H23. All of this comprises net profit, not just in nominal numbers, but also in margin. This brings us up past R\$ 75 million, meaning 31%.

It's important to mention that the Company still has a net cash position. Our volume is quite considerable in construction underway that should come due in 2024 or 2025, and our long-term debt should see a positive impact there. If we compare our cash with the end of the year 2022, we see growth of approximately R\$ 12 million.

Looking at our capital structure, closing out the 2Q23, the book value per share is approximately R\$21, which means R\$4,8 billion. As we can see our asset distribution on the right, these are great results for our liquidity.

We have over R\$ 1.2 billion in cash and receivables for this quarter. These results include the results from the Lindenberg, Ibirapuera venture and some other completed projects as well. Our landbank, as we have seen is over R\$ 8.5 million.

In our capital structure, we see that financial sources, 19% is third-party capital concentrated in approximately R\$683 million in loans, financing and long-term investment, plus R\$ 47 million in payable land.

Now to complete, let's look at our dividend payment. As we have been seeing in the past few months, this is equivalent to 25% of our result. And our dividend total is approximately R\$17 billion. This will be payable on August 31, 2023.

So these are the results, and now I would like to pass the floor to the President of our Board, and then to our CEO. Flávio, please.

FLÁVIO ERNESTO ZARZUR:

Firstly, I would like to welcome everyone, say good morning, and say that it's a great pleasure to be here with you sharing our 2Q results.

We do not think this quarter meets all of our expectations, but we are certainly firmly underway to continued improvement. And we are confident that over the next few semesters, we will go back to having the Company we have always liked.

I would also like to highlight that we are absolutely in line here, everyone in the Board is aligned in this sense. And I would like to pass the floor to Silvio, our CEO, to give some of his remarks about the results we have seen in this quarter, and to share what results can already be shared. Thank you.

SILVIO ERNESTO ZARZUR:

I would like to welcome everyone as well, and thank you for being present here. My comment that I would like to say is that a number of events have occurred since the pandemic that culminated with the 13.7% interest rate. This also increased construction costs, in addition to the scarcity of materials that resulted from the pandemic.

This is becoming more and more normalized after the pandemic ended. And I would say that our real interest rate is decent. I would call it decent. The real interest rate makes it very difficult for a company such as ours to do any work. This is the real interest rate, and I think it's never been as good.

But I would say that our results have been approximately in the mean, and we have what it takes to post very good results once these macroeconomic factors go back to pointing us in the right direction, not just the interest rate, but also inflation.

So we have prepared the Company. We are very well prepared in terms of personnel, in terms of system. And I would even say in terms of maturity. The Company is set to grow in profitability and safely as well, securely.

Often people think our primary driver is profits, but no, it's security, it's confidence. Of course, we want profits, but we need both. We are very well grounded, and this means we can post very strong growth over the next 1.5 years. And of course, we are at your disposal for any questions you may have.

PEDRO TADEU LOURENÇO:

Thank you. We will now open the question and answer session for those who wish to express their views. We ask that you use the hands-on functionality available on our Zoom platform, and as time allows, we will also answer questions that come in via chat.

If it is not possible to answer them within the allotted time, please forward the question with the e-mail contact to ri@eztec.com.br. That way, our IR team will be able to get in touch right after the conference call.

The first question comes from Mr. Ygor Altero, from XP. Mr. Ygor, you may proceed.

YGOR ALTERO, XP INVESTIMENTOS:

Good morning. Thanks for your presentation. I have 2 questions. First, what is the margin dynamics that you are thinking? Do you hope to see an even faster recovery or a stability at this higher level? The Company has posted 40% in the past.

And the second question is, in this scenario with a dropping interest rate and real estate fundraising, I would like to see what you think about the Esther Towers potentially.

SILVIO ERNESTO ZARZUR:

Ygor, thanks for your question. Costs are not dropping. What is dropping is the cost variance. Cost itself is controlled. It does not seem that we will see a drop in the cost of civil engineering and construction.

What we do hope to see very strongly is increased demand linked to the interest rate, because when the interest rate goes down, the customer's purchasing power increases considerably. Their purchasing power see increases, and we can see our competitor, XP, they do not have very many options.

So today, consumers have pretty much the option of buying real estate or making financial investment. Individuals can accept a higher interest rate. And this will increase each unit sale price. And I think this movement is what is going to bring us back to the results that we have been expecting.

So when the Emilio reports an increase in construction costs, this is partly responsible for our balance. But there's also another part that we cannot see or estimate. But we do hope, we believe we are seeing improvements to our margin. And that is based on maintaining costs. So we are likely to return to the margins we had in the past.

It's obvious, right? It's the same thing that happens for competition for financial instruments. When you have a real estate fund that yields a given amount every year and is corrected by the IPCA and other fees, this becomes much more attractive as the interest rate goes down. So we are going to see the return of the real estate fund. But I think the development of Esther Towers is linked to the resumption of economic power, economic practice that we have been seeing in the post-pandemic scenario.

We are seeing people start to go back to physical offices, and we believe that this will be very resilient in the next year. Of course, real estate funds are the main driver, but there are other alternatives, too, in addition to real estate funds.

Let's remember that EZ Towers, one of these towers were sold to São Carlos, which is not a property, a real estate fund, and another to Brookfield, which is an international fund.

DANIEL GASPARETE, ITAÚ BBA:

Good morning. Thanks for the call. I have a follow-up to the previous question. I would like to understand what you think will happen in the 2H now. You have mentioned the impact of the dropping interest rate and how this could incentivize consumers. So what do you think would happen to the sales and launches and their speed now moving into 2024 as well in this scenario?

And the second question, looking at the increased price, because cost isn't going to drop, the price should go up. Could you estimate what Parque da Cidade is looking like? We have looked now that the sales have gone up recently and what's likely to happen in the future?

SILVIO ERNESTO ZARZUR:

Let me begin by saying we have 2,950, including the second tower of Lindenberg, Ibirapuera of property to sell. Our pipeline, I consider to be relatively strong up until at least the end of the year, but we are not going to see any major changes compared to what we saw last year. There's not going to be a huge amount of variance, but we do expect to see recovering sales. So it's a day-to-day exercise. Every week, we also run all the numbers. That's how we work.

Every week, we go back to work, and our forecast for this semester is 20% higher than the previous semester. So our sales target is 20% higher than last semester. And this could be realized, but it might not be. There are outside factors as well.

Our Company is highly exposed to macroeconomic scenarios. For instance, foreign exchange or interest rate variation could be felt here, but we do forecast 20% better results this semester. This may not be materialized.

Our PDC, it's so difficult to say, because we have sold a unit totally off the curve. We have sold at over 28,000 in the last PDC. It's difficult to give you a precise number, but our forecast is very good.

However, this is likely to happen in mass starting at the end of the year for a number of reasons positioning. For instance, we purchased a property where the old sales were held. And now we have a sales strategy. We have a macro strategy and a point-of-sale strategy. That's why we are launching the Carrefour residential tower.

When that is launched, and we see very strong advertisements for that tower, this is a tower with 35,000 square meters of private area. So this tower is right in front of PDC. So, selling those units with the decorated unit, this is going to give us great synergy. So, I believe our margins are going to be very high. I cannot give you a precise estimate in percentage points, but it's likely to be a good result.

Emilio is giving us some numbers. It was an absolute increase in prices, and that's after financial correction, over 100%.

PEDRO LOBATO, BRADESCO BBI:

Thanks for the question. I would like to go back to the topic of Fit Casa and those properties. Could you tell us what percentage of Fit Casa fell into those R\$ 2 billion in the properties that you have for that segment?

And also, let's explore the landbank. We see R\$ 1.8 billion in landbank, 22% of the total. Do we foresee a continued investment in those office buildings? Or is the type of project likely to change to residential or perhaps part of that landbank?

SILVIO ERNESTO ZARZUR:

I will start by answering the landbank question. The EZ Inc landbank is flexible. It can be used both for commercial and for residential units in full. This did not used to be the case. But with the new zoning law, we only had one property that was locked up in commercial, which is in the Guimarães unit. Now, with the change in the city's urban plan, this has now become flexible.

So for the next results, I will check with Emilio, but we converted a great deal. This has already been converted. We have already converted a great deal of our commercial landbank into residential, because we requested the category change during the Água Espriada operation from commercial to residential. A great deal also of the Roque Petroni property. And part in the Verbo Divino property. The others, we do not need to do that.

But we did formalize our filing to city hall. And we believe that city hall will authorize this request. It's a little bit difficult to explain, but we have the property's potential, which is permanent. So we are converting that additional potential from commercial into residential. But we do still have the property fund that can be used both for commercial and for

residential in the future. There may be something I am forgetting about, but practically all of it will become residential. This is what we see in the short-term, because the recovery is not likely to happen in the very short-term.

So we are going to launch a Fit Casa venture. I think in less than 45 days, we are launching a big one in Vila Prudente. Our Fit Casa pipeline is quite considerable. Our pipeline is approximately at R\$ 2 billion underway. And we are going to launch them.

We have a number of ventures to be launched, including Fit Casa. These are going to be launched hand-in-hand in the total pipeline. We have R\$ 11 billion in the pipeline, R\$ 2 billion for Fit Casa. And we are going to launch them more or less proportionately when Rio Bonito launches, it will bring something like 20% of the total. And we are moving in that direction.

We have some partnerships, 3 more ventures. We have a large number of ventures. I won't call them Fit Casa. It's My Home, My Life, Green and Yellow home, the government grant programs. These are being launched in partnerships. And we are going to bolster and invest in these partnerships for the low-income residential segment.

FANNY ORENG, SANTANDER:

Thank you. Good morning. Congratulations on these results. I have 2 questions. First, could you talk a little bit about the VGV Esther Towers venture? Could you explain to us what you believe the rental level is going to be like? What kind of cap rate do you foresee for that valuation? That's my first question.

And my second question is about the VGV for the next 2 years. We have a dropping interest rate scenario, and perhaps even more quickly than expected. So could you explain in a few words what you foresee for 2024 and 2025?

FLÁVIO ERNESTO ZARZUR:

I would like to highlight for the Esther Towers, we are going to hold that back a little bit. Because, as Silvio mentioned, we are going to wait for the recovery in the country's financials before we make more investment. This pricing will be done according to the market, as the market dictates. So at the time, we do not think that this pricing structure is ready yet, at least not so clear.

SILVIO ERNESTO ZARZUR:

I have a comment, I would like to make. If we look at when we sold EZ Tower, EZ Tower is right in front of Esther. It's a tower that is equivalent to Esther for its time. Today, it's the most modern tower in Brazil, as EZ Tower was during its launch. At the time, we rented EZ Tower for R\$ 90 per square meter. We rented it out for R\$ 90. So we cannot give a specific, precise number. But there is a price compression occurring.

So these numbers should be today around R\$ 27 million to R\$ 30 million at R\$ 30 per meter. But that's not what happened. Rent prices were much closer to R\$ 90 than to R\$ 160. And so the price is much closer to R\$ 22 than to those R\$ 27 or R\$ 28 that we had foreseen.

So what can happen is, just as way back then we had that boom for EZ Tower, we can also have a good market price today around R\$ 22. But we expect or forecast sales at between R\$ 25 and R\$ 30 with a recovering market. But this expectation may or may not be come to fruition.

What happened in the pandemic could become normalized. So this is why I am hesitant to give you a specific precise number. We may not follow the forecast. So when we see the relative drop in commercial buildings during the pandemic may not normalize yet. Of course, the logistics chain is becoming more and more normal.

So what we are confident about is that we are working within the scenario as best as we can. And also, please do not quote me on this, but we are going to approve something between R\$ 6 and R\$ 7 billion in PSV. We have a pipeline that's been approved for the next 2 years. So you would like to see numbers, right? R\$ 2.5 billion a year, this will be a good estimate. A little bit higher, perhaps, or lower. But it shouldn't deviate too much from that.

Emilio says we do not have an official guidance, yes. All of this that I am saying may not come to fruition. You know that in Brazil, we work on the base of uncertainty. Sometimes the political scenario changes. They may up and decide to change the President of the Central Bank, who will change interest rates. We do not know. And the scenario comes from outside. We may be subject to surprises, which could be positive or negative. So this is an expectation. But it's not a certain forecast yet.

And I would like to say that when we say approved, we mean approved by the municipal city halls to allow the projects to be available for launches.

EMÍLIO FUGAZZA:

There's one thing within what Silvio mentioned. This is what we believe will happen in the future, and we are very confident today about the scenario here in Brazil. And something else that's crucial is that there's something pushing us forward. It's our inventory levels.

FLÁVIO ERNESTO ZARZUR:

There's just one thing within what Silvio said, one thing that we think is very important for the future. Firstly, we are, at the moment, very confident in the scenario that is being presented here in Brazil. And something that is also important, something that drives us to launch more or less is the volume of our stock, which is also a driver.

TAINAN COSTA, UBS:

Thank you. Good morning. On our end here, we have 2 questions. One is about the margin, and the other is about Reserva JB. These recent projects, they are in the 42%, right? Can we consider that the margins are not going to be attested to by equivalency? But how can we raise that level past 40%, 42%?

And the construction savings in Reserva JB, could you explain how exactly you made those savings? Was it divided between the different steps in construction or a specific one? And how can we make savings in other projects too, not just that one?

SILVIO ERNESTO ZARZUR:

For our margin, I think it's about the timing for the building being launched. Things are more back to normal, the cadence, I mean. The Company is not as agile for us to solve a problem such as we saw in the pandemic. Things are only starting to come back to normal now. So yes, we can expect margins equivalent to what you saw for the Company's future launches. This is our forecast.

This may not be materialized. I do not know, if there are any legal issues there. But in addition, we expect increased margins coming through increased prices because the property price is a given. We have already bought and paid for the property. Then, we have construction prices which in the Company's opinion is remaining stable. And then, we have the sale price. Today, that margin comes out to those 40% and we expect to increase sale prices. So this forecast gives us an increased margin.

This may not occur and it may or may not occur. In fact, the scenario could be difficult. We could have excess of products and excess in consumer habits. We do not know, we cannot be certain, but we expect that margin to remain for other launches, and it will increase if the sale price remains stable.

EMÍLIO FUGAZZA:

Tainan, Those construction savings that you mentioned during Reserva JB, this is due to the fact that, from the point of view of construction that launched during the pandemic, for instance, the case of Reserva JB, this was launched right at the very end of 2019, in the early months of 2020, Those construction projects caught an increase in price. This increase in price started being normalized gradually, quarter-by-quarter. Each construction had a management that was different.

And in the case of Reserva JB, these results led to savings, although it was a small saving. This is a very large project with significant budget. However, this indicates for us that construction ventures that were quoted and developed during the beginning or the mid of the pandemic may have some recovery in store. This means that for us, the worst forecast is accounted for. That means that we have nowhere to go but up. And in my opinion, we are going to see some savings over 2024 and 2025. But the Reserve JB was the first one.

SILVIO ERNESTO ZARZUR:

Emilio mentioned that, and I want to add, we have a planning team that follows the development. And the higher price that we see, that has already been accounted for. What Emilio is saying is that, from now on, we believe there won't be any more rises in price. In fact, we expect the opposite. We expect price variance to point downward. We do not expect to see any more construction issues.

EMÍLIO FUGAZZA:

We expect to have construction underway with INCC.

GUSTAVO CAMBAUVA, BTG PACTUAL:

Good morning. I also have 2 questions about the landbank. First, could you please say a few words and explain whether you are looking at real estate again and thinking about purchasing real estate again at the time, or if you are planning on holding the cash flow, in a sense.

And about the city's direction plan, the urban plan, what do you think has changed in the urban guidance plan? And is there an opportunity there to negotiate real estate? Is it now easier to buy? Was there a property that was harder for you to purchase and is easier now that the urban plan has changed?

SILVIO ERNESTO ZARZUR:

Gustavo, thanks for your question. I can tell you we have a significant landbank. But we are launching ventures, so we are consuming landbank. I think that, the return to real estate purchasing is very gradual. Right now, we prefer to leave those funds in the Company's cash, because we have a significant volume of landbank. And there's a lot of landbank that you see that isn't really real around other competitors. Many of their landbank are just options and potential. Not ours. Ours is real landbank. They are all purchased and paid for. So yes, we are going to purchase landbank, but only when it's an opportunity that is strategic for us. This is what we always keep in mind.

So I think when we do our landbank repositioning, we may see those numbers go up a little bit. We may go up past 12. But we are not sure. That's in reassessment of the landbank. So we are going to make purchases when that is strategic for us. We have a very strong motivation to increase the Company's ROE. We really need to turn over our cash in levels that are higher and higher.

We are seeing numbers that are much higher than the CDI rate. So our ROE is what is most important for us. There are other strategies underway as well. So we are not going to be impulsive. So we are going to make real estate purchases gradually.

Looking at the urbanism direction plan, my head kind of spins when I see the amount of offers that we have. This makes me a little worried when we see the amount of real estate we are going to have with a significant a change in each property's potential now that we have the new direction plan.

Imagine a property where we could have bought 5,000 meters, we can now construct 8,000. This came at the cost of City Hall exercising many of its options. But I must say, we need to see how things develop before we make any decisions. It's like when pharmacies started opening. People thought it was ridiculous because there were pharmacies launching left and right. Well, the pharmacies created demand. And I think property is the same. When we start making these purchases, the demand may be realized, and so we may gain in the price.

ANDRÉ MAZINI, CITI BANK:

Good morning. Thanks for the teleconference. I have a question as well about the urbanism plan. I was listening to some other companies and they mentioned that it's often worthwhile for them to file requests from City Hall, and just wait for the new urbanism plan, which has been approved but also the soil use plan, because there may be significant new possibilities for other ventures. Is that worthwhile for any of your projects? Do you think there's a specific project that's right on the cusp of launching, but you have decided to hold back, perhaps?

And my second question is also about Fit Casa. Now, it seems the government is interested in buying property for Fit Casa, because in the past this was 10% of the landbank, but what is Fit Casa purchasing, what does that look like? And in the year 2024, how do you think Fit Casa is going to progress?

SILVIO ERNESTO ZARZUR:

André, as for resubmitting documents and projects, there are some, well, we are paying R\$13.25 in interest per year. But you have a company with turnaround. So it really depends on what position you are at. I cannot hold back projects for last year, because I would be creating a hole in the Company's finances for this year. So I need a frequency of launches to give us stability.

And we also need to maneuver within those elements you mentioned. There is some, though we do have a bit of a history of re-filing and reassigning projects. We have a few examples of that in our history. But this is not something that is systematic. This is not a strategy of ours, because I cannot leave my launch schedule pending. The Company has a number of other concerns.

And for your second question, I think we are turning over at a good pace. Our pipeline is very strong. And I would like to remind you of something. It's in our genes, we have the medium and high quality projects, high purchasing power projects in our genes. We have Bandeirantes, we have Extra, we have a number of ventures. We have the 1 at Roque Petroni, we have very upscale, very large in the mid-to-high and high standard ventures.

We also have some good ventures under Fit Casa. So we have been purchasing properties systematically to construct Fit Casa. So we are buying 3 to 4 properties per year. These are small investments, the real estate that is, but they give us a very significant return for Fit Casa or Minha Casa Minha Vida, 'My Home, My Life'.

MATHIAS VENOSA, CREDIT SUISSE:

Good morning, and thanks for the chance to ask my questions. I have 2 questions, in fact. The first is, I think this is a moment in the Company's timing where you have decided to slow down launches and focus on selling inventory. I would like to ask you now, moving forward. Is it possible or even likely to see a macro improvement in the real estate segment? And so what would need to happen for the Company to really flip the switch from purchasing property to really accelerating launches?

And my second question would be about partnerships, specifically with Lindenberg, which has been quite successful, especially in selling the Ibirapuera project in this quarter. In this timing, where does the Company position itself in this sector? Can we understand that you are now going to work in this sector through partnerships? Or are you likely to keep operating with partnerships, but also launch and operate projects individually without any partners?

SILVIO ERNESTO ZARZUR:

Mathias, truly, I think inventory is the product that we sell. Now, you cannot sell any product if you do not have inventory. So, this does not concern me because inventory is part of the Company's business. We sold R\$ 900 million in the 1H23 and we have R\$ 3 billion in inventory.

So honestly, I think inventory is natural. If I go to a pants store, when I want to buy a pair of pants, I want to go to a store that has lots of options in stores. So if you think you are going to buy a 4-room apartment, you buy a 3-room apartment. Or if you want to buy in a given neighborhood, at the last minute, you change your mind and buy an apartment in a different neighborhood. That's all possible because of inventory. So there is an organized structure within the Company's financials. Our net debt level, for instance, is another key financial.

So what we are thinking now for the time being is first we want to normalize construction. Then we are going to launch that store in Roque Petroni, that real estate sales store. We have another store in Ibirapuera. As we open these stores, we are improving the sales of our inventory. There's the PDC as well. This gives us more confidence in our selling.

So we have these points of sale, let's call them. We also need to have construction controls. This means we can accelerate launches, and we are doing this now. We should be able to. This goes back to that question that was asked. And we have a general plan to sell our inventory over the next few months.

As for high income, this also holds for low income. We are going to do business on our own, both in very high income and in low income in a consistent manner. But this is not the Company's focus. We are going to do business consistently, but that partnerships are not the Company's focus.

And, as Lindenberg said, we have a partnership with Lindenberg, but that's not the Company's focus. Our focus is on the major ventures where we trade very efficiently. So we have Bandeirantes, we have Extra, Carrefour. Roque Petroni, these very large ventures where we can trade and do business with a good margin.

I would like to remind you that, when you saw the volume of each segment in our balance sheet, they may be well distributed, so we can be well positioned in low, medium, and high income, but for high income and low income, parts of those are going to be operated by third-parties. So we are likely to have a good distribution between those 3 segments. But the Company is more strongly focused on medium income. We are doing business on our own, but we also find partners when that is strategic.

PEDRO TADEU LOURENÇO:

Gentlemen, if there are no further questions, we are also over time for this presentation. So I would like to pass the floor on to our directors to proceed with their final remarks.

FLÁVIO ERNESTO ZARZUR:

I just would like to mention that yesterday we had a board meeting. We are all strongly aligned and I think one thing that became very clear, I usually like to make things very clear. Basically, we are building strategic plans to consume our property, our landbank, much more quickly than purchasing others. Remember that, a great deal of these properties used to be commercial and now is going to be residential. This is a strategy of ours.

And as for acquiring Fit Casa, low-income properties, this also requires less capital. And at the same time, this is a segment that is strongly supported by the government's public policies. So I think we can definitely surf that wave. So for me, I think this becomes very clear and we are all strongly aligned.

SILVIO ERNESTO ZARZUR:

I would like to make the following comment. We have been seeking liquidity in our sales. I think that's very crucial for us to say. When we come in with a store model, the fixed store model, the strategy has been panning out. It's been the correct strategy. We need a number of points of sale around the city to be able to sell property and we have been successfully running these stores.

The truth is, we want to sell our properties more quickly. It's not that we do not want to buy property we just need to turn them around quickly. We need ROI, return on investment. So as we start selling properties more quickly, we will go back to purchasing properties more quickly as well. I think that's the key takeaway.

Our scenario is quite positive. We are very optimistic about the future. The Company is very well positioned. We are improving our cost controls as well. Our board is very active. They are helping us significantly. This makes us very comfortable. The execution and implementation have been set by the Company's board. It is also really giving us good results.

So, please feel free to ask more questions. We have Pedro. We have Emilio, Flavio and me. And so I would like to thank everyone.

PEDRO TADEU LOURENÇO:

Thank you, gentlemen. Well, EZTEC's earnings conference call is now over. We would like to inform you that we are developing new instruments and reviewing the layouts of our material with the aim of bringing more transparency, accurate information, and engagement of our readers regarding the Company's businesses and strategies. So be sure to check out the materials on our Investor Relations website, ri.eztec.com.br.

Thank you all for being here. We wish you all a great day and have a great weekend.

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