

3Q23 CONFERENCE CALL

PEDRO TADEU LOURENÇO:

Welcome to EZTec 3Q23 earnings conference call.

I am Pedro Lourenco, Head of the Investor Relations Department, and we have today Mr. Silvio Ernesto Zarzur, Advisor and CEO; Flavio Ernesto Zarzur, Vice-President and Chairman of the Board of Directors; Marcos Zarzur, Member of the Administration Board; Marcelo Zarzur, Vice-President of the Company; and Emilio Fugazza, Financial and Investor Relations Director.

This video is being recorded and all participants will be in listen-only mode during the Company's presentation. We will then begin the questions and answer session, when further instructions will be provided. If anybody requires assistance during the conference, please request help via chat. In case of connection failure, reuse the same link of ID available on the ir.eztec.com.br to return to the presentation.

You can find the presentation slides on our website in the download tab. The information is available in Brazilian currency in BR GAAP and IFRS applicable to real estate development entities in Brazil. Otherwise it will be indicated.

Before beginning we would like to make sure that any statements during this conference call regarding EZTec's business prospects, such as projections, operational financial goals constitute benefits and assumptions of the Company's management as well as currently available information. Future considerations 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 may affect EZTec's future performance and may lead to results that differ materially from those expressed in such considerations.

Now I would like to give the floor to Mr. Emilio Fugazza, who will begin the presentation. Please go on.

EMÍLIO FUGAZZA:

Thank you, Pedro. It's a pleasure to be with all of you here in this earnings conference call 3Q23.

I begin with consolidations on slide 2. Right now, we had the launches of the third job with our partnership of EZCAL, our joint venture with the consultant, a PSV of R\$85 million EZTec's share. 23% has been finished, has been sold, and we consider a little bit more sales, we will cover the cost of construction of this job.

In the 3Q, we reached R\$387 million in launches, where participation of joint ventures with the constructors is significant, something close to 40% in the total launch in the year. And our operational performance, we have our sales performance in the year, we reached R\$1.245 billion in gross sales, a quarter of R\$344 million. And the performance of the Company was due to sales of jobs in progression.

And I want to recall you that cancellations are 130 during 2023, R\$75 million from the 3Q on, with a volume of delivery that we had that was very good during this year.

Now we go straight to slide 3, where you can see, on the left side, the delivery of our international construction job. The last phase has been already sold. This is to My Home, My Life. And we should have R\$1.8 million, 84% sold in this 4Q, about R\$1.3 billion, and all the jobs here have been authorized. The documents have been issued or will be soon issued.

And it's important to mention that it had impact in the city. It's an important construction job. It's an icon for the city of São Paulo and also for the Company. We have the documents issued and we are delivering the units and we have had very positive feedback from all the clients that are receiving their units, and they are quite satisfied.

And now talking about inventory, it's worth mentioning here that we are finishing the 3Q23 with R\$2.5 billion in the inventory, a decrease as compared to the beginning of 2022.

And then we will talk about our land bank. Our land bank did not very much during this quarter, the 3Q23. However, there was an important change in this land bank, which is the conversion for projects, change to residential projects, important projects. And this is why we reached almost R\$9 billion in PSVs, and we may reach R\$12 billion.

And operationally speaking, launches. We are selling already a project in Vila Prudente with our brand, one of our brands, and we have 2 towers where we have finished the first phase, a project that has a contract signed with Caixa Econômica Federal, and it contemplates R\$153 million in the PSV of the Company with 653 units. And this project will be officially launched in the coming weeks.

For our not so far future, we have other launches in the forecasts, among them, Lindenberg, Brooklin that is our fourth job with the joint venture with Lindenberg, Lindenberg builder and the direct and indirect share of the Company is 75% with a PSV of about R\$300 million and excellent site in Brooklin with amazing view, and we have a good acceptance by the clients. And we will start launching construction jobs on a plot which is quite significant that we have in Mooca. And we have 50% share.

We are talking about Mooca Città. Mooca Città will have about 9 phases where 3 of them will be launched within the coming months. And for you to understand what it is, more than R\$10 billion is the participation 50%.

And we have been quite successful with Eredita. At that time Mooca was launched and has been delivered this year already. We are delivering this unit. It has been authorized, legally speaking, and it's sold almost 100% and with excellent feedback from our clients.

From the stance of financial indicators, net revenue above 80%. Our net revenue reached R\$252 million in this quarter aligned with what we have reported throughout the other quarters of this year. Most significant is the job constructions and what we have seen in the units that have been sold.

On the right side, upper part, our gross profit and margin. The margin reached 32%. It's not what we want, but it's an important recovery as compared to 4Q22 where we went from 25% to 32% and we maintain an important expectation regarding 2 topics that we have in our balance.

The first one is regarding the backlog result. The cost of all the units, you can see through the backlog results that this quarter, it's about 38% and only the issue of the loans that we have been using for our jobs is a little bit less than 2 p.p.. The margin will be better in the next semesters, around 36%. We have this expectation because we are delivering a very large share of jobs in 2023, leaving behind the ones that were developed during COVID pandemic.

And also, this talk of ready units, around 70% of the total we have, and this is quite significant. The margin is quite significant, more than 40%, this margin of these units. Many have been sold. It will help us to increase the mid margin of the Company.

Equity and earnings, R\$14 million. It's not significant. It should be better in the next semesters with margin of sales of our jobs with the progress of the joint venture construction jobs that entered in the equity and earnings. And also the Città that EZTec launched will be considered equity and earning, likewise.

Now going to the slide on financial results. In this quarter, it did not show any effect here except that, during the quarter that we are considering, IGP was -4.14%. This was more than enough to create an offset in what we charge from clients. IPCA was very small, 0.27 during this period. So the result of the fiduciary alienation portfolio was highly impacted on this quarter.

This is a portfolio that finishes this quarter in R\$376 million. It increased as you considered at the beginning of the year and the deliveries of more than R\$1.2 billion that we have now in the 4Q. We can think about a true increment in this portfolio.

And we finished now impacted by all these effects that I mentioned before, around R\$39 million, which is a net margin of 16%, bringing for the year, something close to R\$156 million of results for the Company

Something important to mention here is the net debt cash. We have a small variation against the availability of gross cash, but important variation as compared to the indebtedness. In this debt, this variation is only of evolution because it's only focused on production, the production we have here. We have a rate that is quite different from the current situation, and it is being used to implement all the jobs that we have opened.

So the gross indebtedness should grow a little bit throughout the coming months, but it's also true that our availability will have positive impact in this volume of deliveries that we will have for the coming months.

And finally, in terms of capital structure, you can see here on the pizza plot, on the left, the Company total about 20% of third-party capital and no doubt that this capital impacts in our sector, it's almost R\$1.2 billion versus R\$800 million, meaning the loans that we have. And this was to be paid have been paid during October.

And we have the asset distribution. As you can see, the participation of the cash is quite significant in terms of the comparison to last year. And because of the increase in sales that we had, especially in the first half of this year.

Before I give the floor to our Directors, I would like to mention that, as usual, quarter-over-quarter, talking about payouts, this quarter is going to be R\$9,3 million and we should pay it on November 30. And the X-data is the 17th of November, contemplating everything that has been distributed in the year, R\$37 million, the payout of the year.

Now I give the floor to the President of the Administration Board, Flavio, please.

FLÁVIO ERNESTO ZARZUR:

Good morning, everybody. It's a satisfaction to be here with you sharing our results. Here, we are open for the questions that you want to ask. And as Emilio has said, we are readapting our operation, and we trust that it's going to perform as it always had. You know that something that we have in our culture is to follow our objectives, go for them and meet them when the time comes.

So we are open for questions if somebody from the Board or the CEO wants to say anything, you can say something. We are open for questions.

EMÍLIO FUGAZZA:

I give the floor to our Executive President and Director of Development.

SILVIO ERNESTO ZARZUR:

It's not the result we would like to present. However, it's adequate for the moment of the Company. For this point in time, we are working strongly to reduce our inventory to solve the problem of the cost of jobs that we faced.

The Company is very large. So we must be patient to reach that. We did everything to recover that. I want to remind you that we had previously a large land bank of commercial units. This is a legacy that proved that is very difficult to keep. So we changed this land bank in residential units, so much so that we do not have any plot that is not as yet allocated for

commercial units. So this is an important point. We have one job that's an amazing building. It's going to take a long time to mature. We have to be patient.

I want to remind you that other companies in moments like ours had huge losses. And you have the transparency of our results. So you see entirely what our reality is. We are preparing for next year to begin the year in a clean slate. We are sure we are going to achieve that. We are going to turn this page. The cost will be adjusted. We will increase our sales speed.

So a new word. If you want to ask specific questions. Well, I want to say that we are going to adjust cost, we will accelerate sales. We will buy plots, but not so many. We try to turn our plots in the best way possible.

So you will see that we are going to take steps that will increase our launching speed. And that will help to recover what we consider that's more important for the Company after safety because it's more important for the Company is safety and serenity. You will see that we are working a lot to educate our results.

Emilio, please take over.

EMÍLIO FUGAZZA:

Pedro, we can open for questions.

PEDRO LOBATO, BRADESCO BBI:

Good morning. Thank you for the presentation and for the question. First, I want to further elaborate on the inventory. We understand that the Company wanted to focus more on selling the stock. I would like to understand if there is a level of inventory that you understand is healthier so that the Company has the launching level that we saw in the last 2 years. This is the first question.

And the second is about the launching pipe. It's interesting that you talked about the coming months. However, I notice the absence of the second tower in Ibirapuera. If I missed something, could you please clarify, how is the timing there for the second tower?

SILVIO ERNESTO ZARZUR:

Good morning. Thank you for your question. It's not exactly the volume of stock that concerns us. We are going to decrease it naturally, but we want to sell what's the strategy for next year. It's to launch units that will be sold quickly. And we will decrease the stock because we are going to choose really choose the launches.

So almost all of them because of market position in one or the other would be an exception, but we only launched those that will be sold very quickly. So that is the drive, the success in launching. We have to sell quickly these products.

That is the tone of increasing PSV and also we focus on partnership. That will help us to turn around our land bank and also share this huge PSV that we have because of the transformation of the land bank from commercial units to residential units so that we can sell and have a better rate for the Company. It's a strategy.

I am going to retail. We are going to close the sales now of the product. So if you want to buy Lindenberg Ibirapuera from December 1 on, we will not be able to until, I do not know, April, we have not decided yet.

And then, we launched again a commercial strategy for a new launching and sell 40% of these units. And then, we will meet a better sales percentage. The strategy of stopping to sell what we did in Unique Green. We closed sales and that

generated this feeling of lack of the product. People wanted to buy of a shortage in the product. People wanted to buy and they could not find it. So we are going to do that. I think at the beginning of May.

TAINAN COSTA, UBS:

Good morning. Thank you. I would like to explore this announcement you did about the new Board. What's the biggest challenge? And from then on are we going to see that reflected in the Company in a positive way? Thank you.

FLÁVIO ERNESTO ZARZUR:

I am going to start by Cristiane. Cristiane is a sign of a new phase of the Company. It's something that we are thinking in the long run, somebody who comes to add more professionals to the team, and to apply our culture in our collaborators so that we can spread our volumes are better, increase our volumes in launching and safety from now on. So Cristiane comes for that.

And I am going to give the floor to Marcelo because Silvio will be in Marcelo's place. So Marcelo can say what he thinks about it.

MARCELO ERNESTO ZARZUR:

Good morning. I will talk a little bit about Silvio Gava. I participated on his hiring, and I endorsed it. And I think we made the right choice. About your question, if it's going to really change things, from July next year on, he's really turning engineering around. Until then, there is a dragging of what's behind. But the worst negative results that we have in construction will end this year. This year, it will be over. From next year on, we are going to have better results in construction. And about Gava's work, we are going to see the result from July on, going back to what it used to be.

SILVIO ERNESTO ZARZUR:

And I would say, Cristiane, when she was hired, Flavio and I talked to her, and what did we tell her? That her mission here is to have the collaborators working happy. So this is the idea. They are selling and they have to be happy. She is going to improve the mood in the Company. She's going to organize better salaries. The Company will be in a different vision level. All our collaborators and the contribution for the Company will be better. She is a modern person, and I am sure that she's going to bring important contribution.

Gava – and here we have only one Silvio. There's Silvio, Yamamura and then Gava. We have about 10 Silvios here. So Gava came to change the engineering department. When you have something that's not doing well and you cannot see exactly where, because we were the best in engineering for 30 years, 40 years, and we found a problem. So we brought a new person who is strong with knowledge to really stun the management. And I am sure that this decision was taken by Marcelo and Flavio, they hired him. And it was a very good decision, and we will soon see the result. His mission is to bring the cost down and change the way we do the job. Change the behavior of our engineering workers.

FLÁVIO ERNESTO ZARZUR:

And I want to add something, what Silvio said was quite clear and correct. The timeframe for Cristiane's profit, let's say, will be around 8 months, 2 years, 2 and some years, then we are going to be in a ranking of quality and performance and commitment from the workers, that's going to be much higher. But we need some time for that.

ELVIS CREDENDIO, BTG PACTUAL:

Two questions here. First one about sales of the inventory, because the Company is getting to a delivery cycle, and we have seen other builders that are more aggressive in discount. I would like to understand from you if you are comfortable with the level of inventories that you are going to deliver by the end of the year. Maybe you could be more aggressive developers.

And the second question, about the cash generation aligned with the delivery issue to understand the expectation of cash generation, the leverage of the Company with the cycle of deliveries at the end of the year and for next year to the trend of that. If the Company has reached the peak of leveraging or if it should raise a little bit more.

SILVIO ERNESTO ZARZUR:

About the ready inventory, we have a mechanics that we use when we are going to deliver a building. The buyers will sign that contract for loan and for the share, and we cannot go there and be very aggressive in the commercial part because that will make the person dissatisfied and will provide difficulties in people to really abide to that.

I am being quite transparent. From the moment that they signed, and we have this building delivered and consolidated this delivery. We are going to check the marketplace for that, the best price for the market, not ready inventory. We have for residential and commercial buildings, the ready stock, we will not be carrying residential stock. And even the commercial one that we have in 2 or 3 months, we are selling and we are looking to sell as soon as possible. But the residential units will have a marketplace and we will sell.

About Indebtedness and cash, Emilio, you can talk better, say better words than mine.

MARCELO ERNESTO ZARZUR:

And also delivering in this quarter are buildings that are quite valuable that are being sold, and they have huge added value. Guarulhos is something that's going to come for the stock, but it's a very good piece of units. They are very good units.

EMÍLIO FUGAZZA:

Thank you Marcelo. Cash generation. I will separate each one of the topics. Cash; these deliveries will lead to cash generation for the Company. And in average, this buildings did not take huge volume of loans.

We have some loans, but we have much more cash. We had a discussion in this case of what's the percentage of sales, and we also have to think about trustees in relation to leveraging, I want to remind you that I have the expectation in relation to what's happening, leveraging everything that is under construction, those launched in 2021 or 2022 are jobs that take more real estate loans.

So there's always an expectation that we increment the gross sales during 2024. It will be around R\$1 billion, sometimes more, sometimes less, but it's the avenue we will cover throughout the year of 2024, what means, in average that we will have a small percentage of net debt throughout this time, a percentage that is not relevant for the Company considering the Company has R\$4.6 billion in equity. So we are talking about net debt around 5%.

SILVIO ERNESTO ZARZUR:

And I also want to remind you that, included in this expectation, we have the payment of the plot of extra R\$300 million. So we are going to reach Emilio's expectation, and within that, we have the payment of that plot that's quite valuable. It's a jewel. It's a piece of jewel.

HUGO GRASSI, CITI:

Good morning. Thank you for your presentation, very clear as always. I am going to ask a broad question about the launching pipeline that you have for next year. But I am going to bring some elements to understand how you intend to navigate this coming year in the selection of what launches are worthwhile in what segment of the population revenue share. Let's talk about the change in the city plan. Does it make sense not to launch something that had been programmed, even if you postpone this launching? This is one thing.

Second, some projects are large. And here, I emphasize Barão de Monte Santo, which you have finished at least one phase, and you were launching it soon. And also, Unique Green, that you are already launching, maybe with the competitor nearby. You have a competitor nearby.

The third element is My Home, My Life. You have some record on that, some history in the Città, but maybe with this new Engineering Director, you have different considerations on what makes sense for low income, or even thinking about what the number 4 line in income could be, maybe up to 12,000. Because with this data, the city plan concentration of high-volume projects and My Home, My Life, what's the strategy? What are you thinking about that?

SILVIO ERNESTO ZARZUR:

It's a long question. Help me out. First, I will talk about the city plan we had the approval of a new law that brought important impact in the zoning of the plots. So it's 2 different things. One thing is the city plan that will change the zoning of some plots, and it has changed for each zoning that we had, the masterplan, the changes in the master plan. We gained 20% more of PSV. It's worth doing.

So in the next months, we will then implement 1, 2, 3; next year, 4 and 5 that will come with an increase in construction potential around 20%. So I am going to exemplify something for you to understand. Then we are going to have a structured operation for the region. And then instead of 2, we will be able to make 4. Each phase of the construction will be launched according to what has happened. I will launch 4 and 5.

I will not wait for this operation structure to increase. But 6, 7, 8, 9, if the structural changes come, we can think about a scale to maintain the Company function. We cannot stop and wait for things to happen. And we have also to benefit from things that happen as possible.

So it's an organized way so that we do not lose our pathway. We cannot just stop. is an approval that has been protocolled for some time. We should approve it within this year. It's some success that we had. I do not know if you can measure, it's huge. We are not competitors of MRV, they are very different from us. I am not saying that it's better or worse, but it's a different public. And we do not have competitors. And so, each one will be in one part of the population. Everybody here has good expectation, and we are going to sell very well.

About My Home, My Life, I would say that we will try to be creative. To begin with, we will move it around, but we understand that for us to have something really strong, not criticized, first, we are going to organize our core business, which is the medium income bracket, selling well, high income also; we will first organize that, and then we go to My Home, My Life.

And in the meantime, we have partnership with BP8 and we have other partnerships that are on the move and can bring great PSVs for us. We are going to look for partnership as we get organized to really phase in a strong way the lower income bracket. And I will not take my attention from what's important for the Company and look at something else. That's the strategy.

HUGO GRASSI, CITI:

If I could talk to you about the fiduciary portfolio, it's always relevant, especially in deliveries, and there was a decision from court that validates the resumptons that happened without any need to go to the judiciary. I know that you resumed some units, some other way. What does it mean for you, the new decision from the Supreme Court? Is it more comfortable? Does it change anything? Your predisposition to count on that portfolio? The cost of delinquency? Of course, you are the developers that have the biggest direct portfolio.

SILVIO ERNESTO ZARZUR:

It's been 20 years that we work on the same way. We always acted accordingly. And that corroborate what we have always thought and done. It does not change anything because there are some things that you believe and that you bet on them. We always bet that it was correct. Now the Supreme Court just confirmed it. So we keep acting the way we have always done.

Part of the lack of results, we see that INCC and IGP was -4% in the quarter. And you talked about portfolio and I decided to mention that it was -4%, and that also lowered our results. And the interest on it is very close to the banking loan. So maybe we can increase a little bit our portfolio because the fiduciary is, again, important to improve liquidity in our sales.

SILVIO ERNESTO ZARZUR:

Just to corroborate what Silvio is mentioning, in our fiduciary backlog, we have been tested in this more than 20 years that we work like that, judicially tested in every single way, including by the Supreme. And it's not that we only believe. We believe and we have been tested, and we never lost. So that just consolidates what we always had.

EMÍLIO FUGAZZA:

And complementing here, it was also approved something that brings this new debt and how to change the potential. It's going to affect the primary market, it's going to be better. So this news, at large, is good.

ANTONIO CASTRUCCI, SANTANDER:

Thank you for answering my question. I would like to understand whether you could further elaborate on the margin of your different parts, the ready stock, the one that was done during the pandemic and the launches for this year. And what's your expectation for when we were going to see the EZTec margin closer to those 40%?

EMÍLIO FUGAZZA:

I am going to begin separating the following: Pedro showed on the slide 8, our acknowledgment of margin per harvesting, so to say. So you can see there what we have reported. To give you a bit of our expectations in the future, I will separate in two parts.

First, the first expectation that I have is the REV margin. That tells us that the sales that are being done, they demonstrate a gross margin for the Company that is better than the sales that were done in previous years for those jobs under construction. So clearly, when you see what was presented, it's around the 38% that we are reporting. So the sales show that margin is better, be it because of the group or because of the price.

Second, I would like to explore better, the ready stock of EZTec is always very valuable. The jobs that are ready now, they have a gross margin for the Company above 40% in average. So no matter what is seen in the other margin, the sales of this stock will impact the margin that you will see quarter-over-quarter. So you will not see 40%, but you will see that we are being able to move this up because of these 2 factors.

SILVIO ERNESTO ZARZUR:

And I will complement saying that we had 0.5% of lowering in interest. So today, people think, I am going to put my money in the bank, and I wait for the interest to raise. And when somebody does that everybody else does it. So there will come a moment where this market will turn around.

Emilio said important things. We have a problem of demand, we are going to have a commercial gain. Emilio it is something that we do not know, although he says that he thinks that the margin will not be able to see it soon, according to what happens in the macroeconomic scenario, we can improve quicker. The assertiveness in choosing the selection of launches that we are doing also increases our margin. We will sell quicker, we have less expenses, and then you can gain price.

So it's a whole equation. I am not talking about what's happening, but it's within a plan for next year. If things run accordingly, we will be prepared to improve.

ANTONIO CASTRUCCI:

Thank you. Just one more thing. You talked about increasing prices. Do you have any idea on which regions of São Paulo, what neighborhoods do you believe that you can get a higher gain?

MARCELO ERNESTO ZARZUR:

I think that's general. If you think about high standards, look at the ones that are being launched and they need buyers. And when you have an offer higher than the demand, the price goes down.

What I understand is and that's true for medium income to not for My Home, My Life. In medium and high income, as we have a lower interest rate and the demand for our units increase, they are going to have lower loans. So instead of paying R\$700,000 in the unit, they are going to buy one of R\$800,000. That will generate increased demand. And that's for medium and high brackets of income.

JOÃO BOSCO, BASTTER:

Good morning. Thank you for the opportunity. I would like to understand a little bit about your operational mindset. This year, you had two launches. If we consider that the most important one was a relaunch because of the macroeconomic issues of the engineering department, I also understand you do not want to overload the ready inventory because of the R\$5 billion debt you have to deliver in the next 18 months.

My question is, you are going to have a cash generation that's strong in this 1.5 year of deliveries. But also, you have 21 operational sites now. I think you are going to have 1/3 operational after this delivery cycle. So let's think that this cash generation that you have, the projects you have to launch may put you in a focused cycle that would generate value for the shareholders with the historical margins again.

EMÍLIO FUGAZZA:

I am going to begin answering your question, and then I give the floor for the CEO. First of all, the focus of the Company is on the real estate market, to get as much value as possible. We faced some difficulties throughout the last 2 or 3 years, and the value we are offering is not what's expected, especially when I look at the controllers, this is a company whose controllers, they live off dividends. We are talking about a company that is aligned with the need of physical and institutional shareholder.

In the face of that, we are doing an important adjustment in our house. It's an operational adjustment. And with that, the objective is to generate more value for every shareholder.

If we look at our brands and we transform in net margin, first, what we want? Money coming back home. That's the first part. We were very focused on that delivery that will happen until 2024. We have an important cash generator, and I cannot do anything now because the market is not good for that. But we have a diamond there, something that's very special. It's the best corporative building in the city of São Paulo, the best technology, the best site for the corporations to be. So no doubt, we are going to generate value for the shareholders from there.

And also, as Silvio said, we are going to be very selective in relation to buying land. We already have a contract that gave us R\$3 billion in the extra. And then, considering the expectations we have, the price of land and price of sales bring a huge potential of value generation for the Company. And then, bringing in this money will depend on the market conditions.

If we really have a market where sales will be possible without increasing much the stock, you will see the Company doing what it has always done: more launches with added value for everybody. If it's not like that, of course, they are going to think about some way to increase the profit. Maybe share sales, et cetera, but it's not the moment to talk about that. We have to wait for cash generation.

SILVIO ERNESTO ZARZUR:

Perfect. This talk of the land that we bought for commercial jobs, now it's going to be residential jobs. And we have to change that. But if we have money to spare, if many strategies we have that now I cannot detail do not prove to be safe, do not prove to be adequate. Then we are going to pay out. As Emilio said, maybe share repurchase, maybe something of buying back.

We are on the same chair you are. I want to get the money, have some profit and pay it out. We believe a lot, there are many strategies that can help us to really place these investments in an adequate way. And the share of this participation, our subsidiaries have 60% of the Company.

JOÃO BOSCO, BASTTER:

I understand that you do not have as yet a clear view. But my question is more in the sense of, you will have in the Company a few sites in 1.5 year. I would like to understand, what's your plan to leave the Company with enough sites to be focused if you are going to have larger jobs, smaller jobs? Do you have the plan? Is that going to depend on macro aspects? Do you have a defined plan for that?

SILVIO ERNESTO ZARZUR:

We have a land bank that has different types of land plots, different patterns. It defines what we are going to do from now on. You mentioned a few land acquisition, but we have Rio Bonito and others, and Marcelo will talk a bit.

MARCELO ERNESTO ZARZUR:

João, we had 32 sites. We got back to 11 sites in the period. And then we got back to less and now it's going to reduce. Engineering adapts itself. It works according to demand.

And when you decrease the number of sites, then you organize the house. And when you come back, you come back stronger and more assertive. That happened to us, and it will happen. We are prepared for that.

EMÍLIO FUGAZZA:

I want to remind you that we have had a clear strategy of the partnerships we have. Silvio mentioned BP8, Adolpho Lindenberg, who are responsible for the construction. The three launches of the year, Lindenberg will build two of these jobs. Adaptation does not concern us. And of course, the Company will adapt, reducing or increasing engineering according to the need.

PEDRO LOURENÇO:

Since there are no further questions, and we have already used our time. Now Flavio, please.

FLÁVIO ERNESTO ZARZUR:

I thank you for all the questions. If more questions come, Emilio and Pedro will be available. You know that, and let us make clear that we are not concerned, structurally speaking. We are going to become stronger.

And I have no doubt that João Bosco's last question, in about 12 months, we are going to have a meaningful volume of jobs and we are going to have something like Bandeirantes CD, which is equivalent to 6 or 7 or 8 other jobs. This is our nature and our culture, to do this type of job construction.

So Silvio, Marcelo do you want to say anything?

SILVIO ERNESTO ZARZUR:

Actually, we are going through a crisis, and what we do best through our time is to manage crisis. We have gone since 1979 through I do not know how many crisis, many. And we are facing this with the calm and effort.

We are not accommodated. Being calm is not accepting, is to really face it and take right decisions. We are very well guided and supported. And I am sure that we will solve it as we have solved throughout the last 44 years. For us, it's nothing new.

You may rest assured that we are working strongly. I do not want you to think that we are not doing anything. We are working twice as compared to what we used to work.

And I want to thank everybody.

MARCELO ERNESTO ZARZUR:

Just to finish and contribute to my brothers here, with the decrease of the jobs, when we come back, we are going to come back 100% assertive. We have been working a lot, and we are sure that the better times will come back and we are going to surf on those waves.

PEDRO LOURENÇO:

Thank you so much for being here. And you too, thanks for your participation in our earnings conference call. So this conference is closed and you have more material in our website. We thank you all and wish you an excellent weekend.