1Q24 CONFERENCE CALL

PEDRO LOURENÇO:

Good morning, ladies and gentlemen. Welcome to Eztec's first quarter 2024 results conference call. I am Pedro Lourenço, responsible for the Investor Relations Department of the company, and joining us for this presentation are Mr. Silvio Ernesto Zarzur, counselor, CEO of the company and corporation, Mr. Marcelo Ernesto Zarzur, company director, vice president of the company, and Emílio Fugazza, CFO and Investor Relations Director of the company. Please note that 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 where further instructions will be provided. Should any attendees require assistance during the conference, please request support via the chat.

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Before we begin, we would like to mention that any statements made during this conference call regarding EZTEC's business outlook, such as projections, operational and financial goals, constitute the beliefs and assumptions of the Company's management, as well as currently available information. Future considerations are not performance guarantees. They involve risks, uncertainties, and assumptions as they relate 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 operational factors may affect EZTEC's future performance and may lead to results that materially differ from those expressed in such considerations.

Now, I would like to hand over to Mr. Emílio Fugazza, CFO and IR Director, to start the presentation.

Please, Mr. Emilio, you may proceed.

EMÍLIO FUGAZZA:

Pedro, thank you. Good morning, everyone. It's an honor to be here presenting EZTEC's first quarter 2024 results. I appreciate the presence of the Vice President of the Board, Samir Tayar, our President and Development Director, Silvio Ernesto Zarzur, and our Vice President, Marcelo Ernesto Zarzur, for joining us for this conference call. Let's talk about our launches, launches that began with R$ 458 million in the first quarter of 2024, but we've also had launches in the second quarter, which we'll discuss shortly. The launches in the first quarter were the first two phases of 5 more to come, the Mooca Città development in the Mooca region of São Paulo, a very traditional neighborhood, with a PSV of R$175 million for EZTEC's share, where we already have 25% sold.

We also launched the Lindenberg Vista Brooklin, an absolutely spectacular plot of land, in the most prestigious position in the Brooklin neighborhood, a traditional high-income neighborhood in the city of São Paulo. The partnership here is with the Adolpho Lindenberg construction company. It has a PSV of R$243 million, with approximately 20% of this development already sold. In the second quarter, we've already launched the Villares Parada Inglesa, a company-owned plot of land with a 75% stake, a development that marks EZTEC's return to the North Zone very close, but very close indeed, to the Parada Inglesa metro station, which has already ensured the development's absolutely spectacular success, with approximately 68% sold to date at prices suitable for the region and providing a very suitable margin level for the company.

And our next sales opening will feature the Brooklin Studios by Lindenberg, a development adjacent to Lindenberg Vista Brooklin, which, in EZTEC's share, accounts for nearly R$51 million in PSV. It's a project with 210 units in the Smart-Living standard, meaning the studios we'll be launching there in the neighborhood. With these launches and the company's inventory, we've had a very significant operational sales performance. I'd like to remind you that, in terms of net sales, we've had more net sales than in the third and fourth quarters of last year, with approximately R$303 million, out of gross sales of R$333 million. It's worth noting here, quite significantly, that this quarter had the lowest volume of cancellations the company has experienced in many quarters. That's very important, very relevant. And I want to remind you that we're in a situation where, looking back over the years, the company's launches have a sales percentage for each year that already exceeds, on average, 70% of each year's launch by the company.

Speaking briefly about deliveries, also on the operational aspect, we have a development that is being delivered in two parts by the company. The first part was in the first quarter of 2024, and the second part has already received its occupancy permit. In the second quarter of 2024, it's the Fit Casa José Bonifácio development, part of the Fit Casa line (minha casa minha vida), with approximately 80% sold. This is a year with fewer deliveries, less volume compared to 2023. It's a year where we would have approximately R$774 million in PSV deliveries, with approximately 76% of everything we're going to deliver already sold. It's important to highlight that this is a smoother year where we would close with deliveries without a significant build-up of inventory for our company.

Speaking of inventory, I'll move on to the next slide, which shows that, at the end of the first quarter of 2024, given the launches, sales, and cancellations, we have approximately R$3 billion in inventory, with about R$700 million of this inventory being performed and residential, meaning completed residential properties, and the rest needing to be commercialized. So, the total ready-to-sell inventory for the company is approximately R$800 million, with of this R$800 million, meaning we're talking about approximately just over 25% of the total inventory volume, not being inventory, but inventory that has been very well realized in places like Guarulhos, for example, yielding a very relevant and important margin for the company's performance. I'm talking about something much closer to 50%, and all the inventory in the south zone. It's now, from the first quarter, second quarter onwards, that it will be released for commercial use, for the development area, to run their campaigns and start their sales movements and projects, such as Air Brooklin or Parque da Cidade, which were delivered at the end of last year.

Moving on to the Landbank, the company's Landbank closes, in terms of land volume, with effectively purchased PSV of around R$9.1 billion, and we still have, subject to conditions precedent needing to be overcome, or even by the company's choice, something like an additional R$4.7 billion to be ratified by the company in the next quarter, which could total up to R$13.8 billion in land for EZTEC.

Now, I conclude the discussion of the company's operational and financial indicators.

When we look at the financials, we start directly with Net Revenue at the top and to the left, where we observe a revenue of 239 million. I want to remind you that, obviously, a significant portion of the revenue is coming from our consolidated financials, but an increasingly growing portion is also coming through equity income, which we will discuss shortly.

However, regarding what needs to be consolidated, there were no non-recurring events in the company in the first quarter, no recognition of new developments. We will have recognition in this quarter, and therefore, the result is based solely on sales and construction execution we carried out during the quarter, with no surprises, no differences that can be characterized as non-recurring effects.

In the upper right graph, Gross Profit and Gross Margin, here's some good news: step by step, we're gradually recovering margin. We had another nearly one percentage point growth in margin, to 34% gross margin, resulting in a gross profit for the company of R$82 million.

In equity income, in the lower left graph, we observe a very small effect of equity income, because we delivered some projects in the fourth quarter and did not recognize anything new in the first quarter. Obviously, we expect more projects to be recognized throughout the year. It's a natural trend for the company to have an increase, an increment in income, and equity income results to occur.

In terms of commercial and administrative expenses, we also have significant, important news: the maintenance of the former G&A expense compared to the first quarter of 2023. That is, quarter over quarter, we maintained around R$56 million in expenses.

This represents an economy of nearly R$11 million compared to what we observed in the fourth quarter of 2023, also allowing us to increase the expected net profit volume for the first quarter.

Regarding the result to be recognized, I have a slightly different graph than what we are accustomed to seeing, produced by Pedro. This graph demonstrates two important things here. Looking at the graphs at the bottom and to the left, I have consolidated results to be recognized, what appears in the company's consolidated financial statements. The good news here is the increase in margin. Notice that since the first quarter of 2023, we have seen a consistent growth in the gross margin to be recognized, from 36% in the first quarter of 2023 to 39% in the first quarter of 2024.

Here we have some good news on the right-hand side graph too. We have a demonstration of two important things. First, in the equity income projects, and here I want to make it clear that a significant portion of equity income is limited by the company itself, meaning they are projects where we have partnerships, where we have shared control of these projects, but often, the construction is carried out by EZTEC itself, and sometimes the management of the project is also handled by EZTEC. There are some cases like this, some cases with construction or management carried out, for example, by the Adolpho Lindenberg construction company, from our EZCAL partnership. Observe here that I have two important points. The growth in margin to be recognized from 1Q23 of 37% to 1Q24 at 44%. This is the first good news, a 7 percentage point growth in the margin. The second is the growth in the volume of recognized results, which leads us to demonstrate the upper graph, which is combined from the consolidated plus the equity income. So, our results to be recognized have indeed increased compared to the first quarter of last year, from 528 to 549, and we have the combined margin growing from 36% to 40%. So, this is also a way to show that little by little, in very specific indicators of the company, we have seen improvement happening, and improvements that could also represent better results.

On the last slide, we have financial results, financial indicators. At the top left, we have the company's financial result. The financial result has seen significant improvement compared to 4Q23, not only due to the issue of the IGP or IPCA themselves, which impact the result in our direct receivable portfolio, but it's a combination, it's what you observe in this graph, like the graph on the right, which is the fiduciary alienation graph. We ended the quarter with a portfolio of R$410 million. But this portfolio doesn't fully tell the story we're experiencing in relation to fiduciary alienations. Many of them, which are, I would say to you, a significant number, representing at least a little over 10%, perhaps 10% to 15% of the portfolio volume I observe, are still classified as social alienation due to a purely procedural issue. They are in the registry, they are being processed, they are awaiting client signature, but clients are already paying their installments with interest and correction linked to fiduciary alienation, which has resulted in an effect of recognition in this first quarter of interest and monetary correction from our portfolio, already in the 1Q24 result.

Finally, in terms of financial indicators, net profit ends the quarter at R$57 million. It's important to mention, without any non-recurring effects, with a margin of 24%, we've already started with an improvement in both gross and net margins compared to 1Q23.

Our net debt did not grow compared to the last quarter, the fourth quarter of 2024, we had a small generation. This generation was also used for dividend payments, as we have been doing every quarter. So, our net debt remained very similar to the fourth quarter, a difference of no more than R$10 million compared to the fourth quarter of 2023.

On the slide of our capital structure, with significant preparations, it's important to mention the share value, the equity value per share at R$21.53 compared to our share value today, of approximately R$13.80 ~ R$13.60. In terms of asset distribution, it's important to mention the growth of non-performing receivables, which means that we have a decrease, obviously, compared to 1Q23. So, this is why we are seeing a recognition of work, a recognition of work execution that is bringing more receivables to our portfolio, for accounting recognition in our portfolio.

The landbank, some growth compared to the landbank, some small acquisitions very linked to EZCAL or very linked to payments of grants or CEPACS that occurred over the months. And, logically, our ready-to-sell inventory, as we delivered a significant amount of developments throughout 2023, were R$1.8 billion in ready-to-sell inventory of these units, now it appears approximately R$416 million, which corresponds to the total ready-to-sell inventory mentioned in the previous slides for you. Which was approximately R$800 million.

That said, to conclude and pass the word to our president, remembering that our Board of Directors also maintains its approval of quarterly dividend payments, this time it will be R$13.5 million, approximately R$0.06 per share, which will be paid on May 31, 2024. Already reflecting the distribution of 25% of the first quarter of 2024 results. With all that said, I now pass the floor to our President and Development Director, Silvio Ernesto Zarzur, for his remarks.

SILVIO ZARZUR:

I would like to say good morning to everyone, thank you for joining us. I wanted to express EZTEC's condolences for the passing of Dr. Adolpho Lindenberg. I think he was a significant figure in the Brazilian real estate development market, a friend of ours, an important partner, someone we value. So, we express our condolences for his passing. That said, I think we can start with the questions, it's better. And then we can come back and give an overall summary of the company's operations.

PEDRO LOURENÇO:

So, our first question, just to guide everyone, we will now enter the question and answer session. For those who wish to speak, we ask that you use the Raise Hand functionality. And as time permits, we will also address questions that come in via chat. If it is not possible to respond within our expected time, we believe it's best to forward the question with your email contact to our IR contact available on our website. This way, our entire investor relations department will be able to assist.

PEDRO LOBATO, BBI:

Good morning, everyone. Thank you for the presentation. Our first question is to understand a little more about the commercial strategy, specifically regarding the ready-to-sell inventory. In the management commentary, you mentioned that towards the end of the quarter, you began to offer some discounts. I would like to understand more about the level of discounts you are applying and how this aligns with the margin, looking ahead, whether this poses a risk or if the rest can adjust and you can maintain this improved margin in the quarter? And the second question is more about the pipeline for the year. You mentioned there was a middle-income launch in 2Q24, but in the second half, what's the plan? Thinking about the mix of launches between low, middle, and high income.

SILVIO ZARZUR:

We are offering discounts across the board, a bit more for ready-to-sell properties and a bit less for properties under construction. We have loosened credit slightly. Our delinquency rate is very low. The real estate law, the way the law deals with contract rescission, provides us with security to do this. And you see, we had a very strong launch this month, right? It sold in a very significant way. Typically, when you make a launch of this magnitude, it halts the sales of other products, which didn't exactly happen this time. We sold in April, I'm still speaking in a managerial capacity. Managerial, this has a drop, it's not a number to take seriously. It's not a precise number of 190 million. There was a launch of 124 million, 41 million in construction, and 28 million in ready-to-sell properties. So, if you think... Normally, when we make a launch of a certain magnitude, the sales of other products suffer much more than they did. So, we understand that these credit and small discount policies we adopted worked quite well and we had good results. If we look at the 190 million this month, it's practically the sum of the first two months we had in the year. January and

February together amounted to 190 million. So, I think it has improved. Of course, the launch had a significant impact, but it slightly improved our sales expectations.
That said, we have a bit of everything coming up for the rest of the year. We have high-income properties, we have the relaunch of Lindenberg Ibirapuera, we have the Carrefour launch. Which is also with Lindenberg, initially. We already opened sales for NR Villares, Emílio, which I think this time we had included within Villares itself, but we opened sales for it on Wednesday along with Villares and Lindenberg NR, both. Well, that's it. We expect that we will be able to perform better with this commercial and credit aggressiveness that we are seeing.

JUAN, XP INVESTIMENTOS:

Hi, everyone. Thank you for the presentation and for the questions. There are two topics I'd like to address here, okay? The first is a bit about the dynamics of the financial results, alright? I think you already explained in the presentation there that this quarter has a little benefit between this gap of delivery and transfers, and we had a very relevant delivery volume in the last quarter, right? But my point is more to understand how the pace of transfer of these recent deliveries you made is going, and if we should expect a positive effect on portfolio remuneration even with this more pressured IGPDI? And the second question is more to get a bit of your view on cash generation. This quarter already had a positive effect from the deliveries of 4Q23, but I wanted to understand how you are seeing the scenario for the year, okay? I think those are these two points.

EMILIO FUGAZZA:

Thank you. Good morning, thank you for the questions. Let's start with the first one, regarding the portfolio, the pace of transfer. First, it's important to mention that the banks, in a way, the banks I mentioned to you, the commercial banks, the largest ones, Itaú, Santander, Bradesco, and essentially Caixa Econômica Federal, have not had substantial changes in rates in the last three months. So, we're talking that, approximately, I would say the vast majority are working with double-digit rates, ranging from 10% to 11%, and therefore, the client ends up taking a little longer to make their choice. This means that the client ends up taking two to three months, the banks haven't had any problems in terms of making the transfer. I would say that, with emphasis on Itaú, without a doubt, we're talking that processes nowadays take less than 30 days to happen. However, the client takes longer to make that decision, they need a higher approval for credit approval. That's where our direct receivable portfolio becomes a quite important alternative for this client. And that's why we're seeing, little by little, in these deliveries, an increase in our portfolio. I believe we have an indicator based on 7% to 14%, as an average of what we could expect from fiduciary alienation action for each delivery of the projects we have. So, for now, the deliveries that have already been made, the deliveries that generate the fiduciary alienation have already been made, the next ones will only happen in the second half of this year. So, we won't see, until the second semester, a greater growth than what we're already experiencing, which is a little higher than what we've shown you so far.
It's important to mention that when we have a direct receivable portfolio, it requires that I pay off the financing of that client's installment, that termination of payment of that unit's financing that unit carries. So, when I make a fiduciary alienation, I also pay the bank the installment of that financing referring to that unit. So, at that moment, I don't exactly have a cash generation. However, we don't have anything additional compared to what we're experiencing in the first quarter, so we'll have some kind of cash consumption based.
We're in full swing in executing very large works like Unique Green, Arkadio, for example, Dream View Vila Prudente, these are works that consume a lot of real estate financing, so the year 2024 is not a year of expectation of generation, we may even have more gross cash, but not necessarily net cash, because the net cash is built through the taking of the real estate financing list by the company.

SILVIO ZARZUR:

I wanted to remind you that there will be a significant disbursement, which is linked to the likely acquisition of the Extra land. This is a considerable disbursement that is expected to impact our cash flow in the second half of the year. It's an important matter, but it's an exceptional piece of land and a very profitable business that we really want to pursue.

LUMA PAIAS, UBS:

Good morning, everyone. Thank you for the opportunity to ask a question. My question here is about payroll tax relief, which has been widely discussed lately. We would like to understand your perspective on the matter and if you have any estimates of the impacts of the measure, considering that this contribution would increase.

My other question is about tax reform. We also know that this is a very uncertain issue, with some pending issues still to be resolved, but could you share with us your current understanding? What could be the potential impacts? Any ballpark figures would be greatly appreciated, and how could this be passed on throughout the entire chain. These are our two points of inquiry. Thank you.

EMÍLIO FUGAZZA:

Luma, thank you for the questions. Truly, Luma, these are extremely delicate matters, right? I'll start with the issue of payroll tax relief. Well, Luma, obviously EZTEC, in the structure it's set up, does not benefit from payroll tax relief or remuneration. However, obviously, as I'll explain to you, many of our contractors do benefit from it, as do some of the company's projects themselves, which are users of payroll tax relief. It has proven to be extremely relevant in offsetting or counterbalancing the increased construction costs throughout the entire period of the pandemic. This is a matter that concerns us a lot, and it's an immediate concern. But it's a matter that doesn't have an immediate formal solution to return to what we used to do. What this means immediately is that we will have an increase in construction costs, and it will take some time to be reflected in the National Construction Cost Index (INCC). So, there are two things that concern us here. Not only the remuneration aspect but also the issue of the time it takes for the INCC to capture this, which can be detrimental to all of us. This is related to the INCC and affects our entire sector.

Regarding tax reform, I would like to address it as follows: ABRAINC and SECOVI are two entities that work in parallel, independently, and have achieved quite surprising victories, especially in sensitizing our politicians who determine what will happen regarding a tax reform that is so complex and will only truly be fully implemented in 2033. We were quite concerned and shocked by how this was brought to Congress. It's not what we expected to happen, but it means it's a first step. ABRAINC is there to sensitize politicians and also the Ministry of Finance and Economy about the size of the impact this will have on our entire chain, especially considering the number of jobs we generate and how important this is for both direct and indirect job creation.

For now, it's not a subject we can fully discuss. We've seen the calculations, just like you, and what I can tell you is that it worries us a lot.

GUSTAVO CAMBAUVA, BTG PACTUAL:

Good morning, everyone. I wanted to ask two questions. The first one is to confirm a little bit, Silvio mentioned about the Extra land, just to confirm if the decision to buy the land has indeed been made? If I'm not mistaken, you had a deadline, I thought it was until next month to decide, but from what I understood, just to confirm, so is the decision already made to buy? And if you have already signed the contract? Anyway, how is that going?

And the second question I wanted to ask was going back to the topic of launches. First, could you talk a little about the profile of launches you are expecting for this year? You did the Mooca project and the one in Parada Inglesa with a more middle-income profile, and I would like to know if you think this audience already has room for more launches aimed at the middle-income segment. Last year was more in the high standard. So I wanted to understand a little about this balance between segments for this year and if you can give an estimate of the expected PSV volume for this year.

SILVIO ZARZUR:

Gustavo, regarding the Extra land, we had the deadline until next month to buy it, but we signed an addendum extending the deadline. So, we have until September, and we are very committed to buying and moving in that direction. But we still have until September to meet these conditions, and we firmly believe that this will happen within that time frame, and we will make this acquisition.

As for the upcoming launches, it's more or less what we have ahead of us, not exactly what we want, but what we have in store. We have a project for investment in Pinheiros, next to Pinheiros. I believe a lot in this venture; it's where the old Don Curro restaurant was located, and I think it will sell very well. We have a launch on Agami Avenue, high-end apartments, here on a corner, a block from Republica do Líbano, which I also believe will sell very well. We have the Carrefour there, in Alto das Nações, a spectacular building, something different, that we are also prepared to have good sales results, we believe a lot. We have a launch, together with Direcional, of medium standard, it's that medium between medium and low standard, there in Osasco, a large venture, which we understand will have a very good sales velocity. We should have something that we are signing up for, to make a joint launch also in the Minha Casa Minha Vida program. And there must be one or two ventures that we enter into during the year to complement the launch mix.

I can't speak to volume, but the volume is considerable and much larger than last year. That's very clear. This expectation is what I mentioned. Now, reading carefully, it's quite varied. We have everything from buildings of 25,000 square meters to Minha Casa Minha Vida buildings. So, we have everything.

And I wanted to say something. I'm going to focus a lot, I'm focusing very strongly on selling the ready inventory. So, the ready inventory, which has a higher discount, which has greater credit flexibility, where we use our fiduciary alienation, I'm very focused on making this sale and reducing this ready inventory in a, let's say, impactful way. So, we will work a lot on the launch, the inventory under construction, everything, but we will focus a lot on the ready inventory, where we have the highest margin, where we have the largest value reserve, where we have the fiduciary alienation tool, our facilitated credit approval, and where we give discounts, the money comes in for real. When you sell property at launch, the buyer comes towards the end. When you sell under construction, they make a down payment and pay gradually. When you sell ready property, they either complete a fiduciary alienation or you receive payment for the property through financing. So, I think this ready property, we are going to focus very heavily on it, and I'm sure we will be able to achieve a good volume of ready property sales this year.

ANTONIO CASTRUCCI, SANTANDER:

Hi, how are you? Thank you for addressing my question. Actually, there are two questions. The first is about the reported margin of the projects on an equivalence basis. I imagine there's a seasonal effect, but if you could explain a little more about the main reasons for the margin decrease this quarter, and it had also dropped in the previous quarter. When can we expect to see the margin of projects on an equivalence basis getting closer to what you have reported in the REF?

And the other question here is about the 2024 projects; you recognized a margin of 38% in this quarter for the projects launched this year. I wanted to understand if we can expect this level of margin for the other launches of the year or if it will also be a mix with more varied margins?

EMILIO FUGAZZA:

Hi, Antônio. Thank you for the question. Regarding the margin from equity accounting, you noticed that indeed the margin is a good margin from the equity perspective, compared to the Consolidated margin, but this quarter it experienced a decrease. If you notice that the margin had a decrease itself, it's also because the volume of net profit from equity had decreased; we had a lower volume of net profit by equity. And what happens is the following: when

I look at equity, firstly, I already had deliveries in the third and fourth quarters that have some important impact on this equity, meaning there are few projects in recognition and any movement in these projects gives me some kind of, let's say, more aggressive effect. The most aggressive effect today comes from the fact that we have, in execution, two Minha Casa Minha Vida projects. These are two Minha Casa Minha Vida projects with lower margins, they are done by our partner, and we have some effect of contract termination there and also some cost effect on these projects. So, this is the factor why the margin was a little more affected in equity accounting this quarter. On the other hand, what you will start to see in the coming quarters, we have a few developments starting construction and progressing throughout the year. Such as, for example, the Lindenberg Alto de Pinheiros, a well-sold development with a better margin, the Jota, another development with Adolpho Lindenberg, happening, and we will have an important recognition there, which is the recognition of Lindenberg Vista Brooklin. So, we need to observe the REF margin over time, equalizing the margin that you have seen today, closer to 40%, in equity accounting, considering developments like Signature, developments like Park Avenue, and maintaining the margin in a very stable and high manner. Regarding the second question, Pedro... Antônio, could you repeat the second question?

ANTONIO CASTRUCCI,SANTANDER:

Hi, I was unlocking the audio here. You recognized a gross margin of 38% for the projects launched this year in this quarter. I wanted to understand if this level of margin is something we can expect for the next launches this year, or if it will also be a more varied margin due to the mix, which also from what you commented, ranges from low-income to high-income projects.

SILVIO ZARZUR:

Look, it's like this, it's varied, but I think the margin in the overall composition won't change much. In the end, it's more or less that. And just to remind you, Emílio mentioned the buildings, we will also recognize Milano and Firenze, right? Now comes the second quarter, with a slightly lower margin. Again, we have some projects with higher margins, some with lower margins, you mix them and it ends up being more or less what we have. Some quarters will be a little lower, some a little higher, but that's the company's standard, and by mixing everything, we get a margin for that part we work with.

ANDRÉ DIBE, ITAÚ:

Good morning, everyone. Thank you for the presentation and for allowing questions. I have two questions. First, I'd like to follow up on the first response, just to understand a bit more in detail. When you mention the flexibility of credit, is this only in direct sales transactions, or have you also been able to negotiate this with banks? I'd like to understand a bit more about what these flexibilities entail.

And the second question is for an update on Esther Towers. If we could get a bit of insight from you on how the dynamics are in the area, whether you've noticed an improvement in demand. We've seen some leases happening in the area this quarter; have you also felt this improvement? And if there are any updates regarding negotiations?

SILVIO ZARZUR:

Of course, we can't make the bank more flexible. We sell our fiduciary financing, and when the client signs the contract with us, they commit to our financing. Eventually, they'll seek bank financing. You know how it is. Brazilians have informal income sources. In the clientele we work with, they might receive money from their parents, do side jobs, or earn extra income. So, in terms of decision-making, it's quite a journey. I want to emphasize that adding a bit of risk to the business with this law on rescissions is positive. Let me illustrate. If we increase our rescissions by, let's say, 10%, 20%, 30%, I don't know, if we increase our sales by a percentage like that, our sales will have a significant advantage. So, the goal is to get the client in, they start paying, they sort out their credit, and then they go to the bank. Or if they can't get bank financing immediately, they stay with us temporarily under the fiduciary agreement, and later, they go to the bank. That's the path we've been taking for 44 years, and we're continuing to do so. We're confident it will work very well, and it drives sales considerably.

Another thing is that we've been monitoring the commercial real estate market, and it has been improving, albeit slowly. So, speaking at this moment, we're on the path to finding a destination for the building, but I would say this process is medium-term. We've been doing some strategic exercises that might lead to a better outcome for our building, but I don't want to disclose that yet. We're still working on it, but it might take a little while. In terms of expectations, it's a medium-term outlook for the building.

I think I've talked quite a bit today, maybe even more than I should have. The market isn't easy; it's average, but we'll be very aggressive. When I say we'll be aggressive in sales, I mean it. We want to increase our sales volume, and we're working hard for the Company to improve in all areas.

The point is, we're not satisfied with last year's results, and we're trying to improve for this year. That's it. We're very committed to this.

I have to say, we're not satisfied with the company's performance. The company hasn't achieved the level of profitability and return on equity we'd like. We're working hard to change that. So, we're implementing a series of strategic changes; we're undergoing significant modernization in the company. The board, management, and superintendence are under a lot of pressure, and we're making moves that I believe will start yielding results from now on. Several strategic initiatives, like these partnerships, have been adopted, and we have more coming. We've been making a significant effort to increase sales volume. I think our main goal here is to increase sales volume and improve turnover. We're very committed to doing that, and I'm confident we'll succeed. We also have to mention that we have a quite conservative cash management approach. Our cash is well taken care of. We're currently receiving a signal about the extension of our debenture. Well, we're quite confident that, in the medium term, we'll be able to improve and bring our results to the level of return on capital we desire. We don't just look at that net margin; that's just a number. We want to significantly improve return on capital.

MARCELO ZARZUR:

I just wanted to add to what Silvio said. Like he mentioned, we're not satisfied with the current results of the company. That's why for over a year, the entire team, every department, and all the changes in management have been working to correct and return to our normal course. Much of this work has already been done, and I think now we're reaching a point where with a few more minor adjustments, we'll get there and start reaping the rewards going forward, for sure. In the upcoming results, I believe we'll return to normalcy over time, as Silvio said. It won't be immediate, but in the medium term, we'll return to our previous results.

PEDRO LOURENÇO:

Thank you very much, directors. And thank you to everyone who joined the conference call. The Eztec earnings conference call is now concluded. Be sure to check out the other materials available on our website at eztec.com.br. We appreciate everyone's participation and wish you all a great day and a wonderful weekend.