Quarterly Results 2Q20

EZTEC
Construindo qualidade de vida

Conference Call in English
August 14th, 2020
11h00 p.m. (US EST))
12h00 p.m. (Brasília time)
Zoom:
https://us02web.zoom.us/j/84845065828
ID: 848 4506 5828
Find your access number:
https://us02web.zoom.us/u/kdKpQuIED2

Conference Call in Portuguese
August 14th, 2020
09h30 p.m. (US EST))
10h30 p.m. (Brasília time)
Zoom:
https://us02web.zoom.us/j/84297802049
ID: 842 9780 2049

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EZTEC S.A.
ON (B3: EZTC3)
Closing Price: R$ 36,24
shares: 227,000,000
Market Cap: R$8.226MM
Date: 08/13/2020

Net income grew 30% in 1H20 in relation to the same period of 2019.

Sales performance in 40 days, of 3Q20, already exceeds the entire 2Q20.

RESULTS. EZTEC reached (i) Net Revenues of R$402.8 million, (ii) Gross Profit of R$179.7 million (Gross Margin of 44.6%), and (iii) Net Income of R$145.8 million (Net Margin of 36.2%) in 1H20;

OPERATIONS. EZTEC reached (i) Launches of R$564.1 million, (ii) Net Sales of R$581,3 million (18.6% Sales Over Supply), and (iii) Landbank of R$9 billion (R$1.0 billion in Acquisitions) in 1H20;

LIQUIDITY. EZTEC reached (i) Net Cash position of R$ 1,295.8 million (cash build of R$ 29.2 million), (ii) Cash Equivalent and Appliances of R$1,296.4 million (R$0,6 million in SFH financing), and (iii) Performed Receivables of R$519.4 million;

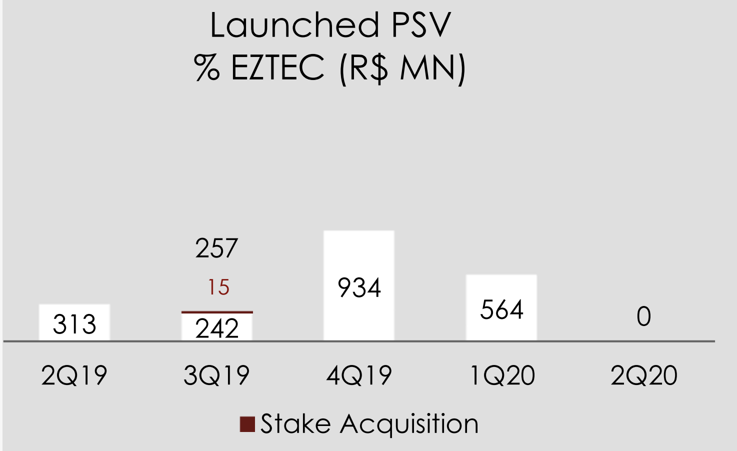
São Paulo, August 13th,2020 - EZTEC S.A. (BOVESPA: EZTC3) celebrates its 41th anniversary as one of the most profitable builders and developers in Brazil. The Company announces its results for the second quarter of 2020 (2Q20). Except where stated otherwise, EZTEC's operating and financial information is presented on a consolidated basis and in Brazilian real (R$), in accordance with Generally Accepted Accounting Principles in Brazil ("BR GAAP") and the International Financial Reporting Standards (IFRS) applicable to real estate developers in Brazil, as approved by the Accounting Pronouncement Committee (CPC), Securities and Exchange Commission of Brazil (CVM) and Federal Accounting Board (CFC).

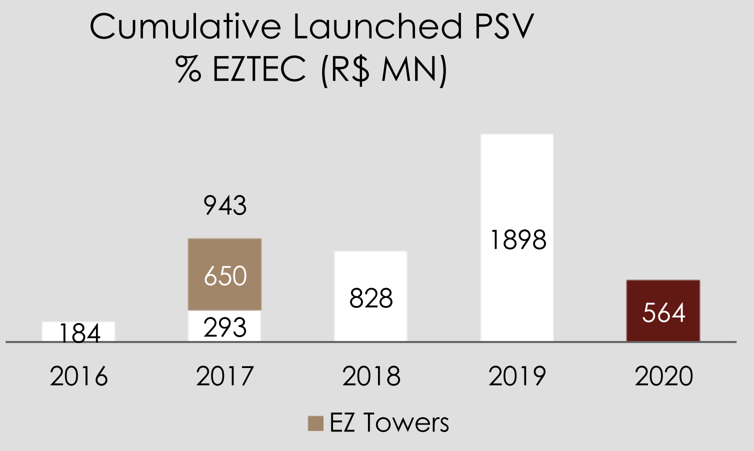
Since January 1st, 2013, the rules of the IFRS 10 and IFRS 11 were taken into effect. These rules regard the projects with shared control. When adopting the norms of the CPC 19, a share of the Assets and Liabilities, Revenues and Expenses stop being consolidated proportionally to the Company´s stake. These changes will affect neither the Shareholder's Equity nor the Company's Net Income.

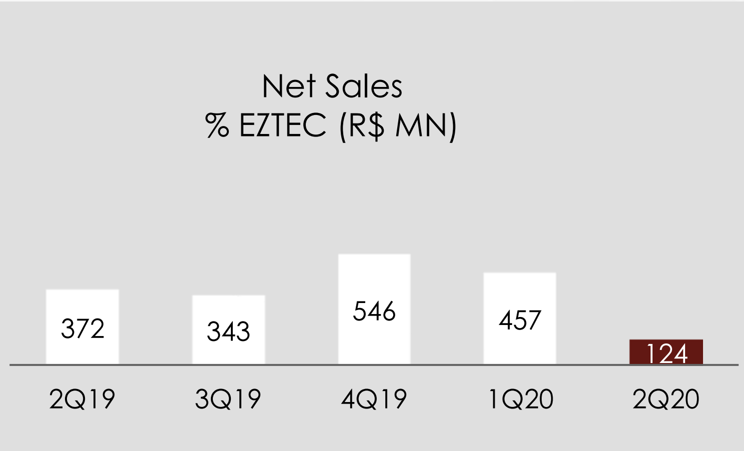
Highlights	2Q20	2Q19	Var.%	1H20	1H19	Var.%
Gross Profit (R$MM)	167.654	178.366	-6,0%	435.551	339.984	28,1%
Net Revenue (R$ '000)	153.286	161.833	-5%	402.800	308.203	31%
Gross Profit (R$ '000)	78.546	63.200	24%	179.748	117.601	53%
Gross Margin	*51,2%*	*39,1%*	*12,2 p.p.*	*44,6%*	*38,2%*	*6,5 p.p.*
Net Income (R$ '000)	68.072	94.910	-28%	145.761	112.212	30%
Net Margin	*44,4%*	*58,6%*	*-14,2 p.p.*	*36,2%*	*36,4%*	*-0,2 p.p.*
EPS (R$ '000)	0,30	0,47	-0,37	0,64	0,56	14%
EBITDA (R$ '000)	54.575	75.131	-27%	109.017	90.424	21%
EBITDA Margin	*35,6%*	*46,4%*	*-10,8 p.p.*	*27,1%*	*29,3%*	*-2,3 p.p.*
Number of Launched Developments	0	3	-100%	3	6	-50%
Launched Usable Area (in '000 sq.m)	0	29.032	-100%	48.012	71.663	-33%
Launched Units	0	248	-100%	1.213	998	22%
PSV (R$ '000) (1)	0	396.759	-100%	564.100	790.713	-29%
EZTEC´s Stake total Launches (%)	0%	79%	-1,0 p.p.	100%	89%	0,1 p.p.
EZTEC´s PVS (R$' 000) (2)	0	313.370	-100%	564.100	707.324	-20%
EZTEC's Contracted Sales (R$ '000)	124.369	372.204	-67%	581.305	675.700	-14%

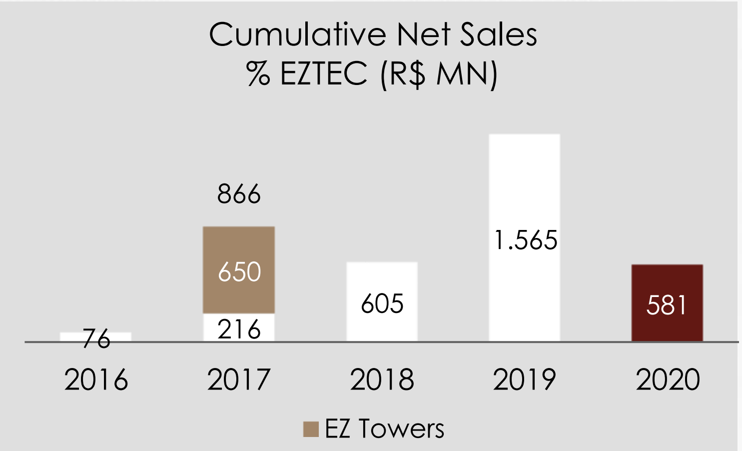
(1) Total PSV launched, regardless of EZTEc's stake in projects.
(2) PSV launched taking into considerations EZTEC's stake in projects.

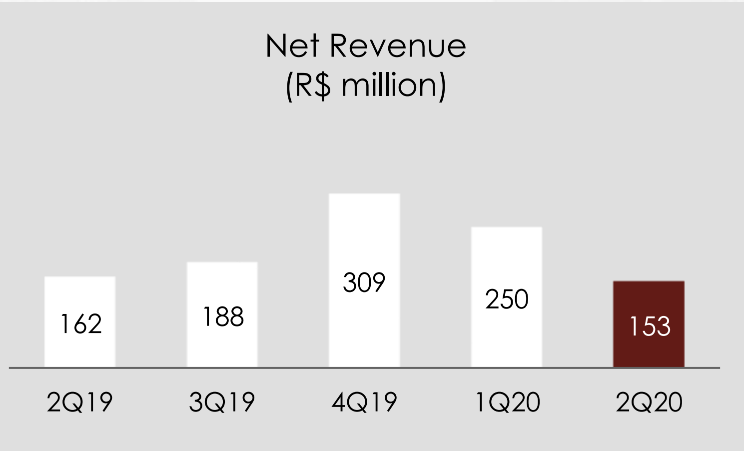
INDICATORS OF FINANCIAL AND OPERATING PERFORMANCE I

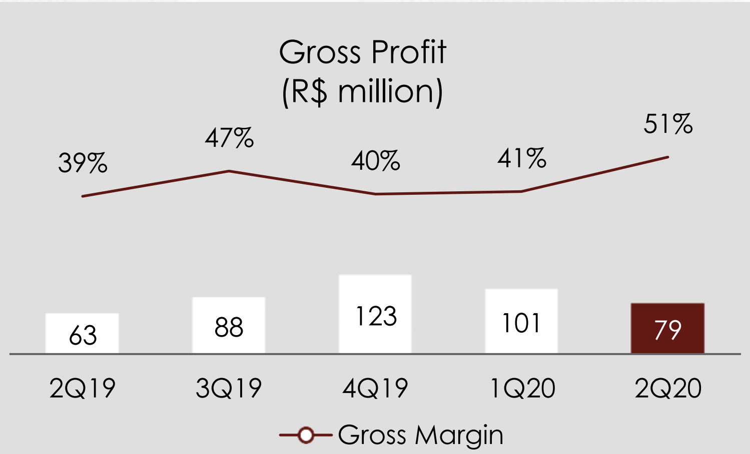


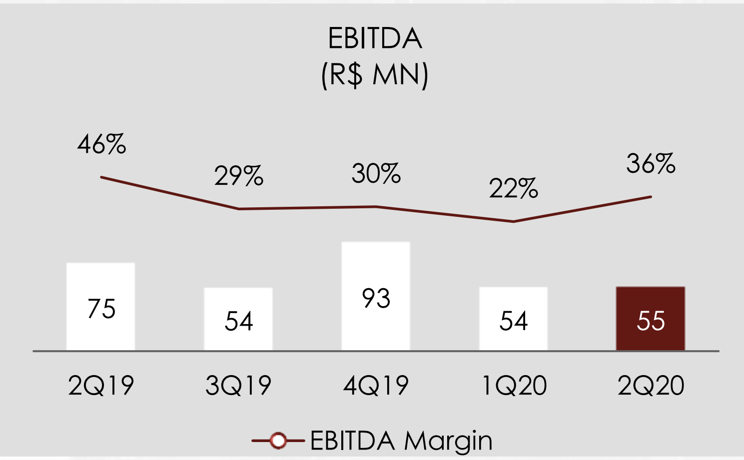


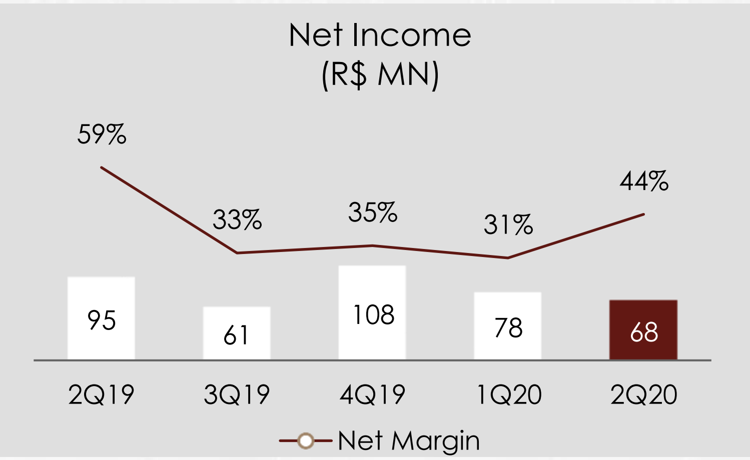






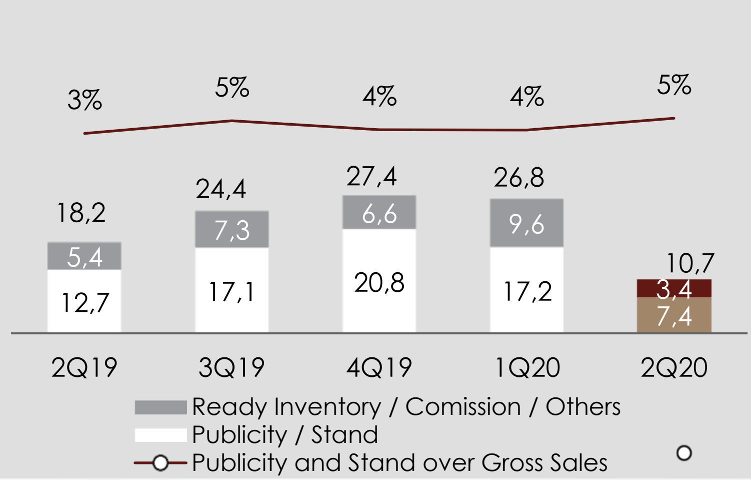




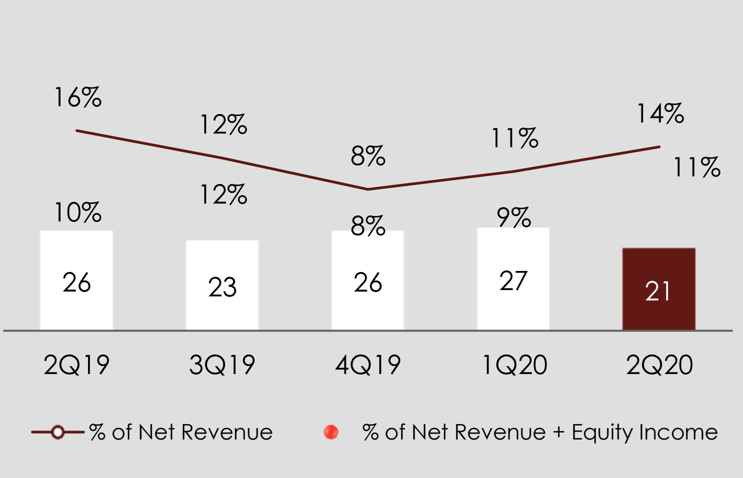


INDICATORS OF FINANCIAL AND OPERATING PERFORMANCE II

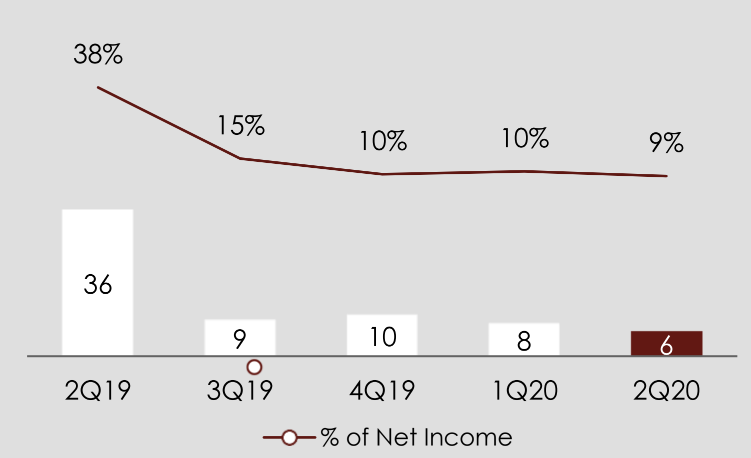
Selling Expenses (R$ MN)



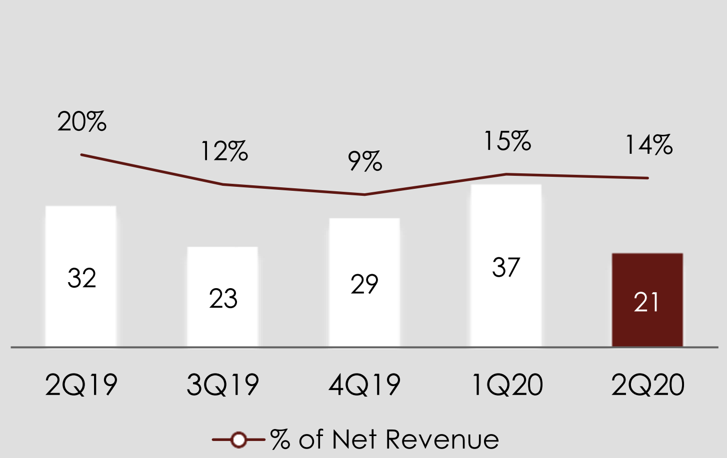
G&A (R$ MN)



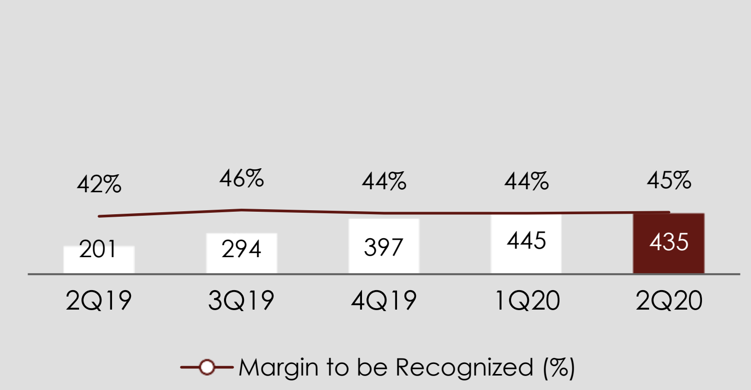
Equity Income (R$ MN)



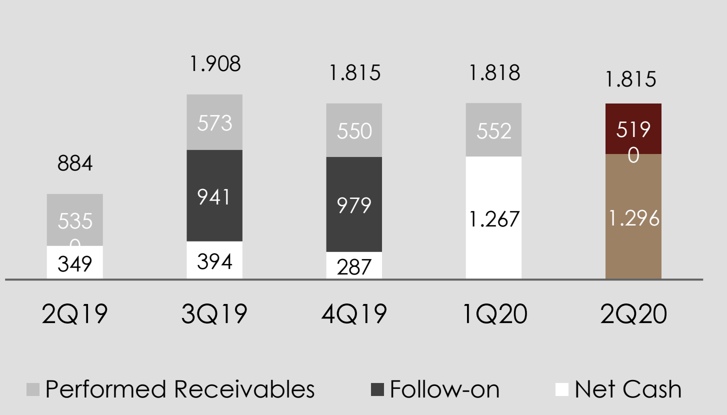
Financial Result (R$ MN)



Results to be Recognized
(R$ MN)



Net Cash + Performed Receivables
(R$ MN)



Sumário

MANAGEMENT'S COMMENTS AND EXECUTIVE SUMNARY

EZTEC's Management announces the 2Q20 and 1H20 results, marked by the most stringent months of the quarantine, through which net revenues still increased 31% compared to 2H19. The profitability followed along with a gross margin of 44,6%, net income of R$145 million, and a net margin of 36,2%, representing a rise of 29% from 1H19. In April and May the impact of the pandemic was especially severe on the sales front, on account of the temporary inactivity of sales stands and a decline in consumer confidence. The circumstances of the pandemic halted launches in the period, leaving a vacuum following the large-scale EZ Parque da Cidade and Air Brooklin launches. It became apparent that, if it were not for COVID19, this quarter could generate traction on sales. In spite of that, by July it has already become apparent that the underlying structure supporting the real estate market remain firm. The operational uptake in June leaves a surprisingly positive aftertaste to the quarter.

The impact of the pandemic on aggregate was mitigated by the drop in G&A and, most importantly, in selling expenses, allowing for increasing net margins. The most marked decline was caused by the reduction in the advertising expenses. The cause for it was in part strategic, but largely an automatic response to the lack of launches and halted sales stands. Through the month of May the Company underwent a learning curve towards the virtual paradigm, setting up a new form of engagement between brokers and clients where "Zoom" temporarily replaced sales stands. This resource generated a noteworthy gain in customer acquisition costs.

The Company had been exceptionally well prepared to absorb the impacts from the pandemic, abstaining from giving out discounts for the need of liquidity Even though the pandemic may have suppressed sales for a while, price levels have not reversed at any point. The quarter's gross margins spiked up to 51%, but largely due to one-off accounting effects of low relevance. By the month of July there has been an all-around increase in inventory prices that was 2 times greater than construction cost inflation. This price increase was fostered by a sales performance in June that effectively reached a pre-pandemic level (ex-launches): weekly sales hit an average of R$24.5 million in June, R$26.5 million in July, and is higher than both these figures by the 1st week of August. By the time of this publishing, **preliminary 3Q20 sales have already exceeded 2Q20 figures as a whole**, counting with a diffuse contribution from several different segments.

The sales that took place through 2Q20 and up to the date of this publishing can be decomposed in 25% launches (Z.Ibirapuera, Air Brooklin, Pin Internacional, etc., 45% inventory sales (Reserva JB, EZ Parque da Cidade, Fit Casa Brás, etc.), and 30% ready unit sales (Cidaed Maia, Parque Ventura, Prime House Bussocaba, etc.). They can also be broken down between 15% high-end, 13% upper-mid, 24% smart-living, 35% mid-end, and 13% MCMV. The width of sales reveal a broad willingness to buy: it is coming from small-scale investors that are scare by fluctuations at the stock market, finding on the real estate market the an alternative to the fixed-income investment vehicles; or from a mid-income person that benefits from recent affordability gains, whose installments is looks no different from what their rent would. Ultimately, as soon as people gained visibility on the fate of their finances, people started to buy again; unprecedentedly low interest rates have overcome the effects of the pandemic.

On the supply-side, there had been enough sales on a weekly basis to inspire a more aggressive stance towards new launches. In the short-term, however, this collides with public servants' productivity who are expected to approve new projects, as the quarantine lingers. This is especially the case in regards to complex projects, that require thematic commissions, which are harder to assemble in social distancing. The Company counts with one project in Guarulhos of more than R$204 million in PSV that is already approved and available for launching on the 3Q20 still. It also counts with another three projects that are in an advanced stage of development and soon to be approved, expected to be launched by the end of the year. From the 4Q20 and on, though, there is a remarkably large pipeline of profitable projects set to go. It is important to carve out that the final stage of the approval process is the bottleneck, while all the preliminary stages have been flowing smoothly through the pandemic, and are soon to be submitted for approval.

The pipeline of projects that is in the process of approval and of launching is absolutely abundant, even comparing to historic standards. This pipeline derives from a plentiful landbank of R$9.0 billion in PSV, which is getting bolder in 3Q20. As a subsequent event, in 3Q20, the Company has already acquired 2 projects: one in the city Osasco and a greater one in the Chácara St. Antônio region of São Paulo. On top of that, there are another 2 projects that are optioned in the South Zone of the city, with R$2.1 billion in PSV to be ratified in 3Q20. One of them is a high-end residential Project with an estimated PSV of R$367 million, embedded in a large multiuse complex around Brazil's 1st Carrefour supermarket, right by the Granja Julieta station and Marginal Pinheiros. The Company bought yet another Project subject to a secrecy clause in the same region, with a PSV of R$626 million.

Ever since its follow-on, EZTEC has fulfilling its mandate of strategic acquisitions: between September 2019 and the end of 2Q20, there had been R$239 million in cash disbursements with new acquisitions and air rights. Considering all official acquisitions that have already happened by the date of this publishing, including optioned projects and further installments from past acquisitions, there is another R$762 million in cash that is already contractually destined for new projects. In sum, there is R$1 billion in cash that has already been deployed or is bound for deployment since the follow-on. These are acquisitions all regions of the city of São Paulo, as well as in the SPMA, and are not constrained to the regions where launches have been happening in the past years.

In this results presentation, we have also created a new session that aims to transparently inform the results coming from our low-end operations in the FIT CASA line. It is a segment that, since 2018, has already landed R$46.6 million in gross profits, with an accumulated gross margin of 45.1% and net margin of 25.4%.

The Company counts with executive officers, board members, collaborators and suppliers that, along the past 13 years as a listed company, have consistently delivered the best investment strategies for the Company. The Company makes use of its credibility and familiarity in the market to access the most relevant deals and business opportunities. Equally important, the Company is obsessed with the constant search for opportunities to deliver value to its shareholders.

THE MANEGEMENT

Arbitration Chambers

Pursuant to Article 41 from EZTEC's Bylaws, the Company, its shareholders, Management, and members of the Audit Committee are obliged to resolve each and every of dispute and controversy that may arise among them through arbitration towards The Chamber of Arbitration of the Market (Câmera de Arbitragem do Mercado), especially in regard to the application, the validity, the efficacy, interpretation, and violation of its effects, of the the Corporation Law (Lei das Sociedades por Ações), of the Company's Bylaws, of the norms edited by the National Monetary Council, by the Central Bank of Brazil or by CVM, as well as of the remaining norms applicable to the functioning of the capital market in general, and of the Novo Mercado Regulation, the Arbitration Regulation, the Sanction Regulation, and the Participation Contract in Novo Mercado.

Relationship to Independent Auditors

Pursuant to CVM Instructions CVM nº 381/03, EZTEC informs that its independent auditors from Ernst & Young Global Limited do not currently render any other services other than related to external audit. The Company's policy for hiring independent audit services assures that there is no conflict of interests, loss of independence or objectivity.

INCOME STATEMENT

Consolidated Income Statement Periods ended in June.30 In thousands of Brazilian Reais (R$)	**2Q20**	**2Q19**	**Var. %**	**1H20**	**1H19**	**Var. %**
Gross Operating Revenue	167.654	178.366	-6%	435.551	339.984	28%
Revenue from Sale of Real Estate	163.766	172.830	-5%	425.649	330.349	29%
Revenue from Services and Rental	3.888	5.535	-30%	9.902	9.635	3%
Gross Revenue	167.654	178.366	-6%	435.551	339.984	28%
Deductions from Gross Revenue	-14.368	-16.532	-13%	-32.750	-31.781	3%
Cancelled Sales	(11.208)	(11.777)	-5%	(22.288)	(21.966)	1%
Cancelled Rental	-	-	n.a.	-	-	n.a.
Taxes on Sales, including Deferred Taxes	(3.160)	(4.756)	-34%	(10.462)	(9.815)	7%
Net Revenue	153.286	161.833	-5%	402.800	308.203	31%
Cost of Real Estate Sold, Rentals and Services	(74.741)	(98.633)	-24%	(223.052)	(190.602)	17%
Gross Profit	78.546	63.200	24%	179.748	117.601	53%
Gross Margin	*51,2%*	*39,1%*	*12,2 p.p.*	*44,6%*	*38,2%*	*6,5 p.p.*
(Expenses) / Operational Revenues	-27.546	3.327	-928%	-80.972	-33.382	143%
Selling Expenses	(10.718)	(18.152)	-41%	(37.526)	(39.952)	-6%
Administrative Expenses	(17.696)	(22.775)	-22%	(41.647)	(40.542)	3%
Management Fees	(3.640)	(3.194)	14%	(6.419)	(5.811)	10%
Other Operating (Expenses) / Revenues	(1.565)	17.035	-109%	(2.847)	14.408	-120%
Tax Expenses	(3)	(5.565)	-100%	(6.707)	(5.758)	16%
Equity Income	6.076	35.977	-83%	14.173	44.273	-68%
Income from Operations before Financial Income	51.000	66.526	-23%	98.776	84.219	17%
Operational Margin	*33,3%*	*41,1%*	*-7,8 p.p.*	*24,5%*	*27,3%*	*-2,8 p.p.*
Financial Income (Expenses)	21.090	32.012	-34%	57.923	41.128	41%
Financial Expenses	(2.150)	(2.525)	-15%	(4.518)	(5.046)	-10%
Financial Income	23.239	34.537	-33%	62.442	46.174	35%
Operational Result	72.089	98.538	-27%	156.699	125.347	25%
Income Before Income Tax & Soc. Contrib.	72.089	98.538	-27%	156.699	125.347	25%
Income Tax and Social Contribution	-2.202	-8.185	-73%	-7.432	-12.222	-39%
(-) Current	(3.357)	(3.143)	7%	(9.019)	(6.383)	41%
(-) Deferred	1.154	(5.042)	-123%	1.587	(5.839)	-127%
Net Income	69.887	90.353	-23%	149.267	113.125	32%
Attributable to Non-Controlling Interests	(1.812)	(816)	122%	(3.506)	(913)	284%
Attributable to Controlling Interests	68.075	89.537	-24%	145.762	112.212	30%
Net Margin	*44,4%*	*55,3%*	*-10,9 p.p.*	*36,2%*	*36,4%*	*-0,2 p.p.*

**Throughout this release, the expression Net Income refers to the Net Income Attributable to the Controlling Shareholders. This line excludes the interest of minority developers from the results of subsidiaries.*

BALANCE SHEET

* The rows corresponding to "Note Receivables" and "Other Receivables" may marge sometimes

Balance Sheets **Periods ended in June.30** In thousands of Brazilian Reais (R$)	**2Q20**	**2Q19**	**Var. %**	**2Q20**	**1Q20**	**Var. %**
Assets	4.408.244	3.093.779	42%	4.408.242	4.275.916	3%
Current Assets	2.147.044	1.530.626	40%	2.147.044	2.444.496	-12%
Cash and Cash Equivalents	64.574	26.227	146%	64.574	74.883	-14%
Financial Investments	1.231.807	394.578	212%	1.231.807	1.232.030	0%
Trade Accounts Receivable	236.771	183.117	29%	236.771	231.485	2%
Provision for Doubtful Accounts	-4.953	0	n.a.	-4.953	-4.471	11%
Real Estate Held for Sale	608.643	897.047	-32%	608.643	840.094	-28%
Recoverable Taxes	3.005	2.773	8%	3.005	2.912	3%
Dividends Receivables from Investments	166	12.238	-99%	166	166	0%
Other Receivables	7.031	14.646	-52%	7.031	67.396	-90%
Non-Current Assets	2.261.200	1.563.153	45%	2.261.198	1.831.420	23%
Trade Accounts Receivable	807.555	572.675	41%	807.555	741.132	9%
Real Estate Held for Sale	934.119	472.090	98%	934.119	638.895	46%
Recoverable Taxes	31.826	32.039	-1%	31.826	35.313	-10%
Due from Related Parties	677	2.658	-75%	677	608	11%
Notes receivable	66.315	0	n.a.	66.315	51.619	28%
Other Receivables	38.661	60.214	-36%	38.661	35.275	10%
Goodwill over Investments	62.665	0	n.a.	62.665	18.740	234%
Investments	299.386	402.499	-26%	299.386	288.129	4%
Property and Equipment	19.164	19.370	-1%	19.164	20.497	-7%
Intangible	830	1.608	-48%	830	1.210	-31%
Liabilities & Shareholder's Equity	4.408.244	3.093.779	42%	4.408.242	4.275.916	3%
Current Liabilities	348.836	219.551	59%	348.834	263.352	32%
Suppliers	39.140	24.431	60%	39.140	24.052	63%
Payroll Obligations	5.748	5.098	13%	5.748	6.862	-16%
Tax Obligations	23.373	16.196	44%	23.373	21.385	9%
Loans and Financing	0	32.591	-100%	0	16.593	-100%
Trade Accounts Payable	21.504	41.061	-48%	21.504	26.745	-20%
Reserve for Guarantee	12.201	14.062	-13%	12.201	12.479	-2%
Advances from Customers	82.177	30.274	171%	82.177	54.374	51%
Land Payable	83.498	16.610	403%	83.498	91.595	-9%
Dividends Payable	66.757	23.166	188%	66.757	22	296973%
Due to Related Parties	3.733	5.873	-36%	3.733	899	315%
Deferred Taxes	8.047	7.298	10%	8.047	8.346	-4%
Use rights payable	2.658	2.891	-8%	2.658	0	n.a.
Non-Current Liabilities	101.037	122.915	-18%	101.038	136.263	-26%
Loans and Financing	554	39.237	-99%	554	24.944	-98%
Land Payable	32.515	25.943	25%	32.515	43.890	-26%
Reserve for Guarantee	2.453	737	233%	2.453	1.451	69%
Reserve for Contingencies	16.119	10.392	55%	16.119	15.184	6%
Deferred Taxes	33.880	30.788	10%	33.880	34.287	-1%
Other Debts to Third Parties	5.622	3.784	49%	5.622	5.622	0%
Use rights payable	9.894	12.034	-18%	9.894	10.886	-9%
Shareholder´s Equity	3.958.371	2.751.313	44%	3.958.371	3.876.301	2%
Controlling Interests	3.907.800	2.721.929	44%	3.907.800	3.828.797	2%
Capital	2.888.997	1.910.247	51%	2.888.997	2.848.243	1%
Capital Reserve	38.297	38.297	0%	38.297	38.297	0%
	-40.754	0	n.a.	-40.754	0	n.a.
Earnings Reserves	924.913	822.799	12%	924.913	710.589	30%
Accumulated Profits	0	0	n.a.	0	0	n.a.
Income for the Period	145.761	0	n.a.	145.761	281.082	-48%
Goodwill on transactions with partners	-49.413	-49.414	0%	-49.414	-49.415	0%
Non-Controlling Interests	50.571	29.384	72%	50.571	47.505	6%

INFORMATION BY SEGMENT

Results by Segment (Amount expressed in thousands of Brazilian Reais - R$)	**Commercial** 1H20	1H19	Var.%	**Residential** 1H20	1H19	Var.%
Net Revenue	9.478	10.238	-7,4%	393.322	297.965	32,0%
Cost of Real Estate Sold and Services	(2.367)	(3.332)	-29,0%	(220.685)	(187.270)	17,8%
Gross Profit	11.845	6.906	71,5%	172.637	110.695	56,0%
Gross Margin (%)	125,0%	67,5%	57,5 p.p.	43,9%	37,2%	6,7 p.p.
Selling Expenses	(1.395)	(2.607)	-46,5%	(36.131)	(37.345)	-3,3%

Assets and Liabilities by Segment (Amount expressed in thousands of Brazilian Reais - R$)	**Commercial** 1H20	1H19	Var.%	**Residential** 1H20	1H19	Var.%
ASSETS						
Accounts Receivable	50.101	61.415	-18,4%	989.272	694.377	42,5%
Real Estate Held for Sale	439.655	308.321	42,6%	1.103.108	1.060.816	4,0%
LIABILITIES						
Loans and Financing	0	0		0	71.828	-100,0%
Advances from Customers	0	0		0	30.274	-100,0%

Operational Results by Segment	**Commercial** 1H20	1H19	Var.%	**Residential** 1H20	1H19	Var.%
Number of Launched Developments	-	-	n.a.	3	7	-57,1%
PSV (R$ '000)	-	-	n.a.	564.100	790.713	-28,7%
Launched Usable Area (in thousands of sq.m)	-	-	n.a.	49.143	71.663	-31,4%
Launched Units (Units)	-	-	n.a.	1.213	998	21,5%
Launched Units´Average Price (R$ '000)	-	-	n.a.	465	792	-41,3%
Developments´Average Price (R$/sq.m)	-	-	n.a.	11.479	11.034	4,0%
EZTEC´s Stake Total Launches (%)	0%	0%	*0,0 p.p.*	100%	89%	*10,5 p.p.*
EZTEC´s PSV (R$ '000)	-	-	n.a.	564.100	707.324	-20,2%
EZTEC's Contracted Sales (R$ '000)	8.140	9.957	-18,3%	573.165	665.743	-13,9%
Contracted Sales (Units)	36	30	20,0%	1.300	1.464	-11,2%

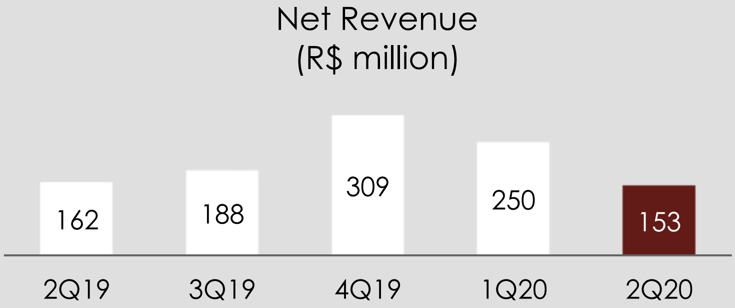
FINANCIAL PERFORMANCE

Financial Highlights	2Q20	2Q19	Var.%	1H20	1H19	Var.%
Gross Revenue (R$ '000)	167.654	178.366	-6,0%	435.551	339.984	28,1%
Net Revenue (R$ '000)	153.286	161.833	-5,3%	402.800	308.203	30,7%
Cost of Real Estate Sold and Services (R$ '000)	(74.741)	(98.633)	-24,2%	(223.052)	(190.602)	17,0%
Gross Profit (R$ '000)	78.546	63.200	24,3%	179.748	117.601	52,8%
Gross Margin (%)	51,2%	39,1%	12,2 p.p.	44,6%	38,2%	6,5 p.p.
Selling Expenses (R$ '000)	(10.718)	(18.152)	-41,0%	(37.526)	(39.952)	-6,1%
General and Administrative Expenses (R$ '000)	(21.335)	(25.969)	-17,8%	(48.066)	(46.353)	3,7%
Other Operating (Expenses) / Revenues (R$ '000)	(1.565)	17.035	-109,2%	(2.847)	14.408	-119,8%
Equity Income (R$ '000)	6.076	35.977	-83,1%	14.173	44.273	-68,0%
EBITDA (R$ '000)	54.575	75.131	-27,4%	109.017	90.424	20,6%
EBITDA Margin (%)	35,6%	46,4%	-10,8 p.p.	27,1%	29,3%	-2,3 p.p.
Financial Income (R$'000)	21.089	32.012	-34,1%	57.923	41.128	40,8%
Income Tax and Social Contribution (R$'000)	(2.203)	(8.185)	-73,1%	(7.432)	(12.222)	-39,2%
Net Income (R$ '000)	68.072	94.910	-28,3%	145.761	112.212	29,9%
Net Margin (%)	44,4%	58,6%	-14,2 p.p.	36,2%	36,4%	-0,2 p.p.
EPS (R$) (1)	0,38	0,09	334,5%	0,94	0,94	0,0%

(1) To calculate the EPS denominator was applied a weighted avarage in the stocks quantity due the variation occurred in the total ammount of stocks the period. This avarege was made using in consideration the ammount of days between every change and the total stocks in that days.

Net Revenue

In 2Q20 the Company's net revenues were of R$ 153.3 million, approximately 39% lower than 1Q20.



Key concepts

In relation to the accounting method, it is worth reminding that revenues and costs relative to real estate developments, for each individual project, is recognized through the Percentage of Completion method (PoC), such that PoC refers to the ratio between the project's incurred costs in relation to the overall budget cost for all units sold, in line with the procedures set forth in OCPC 04, and discounting the Present Value Adjustment (PVA) according to CPC 12. It is worth pointing out that the calculation for the overall budgeted cost takes into account not only the construction cost, but also the land costs, as well as any cost associated with it. Given that land costs are incurred before the project's launch, the PoC for a project's first revenue and cost recognition has an advanced starting point, especially for corporate and high-end projects, where land costs tend to weight heavily in relation to the project's overall budgeted costs.

For each project launched, the initial recognition Is triggered in the quarter when one of its suspensive clauses are surpassed. These clauses are specific in the project's registration, but, as a general rule, are related to [i] the sale of at least 50% of the project's units and [ii] to the passage of 6 months from the time of registration. The Company reserves the contractual right to stop the project's launch while none of those clauses are overcome, reimbursing any buyer that may have already acquired units. This mechanism assures the Company with the flexibility that, eventually, it may be able to make adaptations to the project in the face of its market reception. While none of the clauses are overcome, the plot remains being accounted for as a Plot for New Developments, not considering any revenue or cost effect from sales that may have taken place.

One of the implications from this method is that, in the first quarter for a project's recognition, its revenue and cost contribution tends to be exceptionally large, as it captures all of the sales that have taken place prior to the surpassing of such clauses, and as the PoC factor already counts in the land costs in relation to the remaining costs.

In regards to the how projects with shared control are treated, see the Equity Income segment.

Our Quarter

- **Retraction in net revenus reflect the suspension of sales and the lack of launches associated with the pandemic.** While 4Q19 net revenues were marked by the beginning of revenue recognition of EZ Parque da Cidade, and, in 1Q20, by Air Brooklin's, there hasn't been any new launches in 2Q20 that could have sustained that contribution. Keeping in mind that when a laucch exceeds its suspensive clause it tends to have an exceptionally large recognition all at oncne, since it accounts for the PoC development associated with the plot cost. In this sense, no project has overcome its suspensive clauses in the quarter. Other than that, the drop in revenue reflects the interruption in sales in the months of April and March.

Context

- **Despite Covid19, all construction sites are operative and contribute to revenue accumulation on units sold via PoC .** Due to real estate development being deemed as an essential activity by the government (in both state and municipal spheres), all of Eztec's construction sites up and running. This means that, regardless of sales pace during quarantine period, the Company still manages to accrue revenue to the PoC evolution. These results tend to cover operational expenses (which may decline amidst the current scenario) and preserve net profitability.

- **Projects launched in the beginning of the new operational cycle (around oct/18) are entering the "vertical" phase of construction.** The sector as a whole had a turning point in October, 2018, month in which the Company launched 3 projects in succession. Since then, launches have been taking place in a consistent timing and started to build all of these projects. Recently launched projects are still in groundwork/foundations phase (intensive in machinery but not necessarily in labor) whilst older launches are already in the "vertical" phase (in which the building actually gets erected), being that more labor intensive than the previous one. This phase allows for multitasking within teams working on different floors in a sequential manner. In a standard project the costs evolution curve has an "S" shape, as shown in Data for Valuation spreadsheet available at the IR website.

Cost of Properties Sold and Services Rendered

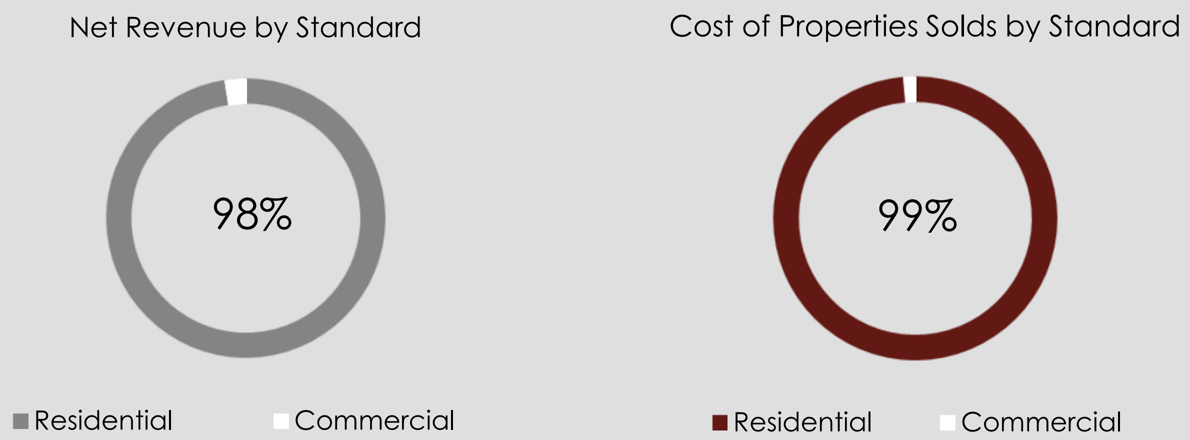
COGs for the quarter reached 74.7 million, 49.6% lower than the previous quarter. These costs totaled 223.1 million in 1H20, against 185.9 million190.6 in 1H19.

Cost by Nature (Amount expressed in thousands of Brazilian Reais - R$)	**2Q20**	**2Q19**	**Var.%**	**1H20**	**1H19**	**Var.%**
Cost of Construction / land	(72.916)	(95.926)	-24,0%	(216.528)	(186.133)	16,3%
Capitalized Financial Charges	(936)	(1.883)	-50,3%	(4.475)	(3.395)	31,8%
Maintenance / Guarantee	(889)	(824)	7,9%	(2.049)	(1.074)	90,7%
Total Costs	(74.741)	(98.633)	-24,2%	(223.052)	(190.602)	17,0%

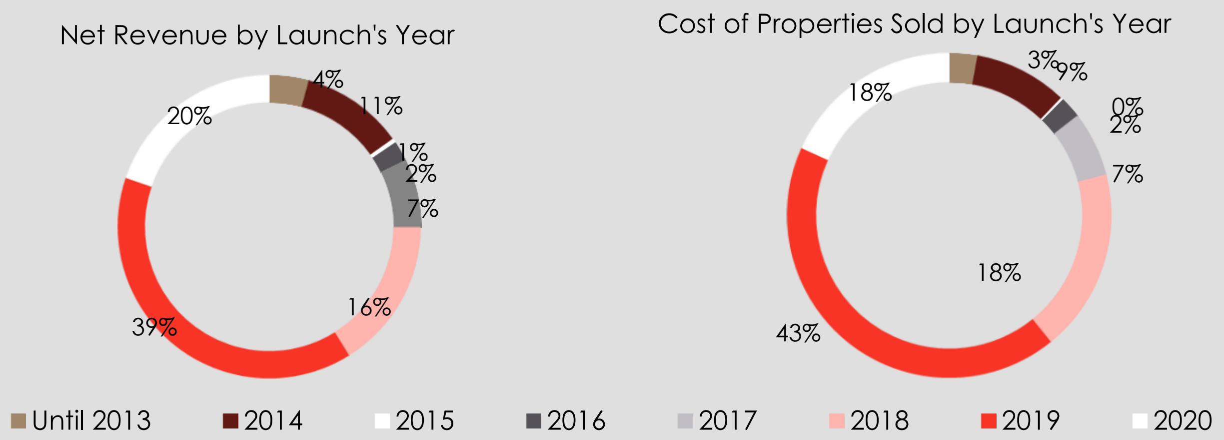
Key Concepts

The Cost of properties sold and Services Rendered is essentially comprise of the following costs: [i] plot acquisition; [ii] project development; [iii] construction; [iv] maintenance (including provisions); and [v] financial charges related to production financing (SFH).

Managerial Data 2Q20

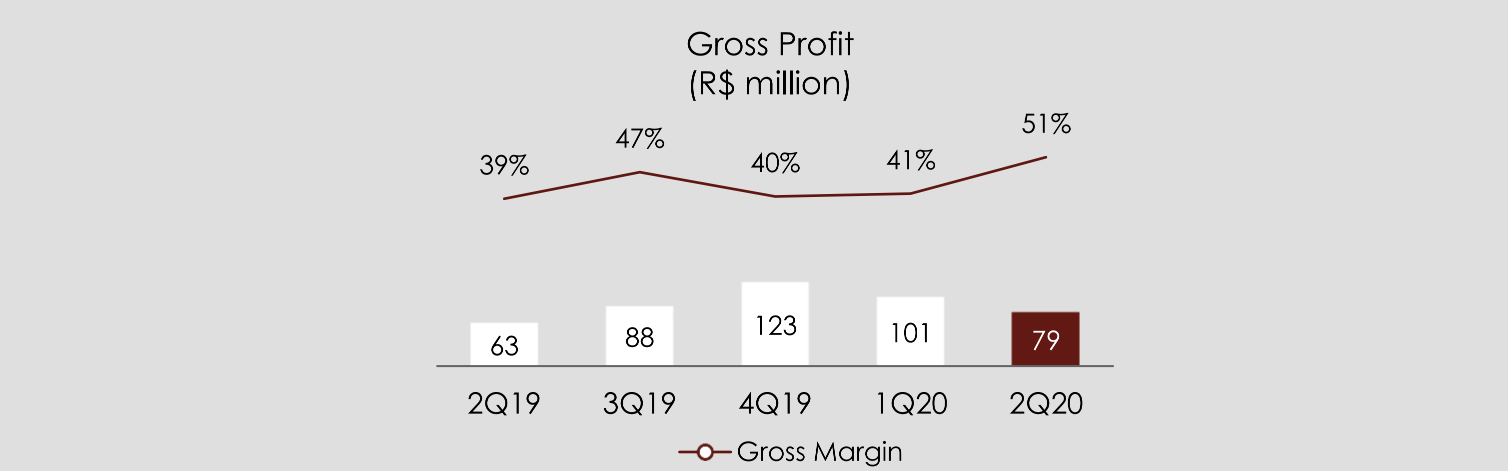


Managerial Data 2Q20



Gross Profit

Gross Profits reached 78.5 in 2Q20, for a Gross Margin of 51.2%. 1H20 reached R$ 179.7 million with a Gross Margin of 44.6% against R$117.6 million and 38.2% in 1H19



Key concepts

In a context of escalating launches, it is worth taking in consideration a series of variables that can, at least at first, to hinder the gross margin incurred vis a vis the feasibility analysis: [i] the strategic decision the developer may make given the tradeoff between greater sales speed (while mitigating gross inventory formation) and maximizing its profitability; [ii] the choice a buyer may make between a longer amortization schedule (with a higher incidence of inflation) or a shorter one (with quicker cash generation for the developer); and [iii] the present value adjustment for sold units – an accounting practice required by norm that removes revenues from the initial moments of recognition, while restituting it via amortizations along the construction execution cycle.

- **Even through the pandemic, there has been no need for the systemic concession of discounts that would burden the gross margin.** Price levels have been maintained effectively stable through the year. Except for the month of July, where there has been an increase in prices a little greater than 2 times inflation levels for all of the Company's portfolio, as a subsequent event. The stimulus measures taken through the pandemic aimed at preserving clients' short-term liquidity, and not to discount the ticket price. These measures included, for example, the payment of registration and transfer tax for the client by EZTEC, which gets accounted as a selling expense. Selling expenses, in their turn, have been markedly small in the pandemic.

- **The quarter's gross margin had a greater than usual contribution from differed revenues, given the drop in sales.** The pandemic cut sales short in the quarter, which naturally pulled net revenues down. Nonetheless the net revenue recognized via PoC were not affected. There was no significant impact on the pace of construction efforts, such that the accounting of differed revenues had a proportionately larger representation in the quarter's gross margin. With that said, differed margins had already been greater than the consolidated margin in the past couple of quarters, positively affecting 2Q20 margins.

- **The quarter's gross margin was helped by a mix with a greater weight from more resilient projects with better margins.** In 4Q19 and 1Q20 the main net revenue contributions had come from EZ Parque da Cidade and, subsequently, from Air Brooklin, which had just been launched Though they had stellar performances by the time they were launched, their margins were short of 40%. By 2Q20 their sales dropped sharply, making room for projects whose sales were more resilient in the face of a pandemic, which also happened to have greater margins. It is the case of the projects from Guarulhos (Cidade Maia, Parque Ventura, and Bosque ventura), as well as the more recent Fit Casa Alto do Ipiranga.

- **Circunstancial effects non-related to the regular sales operations have also contributed to the gross margin.** There has been a significant reversal in provision for cancellations in the megacoumpound Cidade maia, which led to an increase in net revenues not accompanied by any costs. With that, Cidade Maia was the product with the largest net revenue recognition of the quarter, with a gross margin of 57%. Moreover, the split between the commercial tower and the residencial tower in Air Brooklin also produced a positive impact in the quarter's consolidated gross margin. The two projects had been under the same SPV, but the commercial fraction had a greater budgeted cost than the residential fraction. At the moment the two are split, the PoC recalculation led to a reversal in the SPV's recognized costs, accompanied by a return of the commercial portion to the Company's inventory.

Context

- **Investors, as a category, tend to seek for units on the lower half of the tower and shorten their amortization schedule upon a NPV discount.** When a project is launched, usually there is an initial preference for units on the lower floors, where the price/sqm is marginally cheaper – it is a typical behavior among investors, that are more sensitive to price. EZ Parque da Cidade's Epic Tower, in 4Q19, sold more than 90% of the units up to the 20th floor, but less than 50% of units above the 30th floor. The project as a whole has sold 91% of the smaller 134 sqm units and only 42% of the 227 sqm ones. Thus, it was to be expected that the gross margin reported in the quarter would undershoot the project's average margin. Examples of this phenomenon include Z. Cotovia, which went from 38% in 1Q18 to 46% in 4Q19, or even Z. Pinheiros, which reported 42% in 1Q19 and 49% in 4Q19. The top half of a project is mostly absorbed by the final client, which is usually attracted by the project when the building starts to rise and the concept becomes more visible in people's routine. Commonly, the final client will value the product differently than investors do at first, such that that gap in profitability may be covered.

- **With the pandemic, PoC evolution and margins to be recognized steer future results and margins.** The most notable economic impact of the current scenario (pandemic and social distancing) on real estate developers is the collapse in consumer confidence and the paralysis of sales stands, imposing a considerable obstacle to new sales to come. As referred to earlier in the net revenue segment, future net revenue tends to depend heavily on cost evolution for projects under construction. Therefore, gross margin basically comes from units already sold, as explained in the Margins to Recognize rationale – units sold but still not recognized due to PoC evolution. In this inertial outlook with no additional sales, this tends to be a reasonable driver.

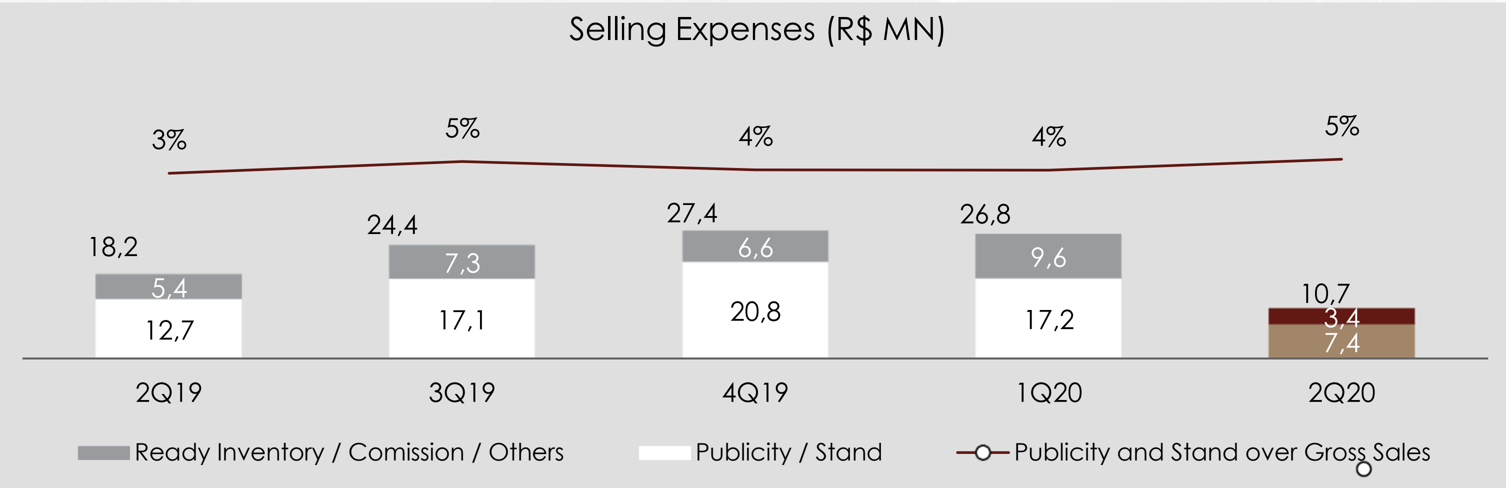
Selling, General and Administrative Expenses

The following table presents a breakdown of Selling and Administrative Expenses as a percentage of Net Revenue:

Selling, General and Administrative Expenses (In thousand of Brazilian Reais – R$)	2Q20	2Q19	Var.%	1H20	1H19	Var.%
Selling Expenses	(10.718)	(18.152)	-41,0%	(37.526)	(39.952)	-6,1%
% of Net Revenue	-7,0%	-11,2%	4,2 p.p.	-9,3%	-13,0%	3,6 p.p.
General and Administrative Expenses (G&A)	(21.335)	(25.969)	-17,8%	(48.066)	(46.353)	3,7%
% of Net Revenue	-13,9%	-16,0%	2,1 p.p.	-11,9%	-15,0%	3,1 p.p.
Administrative Expenses	(17.696)	(22.775)	-22,3%	(41.647)	(40.542)	2,7%
Management Fees	(3.640)	(3.194)	14,0%	(6.419)	(5.811)	10,5%
Total SG&A	(32.054)	(44.120)	-27,3%	(85.592)	(86.305)	-0,8%
% of Net Revenue	20,9%	27,3%	-6,4 p.p.	21,2%	28,0%	-6,8 p.p.

Selling Expenses

Selling expenses in the quarter reached R$10.7 million. From them, the expense related to the realization of new launches represent 68.7%, while efforts for inventory commercialization take the remaining 31.3%.



Key concepts

Commercial expenses include all expenses related to tangible assets (sales stands, model apartments and their related furniture), advertising costs and other expenses related to the marketing efforts of developments, besides expenses related to brokerage fees (when applicable), and those related to the maintenance of ready inventory (as condominium fees and real estate tax).

Our Quarter

- **Sales stands and advertising expenses automatically halt, with exception of online advertisement efforts.** As outlined above, commercial expenses retract autonomously as there are no longer market conditions for sales and launches, which would require targeted campaigns. Therefore, since the second half of March, the Company has focused its commercial efforts on online media channels. This is mainly done through the

EZ Digital initiative, which seeks customers where they are currently available: through targeted advertisements on social networks and online research tools. In parallel to the "active" commercial expenses (which seek the customer and try to sell the product), it is important to note that there is a "passive" line of expenses for inventory maintenance, consisting basically of taxes and condominium fees. This nature of commercial expenses remains intact during quarantine, representing annually around 3% of finished inventory sales value on average (taking into consideration the period between 2016 and 2019).

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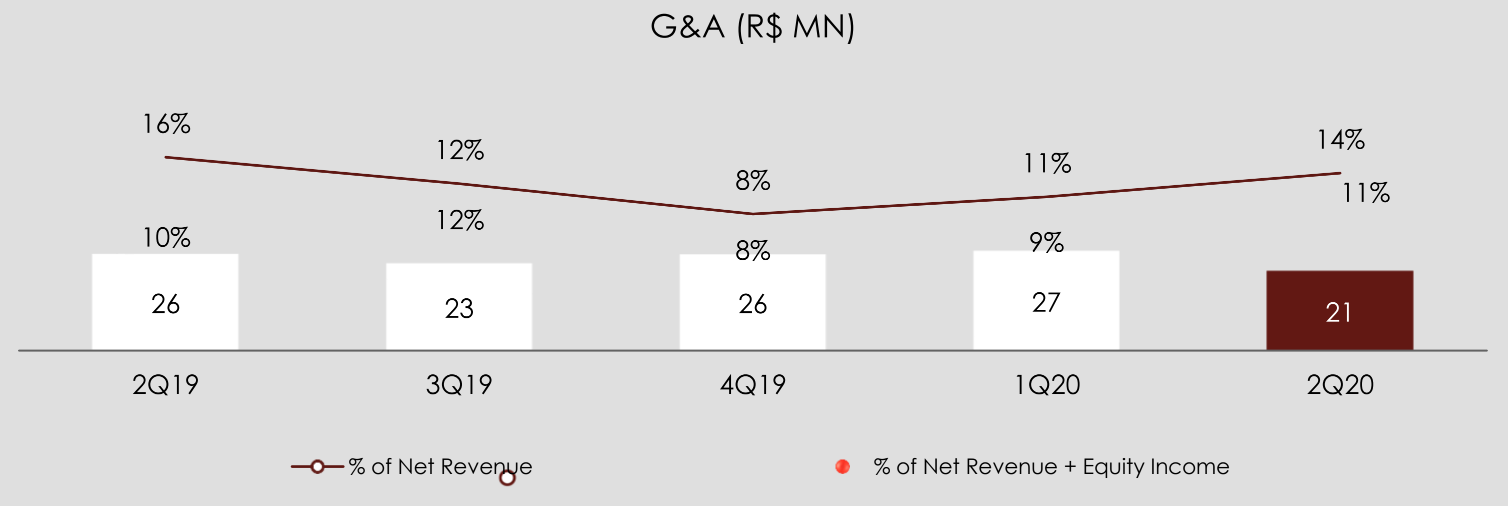
Residual expenses under "other expenses" reflect the payment of ITBI and developer registration, associated to the recent delivery cycle.

Selling Expenses by Nature (Amount expressed in thousands of Brazilian Reais - R$)	2Q20	2Q19	Var.%	1H20	1H19	Var.%
Advertising Expenses	(5.387)	(6.656)	-19,1%	(13.299)	(12.302)	8,1%
Expenses with stand	(1.979)	(6.078)	-67,4%	(11.315)	(15.370)	-26,4%
Expenses for property tax and condominium	(3.146)	(3.261)	-3,5%	(7.709)	(8.200)	-6,0%
Brokerage Fees & Others	(206)	(2.156)	-90,4%	(5.204)	(4.080)	27,6%
Total Selling Expenses	(10.718)	(18.152)	-41,0%	(37.526)	(39.952)	-6,1%

General & Administrative Expenses

G&A reached R$21.3 million in 2Q20. This amount represents 14.0% of the net sales recognized in the quarter, or even 11% accounting for the contribution of shared projects.



Key concepts

In accordance with IFRS 16, from 1Q19 onwards, rental and condominium expenses are accounted for as depreciation of utilization rights, having the amount transferred from one line to the other in the comparison between quarters.

Our Quarter

- **G&A expenses are mostly strict in the short term, except for renegotiations with suppliers and fees for outsourced legal support.** While most commercial expenses are very much adaptable to a change of scenarios, administrative expenses require much more of an effort to manage, being less flexible in the short term. When regarding staff, which represents approximately 50% of G&A, the first reaction to the spread of Covid-19 and shutting down sales stands was to, immediately, institute collective vacations for approximately 50% of the administrative staff – these vacations take place now in order to replace collective vacations that would generally occur at the end of the year. Naturally, this imposition falls especially (but not solely) upon employees in charge of the development of new projects, launches and sales; while sparing those focused on construction activities. In a following moment, the Company also may temporarily reduce working shifts with proportional salary reduction for groups of employees who currently have their role obstructed due to the current outlook. Besides payroll, there are a series of expenses that are not affected by operational volume, such as IT licenses (which involves long term contracts, sometimes in US$) that remain inflexible. The main component effectively linked to the operation is related to outsourced legal services, mostly used for new projects/plots acquisitions (from due diligence to the corporate procedure) or Tec Vendas operational needs. In addition, the effort to accommodate this new reality involves negotiating discounts with suppliers of all sorts.

Context

- **Strong operational cycle between 2019 and 2020 was already resulting in compensations adjustments, but hiring was still sporadic.** The initial stage of constructions allowed administrative staff grew only 9% from Jan/19 despite a year and a half of increased operational volume. After all, the 20 construction site currently active are still far from the historical maximum capacity reached in 2013 (36 sites). Taking into consideration that a tower is usually built in 3 years, operational limits would be reached with 3 years of normalized launching pace. Seeking to retain top talents amidst the heated market, top managers were promoted to VP roles, working closer to the executive officers.

- **The Company preserved its main technical staff throughout the 2015-18 crisis, being able to handle the operational escalade.** During the crisis, Eztec chose to keep a larger administrative team than was needed to manage launching and construction activities. Essential experienced employees stayed within the organization in order to maintain execution capacity and be ready to resume operations once the market becomes propitious again. This effort has retained managers and coordinators in order to preserve synergies and, once a new cycle begins, keep hiring on a support level (analysts, specialists and interns). This strategy explains the absence of abrupt movements in the G&A line throughout the crisis and in the resumption of the real estate market.

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G&A by Nature (Amount expressed in thousand of Brazilian Reais – R$)	**2Q20**	**2Q19**	**Var.%**	**1H20**	**1H19**	**Var.%**
Payroll and related taxes (1)	(6.780)	(8.529)	-20,5%	(16.099)	(15.139)	6,3%
Board's Fees	(3.640)	(3.194)	14,0%	(6.419)	(5.811)	10,5%
Employee Benefits	(2.157)	(1.575)	37,0%	(4.349)	(3.932)	10,6%
Depreciation and Amortization	(983)	(892)	10,2%	(1.964)	(1.785)	10,0%
Service expenses	(4.635)	(7.533)	-38,5%	(11.953)	(11.872)	0,7%
Rentals and common area maintenance fees	(124)	-	n.a.	(124)	-	n.a.
Maintenance of properties	(125)	(111)	12,6%	(394)	(176)	123,9%
Taxes and Fees	(137)	(1.100)	-87,5%	(536)	(1.498)	-64,2%
Software and licenses expenses	(1.140)	(1.127)	1,2%	(1.834)	(1.647)	11,4%
Other expenses	(1.615)	(1.908)	-15,4%	(4.394)	(4.493)	-2,2%
Total G&A	(21.336)	(25.969)	-17,8%	(48.066)	(46.353)	3,7%

Other Operating Revenues and Expenses

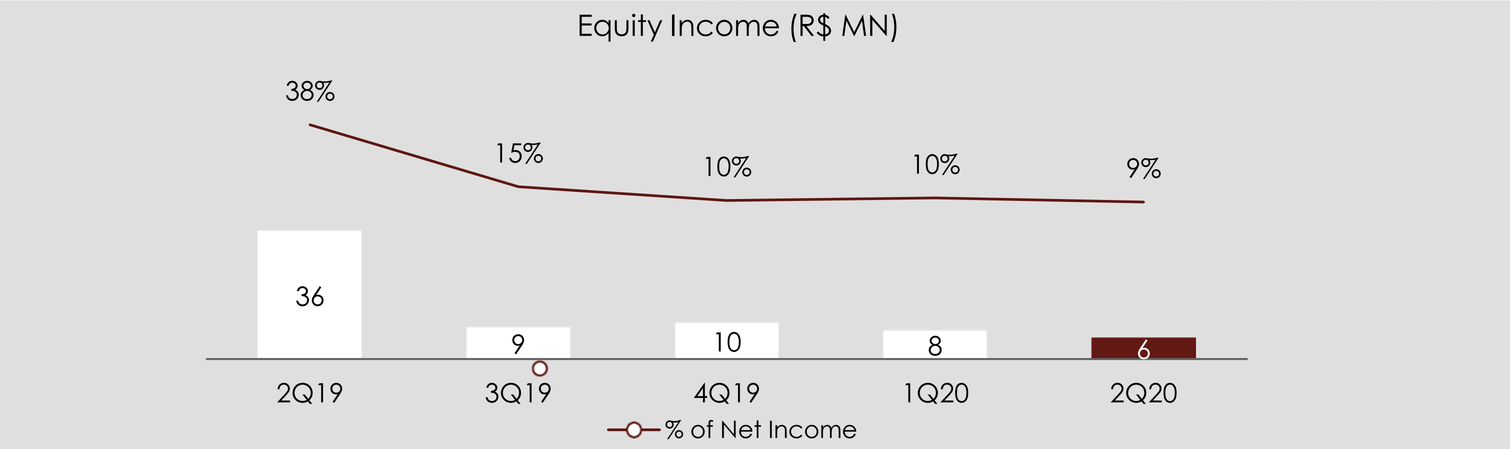
Other Operating Revenue and Expenses (Amount expressed in thousand of Brazilian Reais – R$)	**2Q20**	**2Q19**	**Var.%**	**1H20**	**1H19**	**Var.%**
Total Other Operating Revenue and Expenses	(2.503)	11.470	-122%	(10.489)	8.650	-221,3%
% of Net Revenue	*-1,6%*	*7,1%*	*-8,7 p.p.*	*-2,6%*	*2,8%*	*-5,4 p.p.*
Tax Expenses	(3)	(5.565)	-100,0%	(6.707)	(5.758)	16,5%
Provision for contigence	(936)	-	n.a.	(936)	-	n.a.
Other Operating Revenue and Expenses	(1.565)	17.035	-109,2%	(2.847)	14.408	-119,8%
Equity Income	6.076	35.977	-83%	14.173	44.273	-68,0%
% of Net Revenue	*4,0%*	*22,2%*	*-18,3 p.p.*	*3,5%*	*14,4%*	*-10,8 p.p.*

Key concepts

Tax Expenses basically consists of expenses with IPTU, in addition to other taxes related to land. In the first quarter of 2019, as was the case in 2018, the leap in tax expenses stems from the choice to pay the real estate tax ("IPTU") in cash in January, referring to the Company's land bank. The Other Expenses line reflects the accounting effects of the repeated acquisitions of incremental stakes that the Company has recurrently made in projects where it already holds a share.

Equity Income

The Net Income contribution coming from non-controlled projects reached R$6.1 million in the quarter, accounting for 8.9% of consolidated profits.



Key Concepts

In 2013, the IFRS 10 and 11 standards, which deal with jointly controlled operations, came into force. Adopting CPC 19, the portion of assets and liabilities, revenues and expenses are no longer proportionally consolidated in projects not controlled by EZTEC.

Pursuant to the pertinent accounting standard, non-controlled enterprises are the ones in which the Company has a partner who, in its turn, holds decision-making power over the project's executive and financial prospects. Thus, it is not just about EZTEC's sheer participation in the project, but rather what the contractual terms determine regarding who is responsible for managing the project. In the event that EZTEC does not monopolize the management over a given project, the result derived from its sales is no longer consolidated among the controlled projects. It is to be encapsulated in the Equity Income line, which strictly represents EZTEC's share of the net income over non-controlled projects.

It is worth pointing to the fact that, while non-controlled projects may have no effect over the Net Revenues, they do reach the Net Income line (via the Equity Income line). The implication being that the top line is underestimated in relation to the bottom line, causing a distortion in the Net Margin calculation.

Context

- **The low incidence of relevant shared projects, for now, keeps the equity line inexpressive.** As Pátrio Ibirapuera got consolidated, the valley in joint venture launches leaves little to be accounted for in this line. Finally, shared projects with a significant impact are, in order of revenue contribution, Jardins do Brasil (both the recent launch of Reserva JB and the finished inventory), Fit Casa Brás and Prime House Bussocaba.

The table below details the specific income statement for shared projects, calculating the revenue and cost contributions weighted by the share of EZTEC in each of them. Weren't considered the unmanaged shared projects by the EzTec.

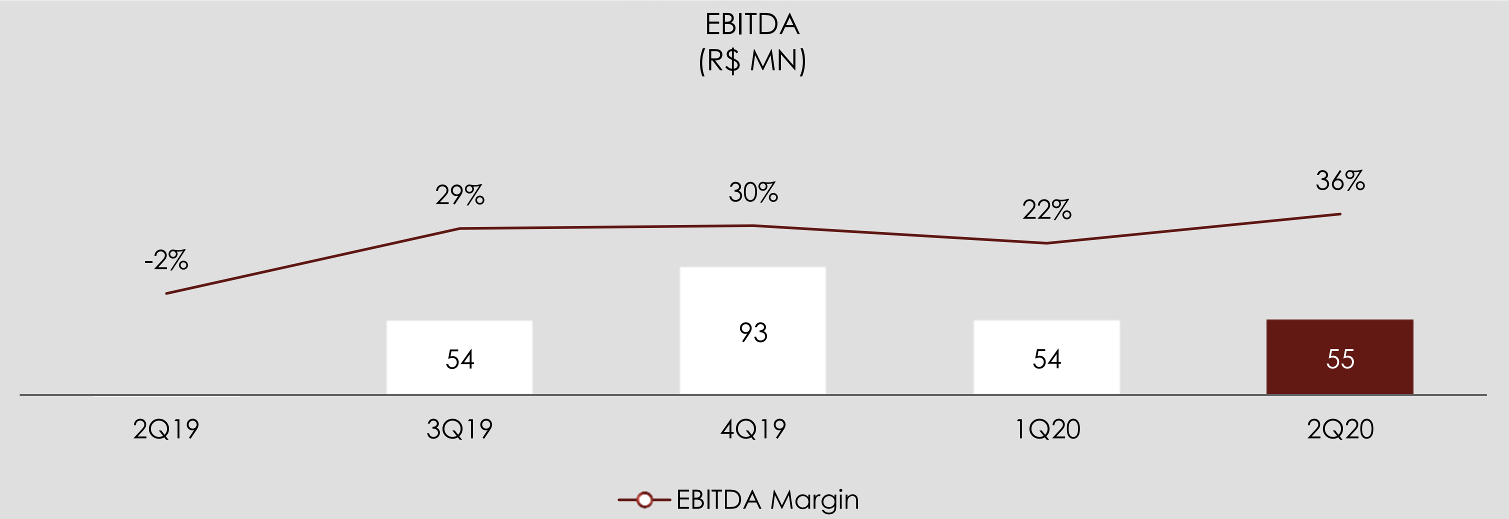
Results for Shared Control projects (in R$ MN)	**2Q20**	**2Q19**	**Var.%**	**1H20**	**1H19**	**Var.%**
Gross Revenues	23,2	104,6	-77,8%	57,8	156,3	-63,0%
Sales Cancellations	(2,0)	(8,2)	-75,2%	(3,6)	(15,3)	-76,2%
Taxes from Sales	(0,5)	(2,7)	-82,7%	(1,2)	(3,7)	-67,6%
Net Revenues	20,7	93,6	-77,9%	53,0	-	n.a
Cost of Real Estate Sold and Services	(12,4)	(48,4)	-74,5%	(33,0)	-	n.a
Gross Profit	8,3	45,2	-81,5%	20,0	-	n.a
Gross Margin (%)	*40,3%*	*48,3%*	*-8,0 p.p.*	*37,8%*	*0,0%*	*37,8 p.p.*
Commercial Expenses	(2,3)	(117,7)	-98,1%	(7,0)	-	n.a
Net Revenues	1,8	4,6	-60,7%	4,4	-	n.a
Cost of Real Estate Sold and Services	(0,2)	(1,0)	-76,6%	(0,7)	-	n.a
Net Income	(2,0)	(8,2)	-75,2%	(3,6)	(15,3)	-76,2%
Net Margin (%)	(0,5)	(2,7)	-82,7%	(1,2)	(3,7)	-67,6%
Average Control (as % Revenue)						

Balance Sheet for Shared Control projects (in R$ MN)	**2Q20**	**2Q20**	**2Q20**	**2Q20**	**2Q20**	**2Q20**
Assets						
Cash and Equivalents	20,4	5,9	*246,9%*	20,4	35,4	-42,2%
Trade Accounts Receivable	19,5	21,8	-10,5%	19,5	134,3	-85,5%
Real Estate held for Sale	44,4	31,8	39,7%	44,4	228,6	-80,6%
Liabilities						
Loans and Financing	-	2,3	*-100,0%*	-	2,3	*-100,0%*
Advances from Customers	16,2	9,1	*77,1%*	16,2	9,1	*77,1%*

From the table above, it is worth pointing out that, out of the total of receivables, R$ 47.735 million correspond to clients who have signed a statutory lien agreement, having its outstanding balance financed directly by the company.

EBITDA

The Company reported EBITDA of R$54.6 million in 2Q20, compared to R$ 58,0 million in 1Q20. Thus, EBITDA margin increased from 32,0% in 1H19 to 27.1% in 1H20.



Key concepts

EBITDA is a non-accounting measurement disclosed by the Company in accordance with CVM Instruction 527, of October 4, 2012, reconciled with its financial statements. This measurement consists of net income before net financial result, income tax and social contribution and depreciation and amortization expenses.

In the real estate market, interest accrued on construction financing is capitalized at the cost of the product, rather than as a financial expense, as it arises from the production process. However, this interest becomes expenses under Interest and Passive Monetary Variations once the project is delivered.

The table below details the calculation of EBITDA adopted by EZTEC:

EBITDA (Amount expressed in thousands of Brazilian Reais – R$)	**1Q20**	**1Q19**	**Var.%**	**1Q20**	**4Q19**	**Var.%**
Net Income	69.885	17.400	301,6%	149.266	34.799	328,9%
Income Tax and Social Contribution	2.203	8.185	-73,1%	7.433	12.222	-39,2%
Net Financial Result	(21.089)	(32.012)	-34,1%	(57.924)	(41.128)	40,8%
Depreciation and Amortization of Goodwill	2.639	1.349	95,6%	5.767	2.810	105,2%
Financial obligations accrued into costs	936	1.883	-50,3%	4.475	3.395	31,8%
EBITDA (1)	54.575	-3.195	-1808,3%	109.017	12.098	801,1%
EBITDA Margin (%)	*35,6%*	*-2,0%*	*37,6 p.p.*	*27,1%*	*3,9%*	*23,1 p.p.*

Net Financial Result

By the end of 2Q20 Net Financial Results accounted for 21.1 million. From financial income as a whole, 38.3% derived from investment yields, while 61.7% comes from the ready receivables portfolio.

Financial Result by Nature (Amount expressed in thousands of Brazilian Reais – R$)	**2Q20**	**2Q19**	**Var.%**	**1S20**	**1S19**	**Var.%**
Financial Revenues						
Proceeds from Financial Appliances	8.896	6.118	45,4%	20.999	13.133	59,9%
Interest Income on Trade Accounts Receivable	13.611	27.514	-50,5%	39.537	31.130	27,0%
Other	732	905	-19,1%	1.907	1.911	-0,2%
Total Revenues	23.239	34.537	-32,7%	62.442	46.174	35,2%
Financial Expenses						
Interest and Inflation Adjustments Losses	(589)	(1.939)	-69,6%	(1.186)	(4.070)	-70,9%
Discounts on Trade Accounts Receivable	(1.521)	(523)	190,8%	(3.229)	(810)	298,6%
Other	(40)	(63)	-36,5%	(103)	(166)	-38,2%
Total Expenses	(2.150)	(2.525)	-14,9%	(4.518)	(5.046)	-10,5%
Net Financial Result	21.089	32.012	-34,1%	57.925	41.128	40,8%

Key concepts

Interest on Trade Accounts Receivable line mainly captures the income from the portfolio of receivables carried out under fiduciary lien, where the Company itself finances the customer's outstanding balance after delivery, through financing linked to IGP-DI. The methodological consideration is that, for the calculation of monetary restatement, the IGP-DI variation with two months of lag is applied to the outstanding balance of each month.

Context

- **Given the cash injection that followed the follow-on offer, financial appliances have become more robust.** Having distributed more than R$ 1 billion in dividends during the 2015-2018 crisis, the yield on the Company's financial investments had been merely subsidiary. However, by the end of September, the company raised R$ 941 million in its follow-on offer, constituting a significant amount with relevant yields.

Income and Social Contribution Taxes

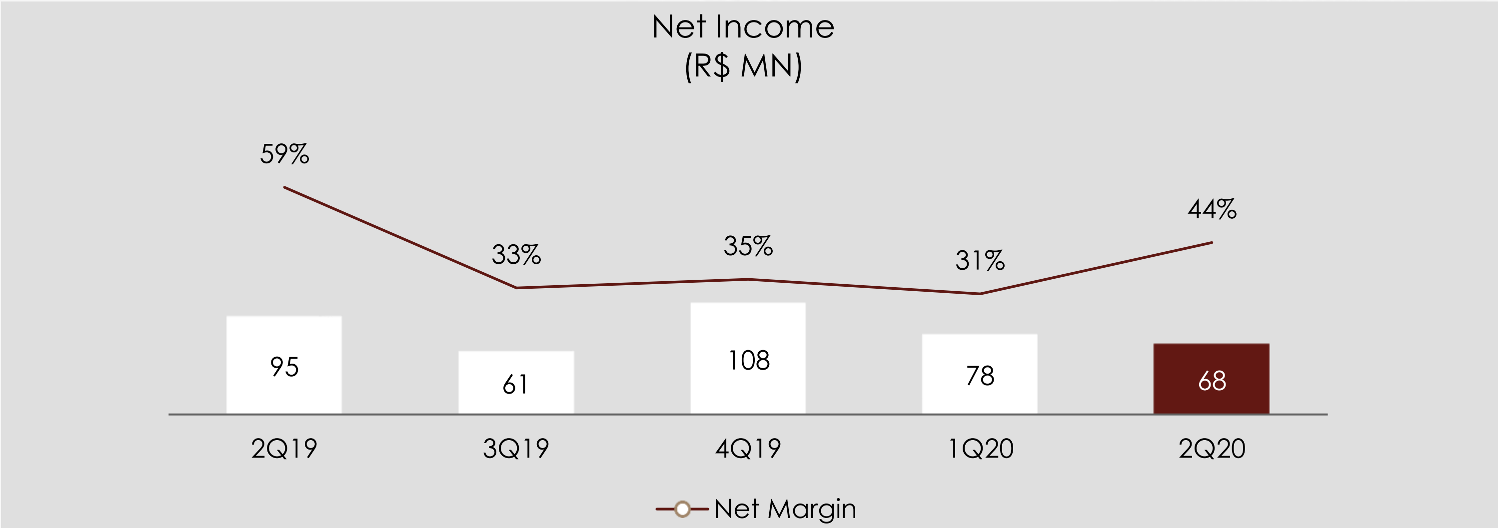
Income Tax and Social Contribution was of R$ 2.2 million. Year-to-date contributed to R$ 7.4 million, against R$ 12.2 million for 1H19.

Key concepts

EZTEC utilizes the Earmarked Asset concept in its projects because it understands that, in addition to the tax benefit provided by the consolidated tax rate (PIS + COFINS + IR + CSLL) of 4.0% on Revenue, the mechanism of segregating, necessarily, the cash from its projects, reflects the lower use of production financing, improving the Company's margin and, above all, generating indirect benefits by providing clients, banks and suppliers with confidence in the management of construction resources.

Net Income

Net Income in 2Q20 totaled R$ 68.1 million with Net Margin of 44.4%. The accumulated value for the year is of R$ 145.8 million, in 1H19 this amounted for R$ 112.2 million.

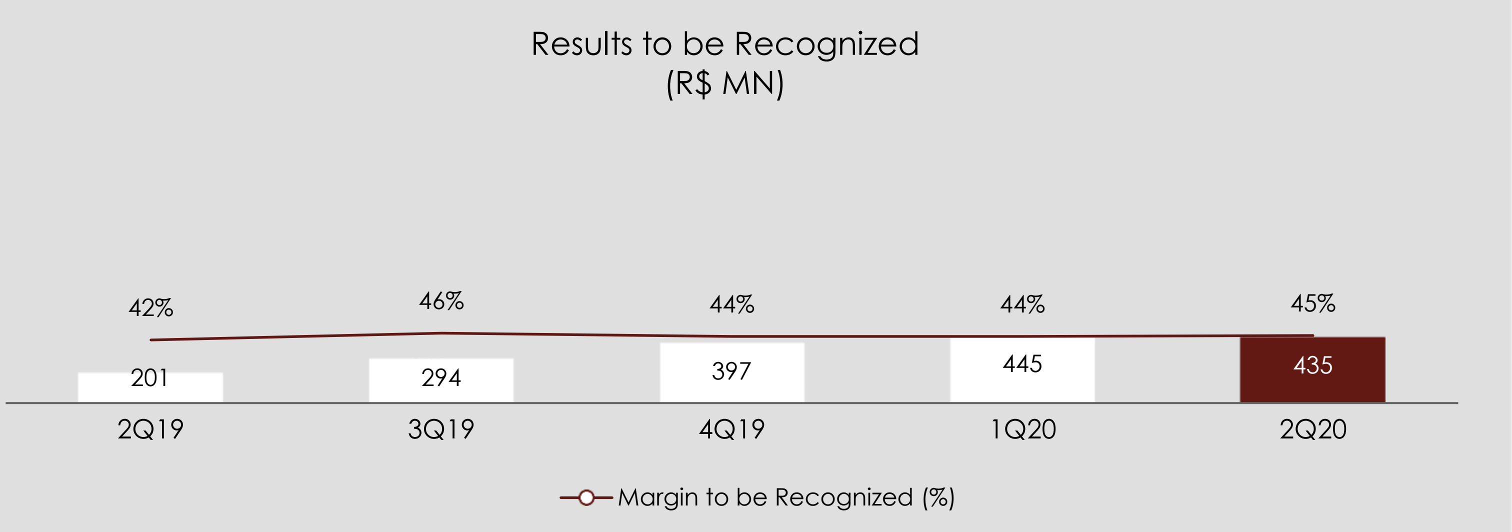


Our Quarter

- **The aggregate effect of a lower net revenue base, a greater gross margin and a contracting SG&A increase the net margin.** The effect of the pandemic on sales leads to a drop in net income between 1Q20 and 2Q20. Yet the drop is mitigated by the already discussed events in gross margin and SG&A. Ultimately, the lower denominator favors the net margin.

Deferred Revenues and Income

Results to be recognized by the percentage completion method (PoC) reached R$ 434.8 million in 2Q20. Margin to be Recognized in the quarter was of 44.8%, 6.5 p.p. greater than consolidated gross margin.



Key concepts

Our financial statements are prepared in accordance with the guidelines set forth in Technical Guidance OCPC 04 - Application of Technical Interpretation ICPC 02 to Brazilian Real Estate Development Entities. We recognize revenue from construction contracts using the Percentage of Completion (POC) methodology, which consists of recognizing revenue based on the operational cost incurred during the construction period. This methodology therefore generates a result that will be recognized as execution develops.

Context

- **The drop in sales in the face of a continued pace of construction has led to a decrease in results to be recognized.** In the past quarters sales had been accelerating for recently launched projects that were still at their early stages of construction. This fact contributed for a strong generation of differed revenue, outpacing the speed at which construction efforts moved PoC forward. In 2Q20 the pandemic reversed that trend, as sales were hurt while the pace of construction was maintained, which ultimately consumed the stock of results to be recognized. Nonetheless, the margin to be recognized still reflects the profitability of the projects from the recent harvest of launches.

The table below shows the Company's revenues, costs and results to be recognized based on the portion of products sold and not yet built:

Revenues and Results to be Recognized (Amount expressed in thousand of Brazilian Reais – R$)	2Q20	2Q19	Var.%	1H20	1H19	Var.%
Revenues to be Recognized - end of the period	952.416	442.680	115,1%	952.416	442.680	115,1%
Present Value Adjustment - On-Balance	18.525	11.494	61,2%	18.525	11.494	61,2%
Present Value Adjustment - Off-Balance	-	25.348	-100,0%	-	25.348	-100,0%
Cost of Units Sold to be Recognized - end of the period	(536.114)	(278.689)	92,4%	(536.114)	(278.689)	92,4%
Result to be Recognized	434.827	200.833	116,5%	434.827	200.833	116,5%
Margin to be Recognized (%)	*44,8%*	*41,9%*	*2,9 p.p.*	*44,8%*	*41,9%*	*2,9 p.p.*

Accounts Receivable

By the end of 2Q20 the Company recorded a total of R$1,906.0 million in accounts receivable. Of those, 27% derives from projects with housing permit issued; for the remaining 73%, construction has not yet been finished.

Accounts Receivable (Amount expressed in thousands of Brazilian Reais – R$)	**2Q20**	**1Q20**	**Var.%**
Total Account Receivables of Developments (Concluded)	1.035.789	1.033.101	0,3%
Receivables for Property Development - Completed Construction (1)	519.424	551.822	-5,9%
Receivables for Property Development - Construction in Progress (2)	516.365	481.279	7,3%
Total Accounts Receivable (Non-Concluded) (3)	952.416	986.747	-0,3%
Advance from Costumers (4)	(82.177)	(76.027)	8,1%
Total Accounts Receivable	1.906.028	1.399.754	36,2%

Key concepts

Accounts Receivable from Clients are derived from the sale of units of residential and commercial projects, and the amount of the outstanding balance of the agreements is updated in accordance with their respective clauses. The amounts related to the monetary restatement of receivables are recorded in the period's income statement under revenue from property sales until delivery, and as financial income (interest) after delivery.

(1) The Company finances up to 80% of the unit price to its customers when the project is delivered. Accounts receivable from ready units are monetarily restated by the variation of Índice Geral de Preços – Disponibilidade Interna disclosed by Fundação Getúlio Vargas - IGP-DI, plus interest of 10% to 12% per year and recorded in the statement of income under " Financial income".
(2) Represented by amounts receivable from sales due to the project's percentage of completion (PoC). The amounts related to the monetary restatement are recorded in the period's income statement under "Property Sales Revenue", until delivery.
(3) Represented by amounts receivable from sales not yet recognized in the balance sheet due to the recognition of revenue by financial evolution (PoC) criterion. The amounts related to the monetary restatement are recorded in the period's income statement under the caption "Property sales revenue", until delivery.
(4) Trade receivables arising from sales of units under construction are presented by virtue of the same percentage of completion, and receipts in excess of revenue recognition, PoC methodology, are recorded in current liabilities as advances from customers.

Context

- **Despite the pandemic, there has been no real need for renegotiations on clients' outstanding balance, sufficing to postpone part of the first installments.** Even though the pandemic had raised concerns as to the resiliency of the portfolio of receivables, the only measure carried out systemically was the postponing of part of the first few installments on the very first months of the pandemic, diluting them over the rest of schedule of amortization. Even so, this was done selectively, when the client could prove a loss in income. By this point, most of these clients have already resumed normalized amortizations.

Context

- **As of June 30, 2020, the Receivables Portfolio, excluding Accounts Receivable from Services Rendered and Provisions, totaled R$ 1,035.8 million**. Of the R$ 19.9 million expired by the end of 2Q20, approximately 0% refers to clients in the state prior to the loan transfers when they may undergo credit analyses to get their outstanding balance with the Company transferred to a bank. Total Performed Receivables, which are qualified for securitization, amounted to R$ 519.4 million (considering only projects fully controlled by EZTEC). Accounting for projects with shared control also, the Company has R$ 503.6 million of receivables from clients who have effectively signed a statutory lien agreement with EZTEC, which is rewarded by the IGP-DI index +10 to 12% per year. It is important to remark that receivables from lien agreements are not subject to unilateral cancellation.

Net cash and Indebtedness

The Company ended 2Q20 with Cash, Cash Equivalents and Financial Investments of R$ 1,296.4 million and sold Debt of R$ 0.6 million. The resulting Net Cash of R$ 1,295.8 million implies in cash generation of R$ 29.2 million in 2Q20.

Financial Debt (Amount expressed in thousand of Brazilian Reais – R$)	2Q20	1Q20	Var.%
Short-Term Debt	-	-	n.a.
Long-Term Debt	554	557	-0,5%
Cash and Cash Equivalents	(64.574)	(34.153)	89,1%
Financial Investments	(1.231.807)	(1.233.000)	-0,1%
Net (Cash) Debt	(1.295.827)	(1.266.596)	2,3%
Cash (Burn) Generation	29.231	1.220	2.296,8%
Dividendos Paid	-	-	n.a.
Cash (Burn) Generation Ex Dividends	29.231	1.220	2.296,8%

Key concepts
EZTEC's Gross Debt is exclusively from Sistema Financeiro da Habitação (SFH) real estate financing lines with rates ranging from 8.1% + TR per year to 10.2% + TR per year.

Our Quarter

- **Ever since the follow-on and up to the date of this publishing, the Company has already deicated R$1 billion in cash contractually bound to new acquisitions.** Since September 2019 and the end of 2Q20, there have been R$239 million in cash deployed in new acquistions and construction rights. But taking into account all of the acquistions made by the date of this publishing, including remaining installments from past quarters, there are another R$726 million that are committed to new acquistions and construction rights. These acquisitions are taking place in regions where EZTEC has a dominant hold, in regions that are immediately outside the "Little Manhattan", which may escape the attention of a large part of our peers, up to regions that are effectively out of reach for most traditional players.

- **Disimbursements of R$68.3 million in acquistions in the quarter derives from a mix of old and new acquisitions.** By the second quarter the Company is still paying installments from old acquisitions, like the last R$26,5 million installment from EZ Parque da Cidade. Other than that, the dominant part of disimbursements (R$30 million) regards acquisitions made since the follow-on.

- **Low interest rates environment accelerate payment commitments for launches since 2018, with average pre-payments of 54% prior to deliveries.** Even with abundant possibilities to finance up to 80% of the product clients tend to prefer payment more up front. This preference ends up being accentuated in a context of falling interest rates, in which there is a perception of a low opportunity cost in investing reserves elsewhere. This behavior ends up diminishing gross profitability, since it encompasses discounts on outstanding balances adjusted to NPV. On the other hand, it results in a low need for construction financing (SFH): only 20% of launches made in this new cycle are going to need loans. Again, the practical implications are to mitigate cash commitment in an interval of low amount of deliveries.

Context

- **4Q18 launches are being built at a normal pace, signaling resumption of deliveries and debt transfers in 2H21.** Regarding launches in the last 18 months, Eztec's operation is already the highest pace in its history – which, of course, encompasses commercial expenses and projects acquisitions costs. However, delivery schedules are lagged by 3 years in relation to launches, taking as a premise the average duration of constructions. By delivery time, and with proper issuance of housing permits, the Company is able to start transferring each costumer’s outstanding balance to banks if so desired. In return the bank settles the client’s debt with the developer, representing an immediate cash inflow. The next relevant deliveries are scheduled to take place on the second half of 2021 (projects launched in the beginning of the new real estate cycle), meaning a relevant turning point in the Company’s cash flow route and strategic planning.

OPERATIONAL INDICATORS

Operations

EZTEC adopts a fully integrated business model, divided into three business units: Development, which prospects and develops projects that meet the Company's returns criteria; Engineering and Construction, which assure quality during the execution of projects, timely delivery and the cost control; and Brokerage, whose team of brokers is responsible for maintaining the rapid pace of sales of the Company's developments. EZTEC also offers financing directly to its clients with terms of up to 240 months and interest of IGP DI inflation index + 10 to 12% p.a. after delivery of keys.

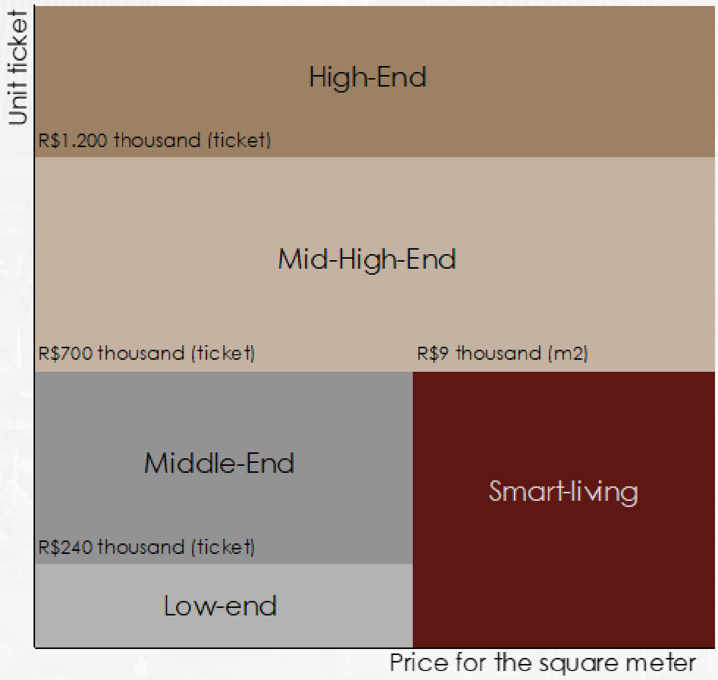
EZTEC firmly believes in its vertical model, which provides efficient negotiations with suppliers, flexibility in the creation of products and operational excellence in development and construction processes.

The Company has an internal development team that creates new EZTEC products based on its clients' needs, working jointly with other development departments to anticipate trends and make the most of the area available, while maintaining its social and environmental responsibility, in order to create value to the enterprise and contribute to higher prices. The internal development team is also cost-saving, since it reduces expenses with the acquisition of third-party services.

EZTEC currently has 338 employees in its' headquarters working in areas such as engineering, budgeting, planning and supplies. As well as 1.884 workers (employees and outsourced personnel) on its construction sites, which ensures the execution and delivery of all projects with the required level of controls and quality, and within the established timetable. By focusing in the São Paulo Metropolitan Area, EZTEC is able to maintain long-term partnerships with its materials and services suppliers, which helps ensuring deadlines are met and reducing the effects from labor shortage and construction costs inflation. As of June 30, 2020, EZTEC had 19 sites under construction, all of which being managed and executed by the Company, totaling 4.485 units under construction.

Income segmentation

EZTEC renews its criteria for defining its projects standards for the material it publishes. Now, it contemplates not only the price of the meter squared, but also the overall value of the unit (ticket), as illustrated on the figure to the right and as described in the glossary. Thus, it draws boundaries for a new pattern of consumption denominated smart-living: projects whose units have relatively expensive meters squared – as they tend to be located in noble neighborhoods –, but where the unit itself is relatively small, making it a more accessible purchase. This profile gains ground in the City of São Paulo due to the city's new master plan, which determine where and how developments can take place.



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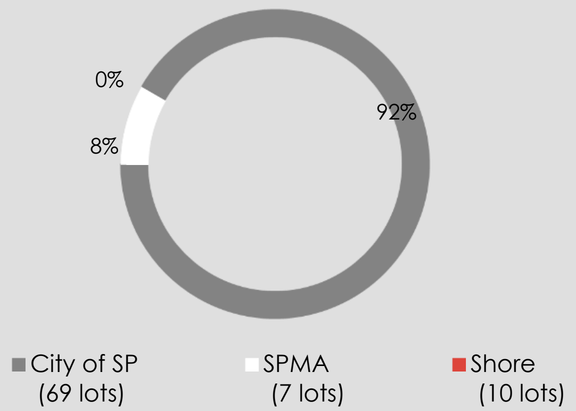
Land Bank

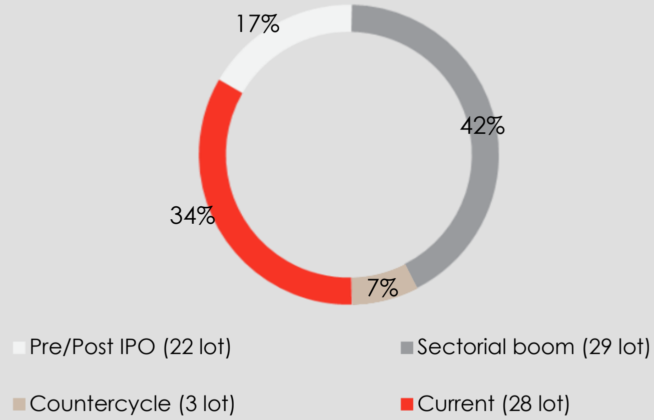
By the end of 2Q20, the Company held 44 plots totaling R$ 9.0 billion in attributed PSV. Average cost of landbank stands at 12% of PSV, not considering plots in formation with no project allocation in the foreseeable future.

Managerial Data – 2Q20

Geographical Breakdown
% of EZTEC's PSV



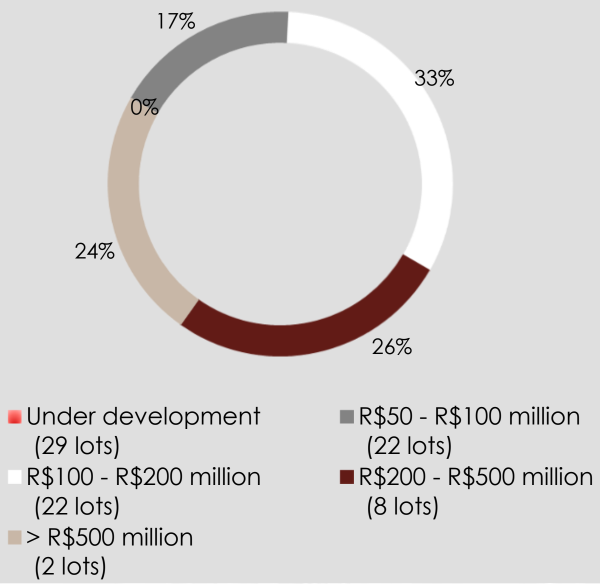
Acquisition Period Breakdown
% of EZTEC's PSV



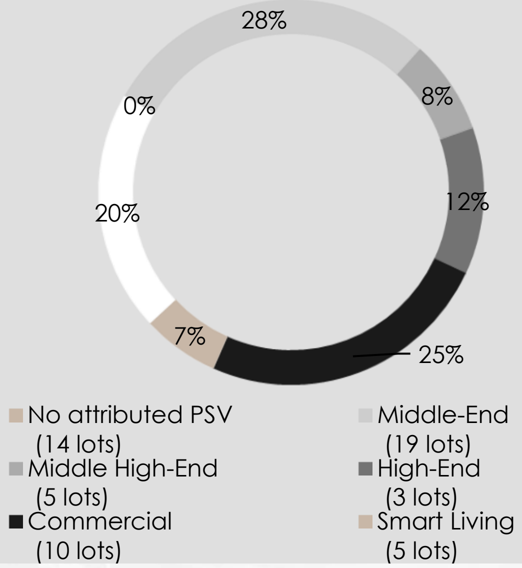
Landbank per year	Pre/Post IPO						Sectorial Boom			Contracyclical	Current	
Acquisition Year	2005	2006	2007	2008	2009	2010	2011	2013	2014	2018	2019	2020
% EZTEC'S PSV	0%	0%	14%	1%	0%	2%	3%	26%	13%	7%	30%	4%
# of plots	1	0	12	4	1	4	6	10	12	3	26	2

Managerial Data – 2Q20

Land Size Breakdown
% of EZTEC's PSV



Allocation by Standard
% of EZTEC's PSV



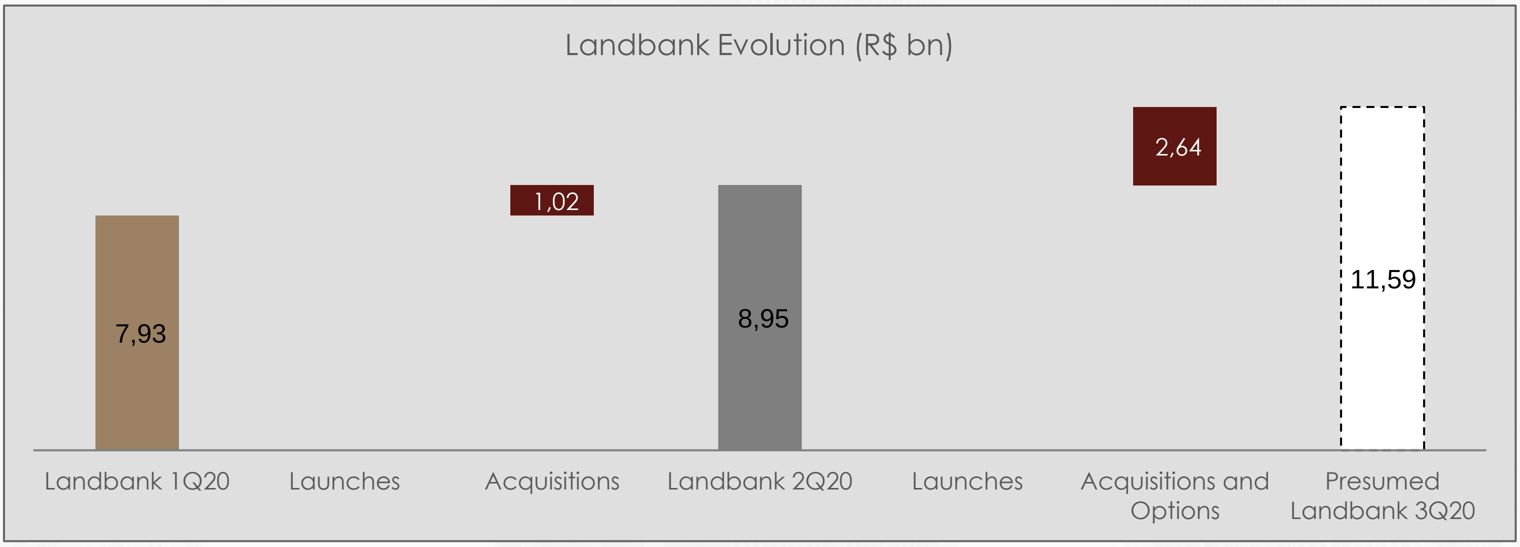
Expenses related to the expansion of construction permit (CEPACs, onerous grants and other counterparts)are being considered when calculating average cost per plot.

In the logic of land cost calculation, the relative costs of land without mapped PSV are not considered.

Our Quarter

After having fallen in the first months of the pandemic, EZETEC began to repurchase land. In the beginning of 2Q20, company buy two important land in Mooca (by R$580 millions). In the 3Q20, as well as the subsequent, Ezetec acquired a series of extensive land, with combined balance, had more than R$ 1Bn, especially in the Chacara St. Antonio region, where company already has a strong presence. Considering all lands preferential (by a confidentiality clause and through the process for due diligence, psv acquired in the 3Q20 already has more than R$ 2,64 Bn.

Context



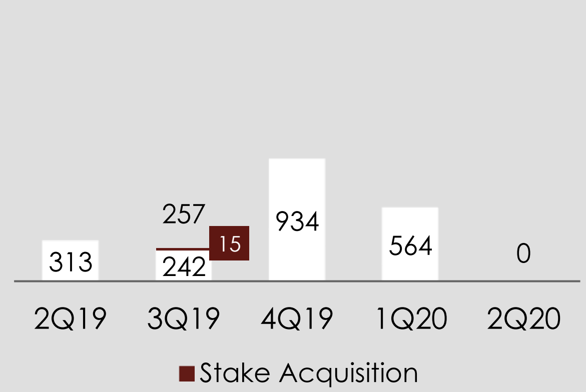
- **Behind the drive for new acquistions there is an understanding that there is a window of opportunity to be seized.** This window has been effectively opened, firstly, due to assets that ended up going for sale due to the strenuous circunstances of the pandemic, to the extent that owners in all regions of São Paulo lost income power. Here EZTEC counts with the unique benefit of its reputation and networking; each plot that goes that becomes available to sale in São Paulo will soon go through the Company. It also counts with the necessary expertise to search for plots in auctions, for exemple, which have recurringly presented opportunities recently. This windon of opportunity seems bound to close as the capital market promises a strong injection of resources into developers mostly concentrated in São Paulo. This capital tends to rapidly seek acquistions, which sensibly reflets on increasing prices in the most obvious regions.

- **Amid the R$9 bn landbank, there is enough raw material for launches in whichever segment best suit the moment.** As a philosophical a tenant of its business model, EZTEC is a large Company that is bound to a single metropolitan region. For that to be the case, it must also be the case that it is able to stretch to whichever direction the more profitable opportunities must be. In the circumstances of the pandemic, where visibility is dim even at the short term, it is reassuring to rely on a diverse landbank, with a wide range of income segments and typologies. The PSV available in the residential landbank can be roughly split into four homogenous portions: the high-end (28% in high, mid-high, and smart-living), in the mid-end (28%), in the low-end (20%), and commercial (25%).

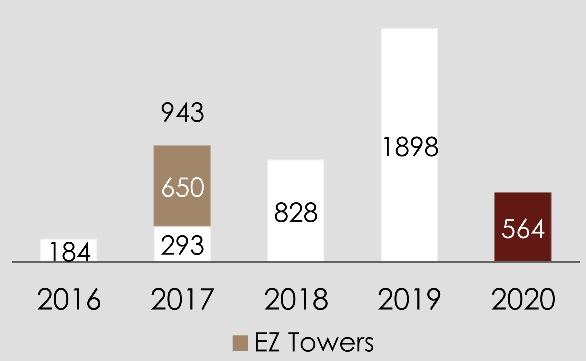
Launches

In 1H20 the Company launched 3 projects consisting of 1.213 units, for a launching PSV of R$564.1 million. From the 48,011.8 sqm. of private area launched (% EZTEC), 49.7% is already sold.

Launched PSV
% EZTEC (R$ MN)



Cumulative Launched PSV
% EZTEC (R$ MN)



Context

- **The strategic drive to launch new projects is, in the shor-term, limited by the availability of approved projects.** The consistency in sales week after week collides with the unproductivity of the City Hall constrained by the quarantine. This is especially for projects that are minimally complex, and that require putting together thematic commissions of public servants, which are tougher to assemble. The Company has a product in Guarulhos with more than R$200 million in PSV which is already approved and set to launch in the 3Q20 already, as well as another three that are in an advanced stage of the approval process. From the 4Q20 and on, however, there is a long pipeline of available projects: all the preliminary steps towards getting the licenses have been developing normally in-house, and are close to being submitted for approval.

Next Launches

Gran Maia Giardino e Palazzo (Guarulhos)

Location: Guarulhos/SP
Segment: Residencial
Standard: Middle-End
EZTEC's PSV: R$ 204 MN
Units: 514
Landbank: Bom Jesus I e II

República do Líbano (Moema)

Location: São Paulo/SP
Segmento: Residencial
Standard: High-End and Smart Living
EZTEC's PSV: R$ 196 MN
 # alto padrão: 52
 # smart living: 52
 # comerciais: 3
Landbank: Rep.do Líbano

Fit Casa Estação José Bonifácio (Jardim Bonifácio)

Location: São Paulo/SP
Segmento: Residencial
Standard: Low-End
EZTEC's PSV: R$ 140 MN
Units: 787
Landbank: Nagib Farah Maluf

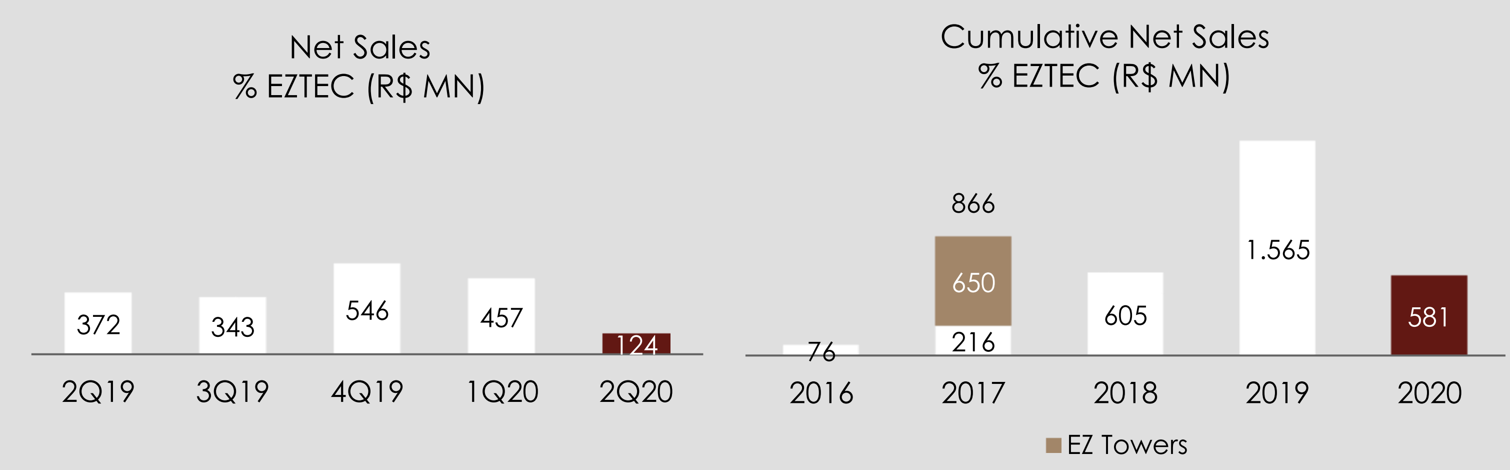
Armando Ferrentini (Aclimação)

Location: São Paulo/SP
Segmento: Residencial
Standard: High-End and Smart Living
EZTEC's PSV: R$ 106 MN
 # alto padrão: 104
 # smart living: 231
 # Comercial: 1
Landbank: Armando Ferrentini

* Management data until the data of this publication

Sales and Cancellations

In 2Q20, the Company achieved net sales of R$ 455124.4 million – decomposed between R$ 147.8 million in gross sales and R$ 23.4 million in cancellations.



SALES OVER SUPPLY	2Q20	2Q19	1H20	1H19
+ Initial Inventory (m²)	219.219	212.822	222.201	202.822
+ Launches in the period (m²)	0	24.358	47.137	77.348
Launches in the period (m²)		24.358	48.012	66.988
Stake Acquisitions (m²)	0	0	-875	10.360
= Inventory + Launches (m²)	**219.219**	**237.179**	**269.338**	**280.170**
- Net Sales in the period (m²)	14.823	44.262	50.118	87.253
Gross Sales in the period (m²)	17.715	47.432	52.751	93.581
Cancellations in the period (m²)	-2.892	-3.170	-2.633	-6.328
= Final Inventory (m²)	**204.396**	**192.917**	**219.219**	**192.917**
Net Sales Over Supply (%)	*6,8%*	*18,7%*	*18,6%*	*31,1%*
Gross Sales Over Supply (%)	*8,1%*	*20,0%*	*19,6%*	*33,4%*

The operational performance can be decomposed in gross sales of R$ 147.8 million (a 69,0% reduction when compared to last quarter), in the wake of launches with good sales speed and accelerated inventory sales; and cancellations of R$ 23.4 million (29,0% reduction) This net performance indicates a 80,0% reduction in net sales when compared to last quarter.

Our Quarter

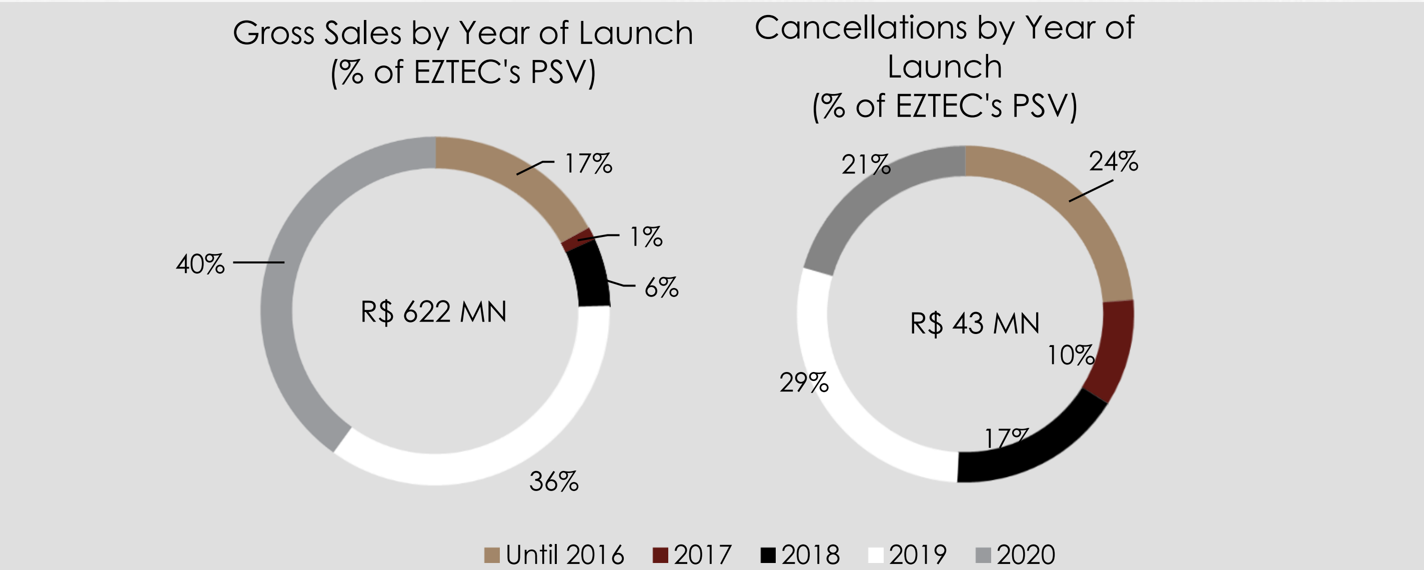
- **By the time of this publishing, 3Q20 preliminary gross sales have already marginally exceeded the 2Q20 mark.** Consumer confidence had been absolutely paralysed in the first few months of the pandemic, such that the weekly sales performance between the second week of March and the second week of May had been of only R$6 million. Since the third week of May up until the end of the second quarter there was a very marked acceleration, which took shape as soon as people were able to have more visibility on the impact of the pandemic on their personal finacnes. As a subsequent event, the weekly sales of July and August had already rose to R$29 million, even though there has been no launch since the end of 1Q20 that would bolster this performance. The third quarter's performance has os far delivered R$160 million in gross sales.
-

Context

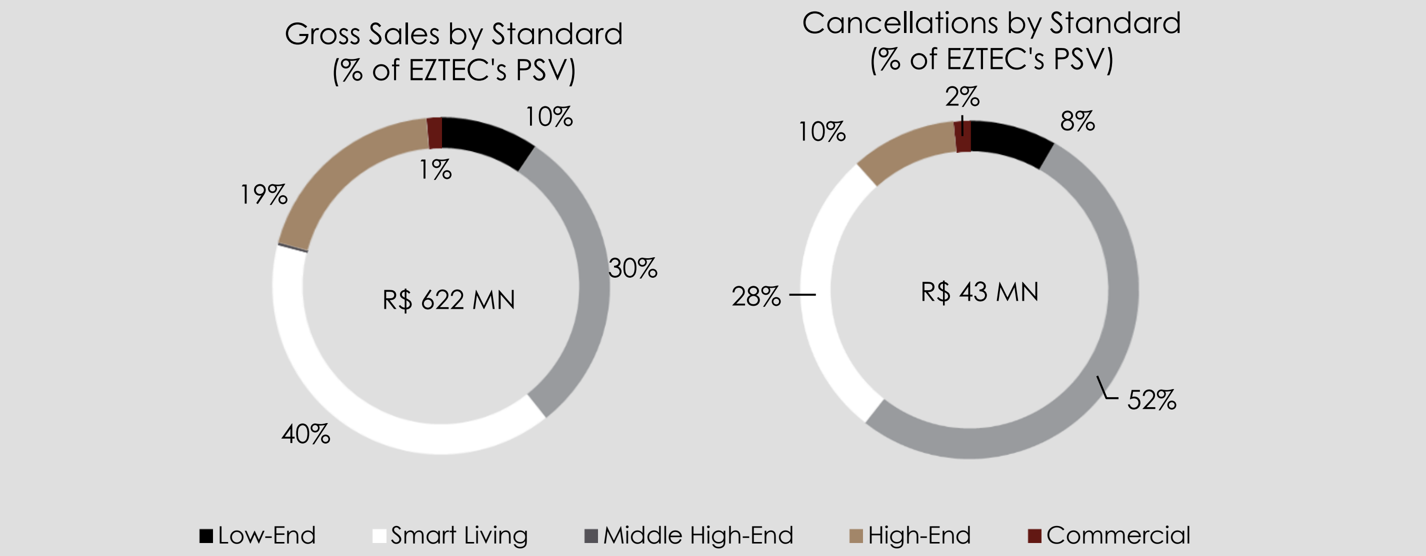
- **Special measures to attract new clients try to address client's short-term liquidity concerns.** As mentioned in the description above, Tec Vendas has been attempting to reach out to clients and getting them to participate in the live videoconferences. Generally, this involves granting special conditions specifically for the people that attend the event, or even for the first few persons who convert sales. Even so, in this time of pandemic, these measures' appeal has been in the sense of alleviating clients' short-term cash disbursement, such that it does not compromise their capitalization requirements. Examples of such measures include allowing an upfront payment of as little as 1%, for the case of units sold prior to construction. In the case of ready projects – in which the down payments are necessarily more salient – the plethora of measures available cover the payment of of the real estate transfer tax (ITBI), the notary registration, or even the first year of condominium fees. As though as these measures do not significantly affect the overall ticket, they have a genuinely significant impact for the client: these are disbursements that would alternatively take place at the start, at a moment where they would much rather dedicate their resources to furnishing their apartment.

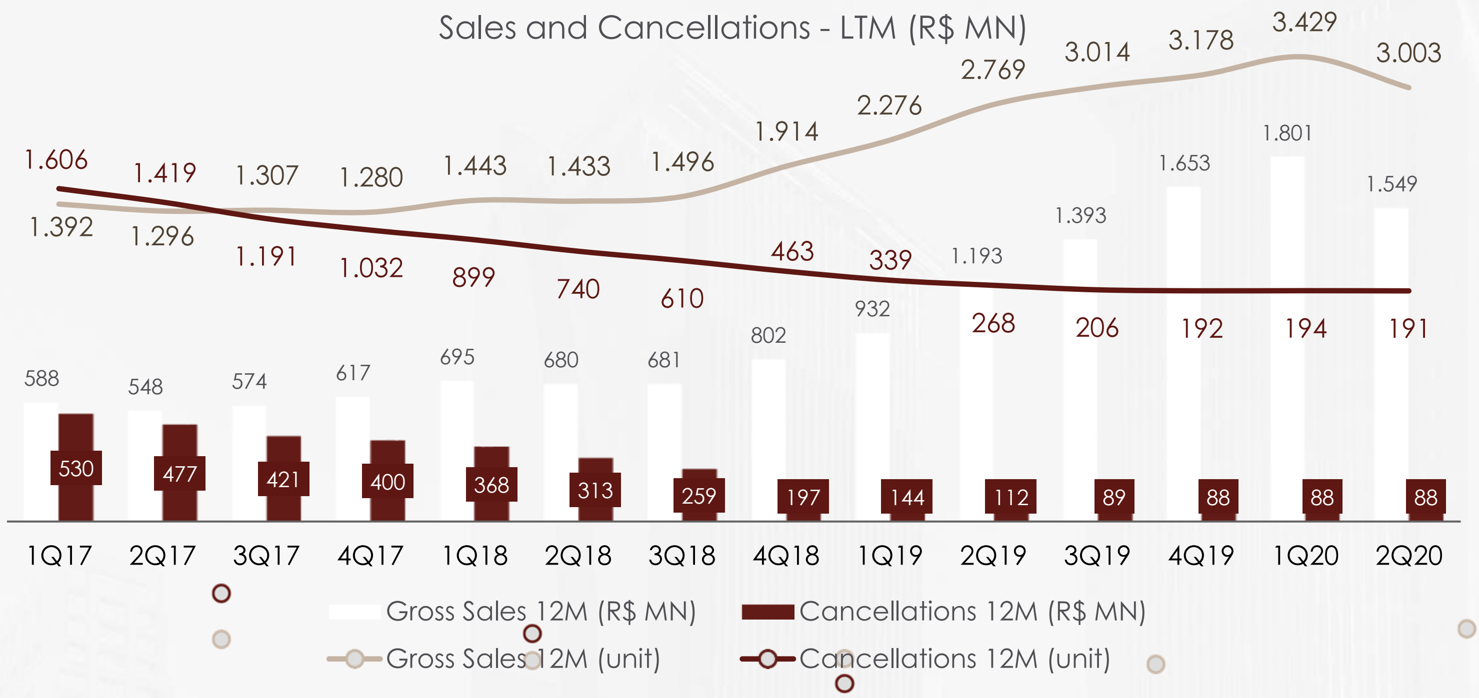
- This operational performance could be open by gross sales of R$ 147.8 MN (which decrease 69% compared to the past quarter), and launches with excellent results. Cancellation was to R$ 27 MN (29% growth).

Managerial Data – 1H20



Managerial Data – 1H20

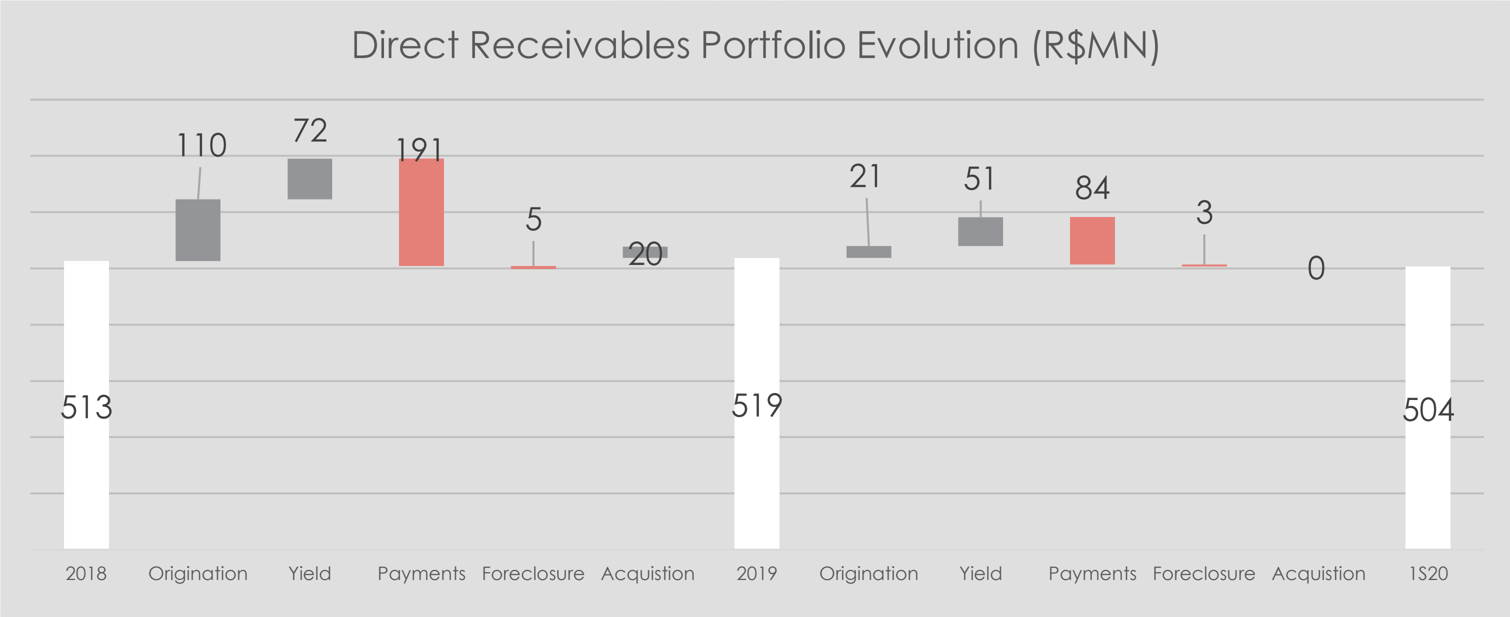




Sales and Cancellations - LTM (R$ MN)
1.606 1.419 1.307 1.280 1.443 1.433 1.496 1.914 2.276 2.769 3.014 3.178 3.429 3.003
1.392 1.296 1.191 1.032 899 740 610 463 339 268 206 192 194 191
588 548 574 617 695 680 681 802 932 1.193 1.393 1.653 1.801 1.549
530 477 421 400 368 313 259 197 144 112 89 88 88 88
1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19 1Q20 2Q20
Gross Sales 12M (R$ MN)
Cancellations 12M (R$ MN)
Gross Sales 12M (unit)
Cancellations 12M (unit)

Financing

By the end of 2Q20, the outstanding balance of customers under fiduciary lien was of R$ 503.6 million, (% EZTEC). This amount corresponds to the 1.861 units directly financed with outstanding debt.



Once the construction of a project is completed, there are two possible ways to finance the remaining outstanding balance of its clients: bank financing (onlending) and financing by the developer itself directly to its clients (fiduciary lien). Direct financing is already a practice for EZTEC since its origin via financing fromthe Sistema Financeiro da Habitação(SFH). Today, it offers its customers the alternative of financing up to 80% of the total value, with loan maturities of up to 240 months, outstanding balance being adjusted by IGP-DI + 10% per year after delivery. In the past this correction has been 12% per year. Importantly, receivables with fiduciary lien are not subject to unilateral cancellation.

Our Quarter

- **The Company initiated originations with rates of IGP-DI+7.99% in the quarter, albeit still selectively.** To the extent that interest rates drop and banks facilitate their financing conditions, the Company has been willing to offer new financing agreements directly to its clients at cheaper rates. By now, it is only the case for commercially strategic projects, as is the case of Cidade Maia. There's still a large spread between this line of financing and the ~8%+TR that the main commercial banks have been offering, though it is a significant drop in the face of the IGP-DI+10% that is still charged in most of the Company's projects. Even though the intuition of the discount has been to facilitaty the channeling of ready inventory at times of pandemic, the recent uptake in ready inventory sales has mostly been on the back of banks, who have been offering uprecedently accessible conditions.

- **There has been a rigorous stability in the portfolio's balance, and inflation also did not generate a relevant financial result over direct financing.** Over the past few years, especially during the crisis, financial results derived from direct financing has repeatedly subsidized the Company's results, with an average annual interest rate of 10.4% as of today. Even though there have been some originations at a rate of IGP-DI+7.99%, the average rate on the portfolio's outstanding balance is still at 10,4%. In some specific quarters, as was the case in 1Q19 and even more sharply in 2Q19, this yield was exceptionally strong in the wake of IGP-DI peaks, yielding a financial result of R$32 million. In the past quarters this effect has been muted by stable inflation. The uptake in inflation in the months of May through July shall only reflect over the portfolio of receivables in the next quarter, as there is a two-month lag on the incidence of inflation. For more information on the direct financing portfolio, see the Financing segment under the Operational Indicators folder.

Context

- **Portfolio maintains its volume over the course of 2019 and 1H20, remaining resilient at a time where there are few deliveries being made.** Given the absence of relevant deliveries, the main vector of origination for new statutory lien agreements are finished inventory sales, which, on the other hand, has significantly decreased in recent quarters. Ultimately, the maintenance of the outstanding balance derives from a noticeable resilience in the originations pace, as there has been a stable base rate of originations even in the face of successive increases in affordability.

- **Portfolio's resilience is associated with a greater flexibility in credit concession and to the ease of its bureaucratic process.** Even though banks may have systematically improved their mortgage rates, at times they still are more restrictive to clients who may have difficulty in formalizing their revenue stream – it is commonly the case of small-scale entrepreneurs and liberal professionals. EZTEC makes that credit available because, despite their larger fluctuations in income, they have historically exhibited a healthy behavior and very few foreclosure situations took place. In parallel, the financing process with Eztec is facilitated, since customers can choose for direct financing right from the sales stands or by the time of delivery and get it done within a few weeks.

Deliveries

Deliveries for the year amount to R$ 110.8 million in PSV for EZTEC's stake, totaling 183 units.

Project Delivered	% EZTEC	Region	Segment	Units launched	Launched PSV (R$MM)	PSV EZTEC (R$ MM)
1Q20						
Up Home Vila Mascote	100%	South Zone	Residential	129	61,3	61,3
Legittimo Vila Romana	100%	West Zone	Residential	54	49,5	49,5
Total 1H20				183	110,8	110,8

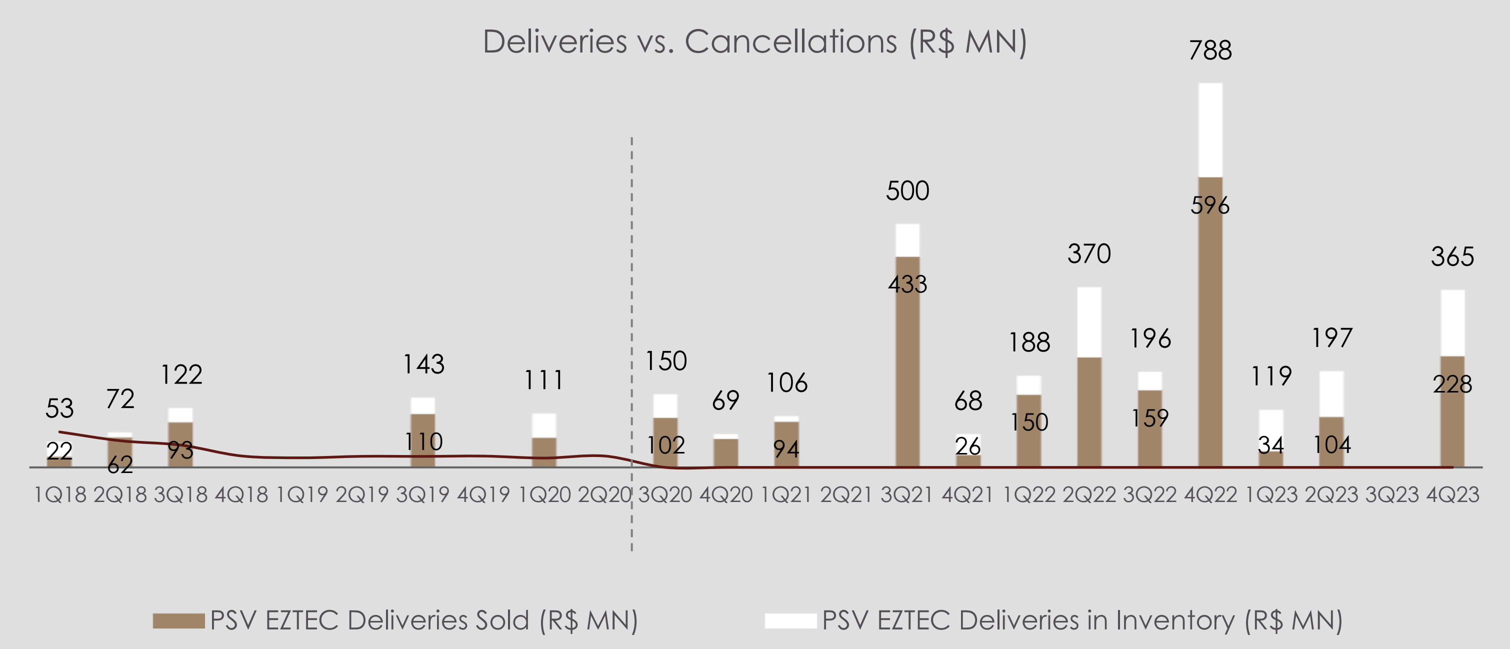
The delivery of a project refers to the moment which its construction is completed. This moment is formalized with the issuance of Habite-se (a construction completion certificate), the administrative act by the city government that authorizes the construction to be utilized by the end user. For the purposes of this managerial follow-up, past deliveries will always be recognized in the quarter of the issue of Habite-se, while future deliveries follow the expected date of completion of the project on the project registration.

It should be noted that it is only from the issuance of the Habit-se that the client is entitled to pass on his outstanding balance for financing with a banking institution. At the time the transfer takes place, the bank repays this remaining customer debt to the developer, which in turn transfers the customer's contract to the bank. Therefore, even if EZTEC ends up financing directly from its customers, the timing of delivery tends to concentrate significant cash generation for the Company.

Context

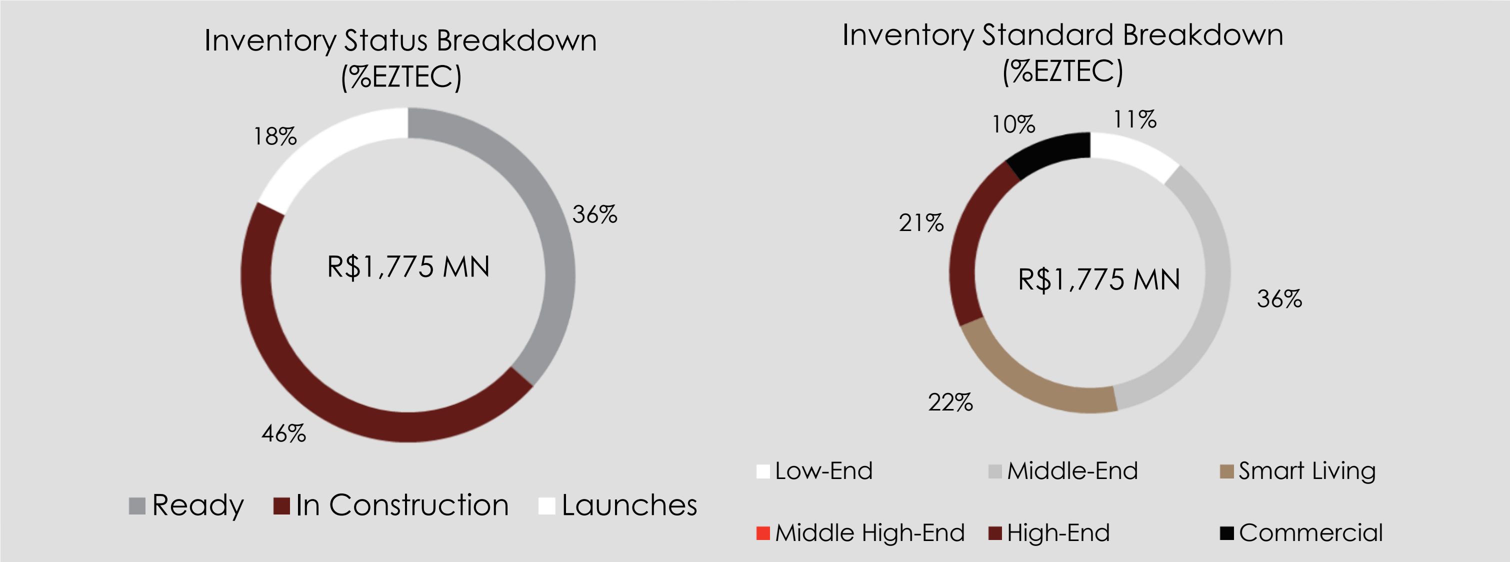
• **Expected deliveries over the next two years are sporadic, but rapidly increasing in volume from 3Q21 on.** Delivery schedule is directly linked to the launching cycles that preceded them. Considering that, between launch and delivery, as a general rule, it takes around 3 years, the 2019-20 deliveries derive from the 2016-17 launches, that took part at the middle of the crisis. In contrast, the Company has a large amount of deliveries contractually scheduled for the second half of 2021, reflecting the increase of launches that began in the second half of 2018, following a greater predictability of the electoral scenario.

The chart below illustrates the Company's delivery schedule. In it, the date of delivery of a given project is marked by obtaining housing permit, or, in cases where construction has not yet been completed, by the delivery date provided for in the contract. It is worth mentioning that the breakdown shown, between sold and inventory, is based on the percentage sold of projects in the quarter in which they are delivered:



Inventory

By the end of the quarter the Company's inventory amounted for R$ 1,338 million.



Our Quarter

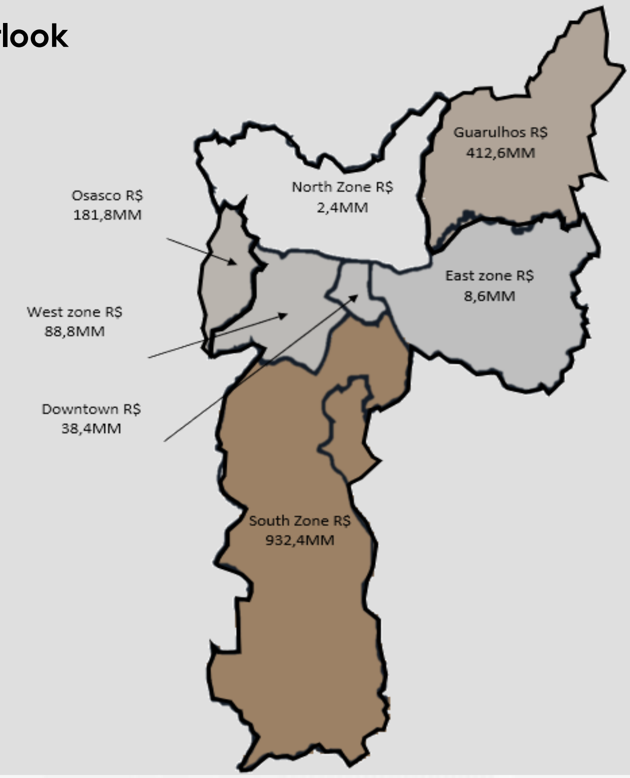
• **The absence of launches imposed by the pandemic allow for aperiod of prolonged inventory digestion.** The net sales that took place in 1Q20 removed R$150 million from the inventory and was not replenished in any way. This trend should deepen to the extent that, on the one side, sales are escalating in 3Q20 and, on the other, the lack of approvals constrain new launches.

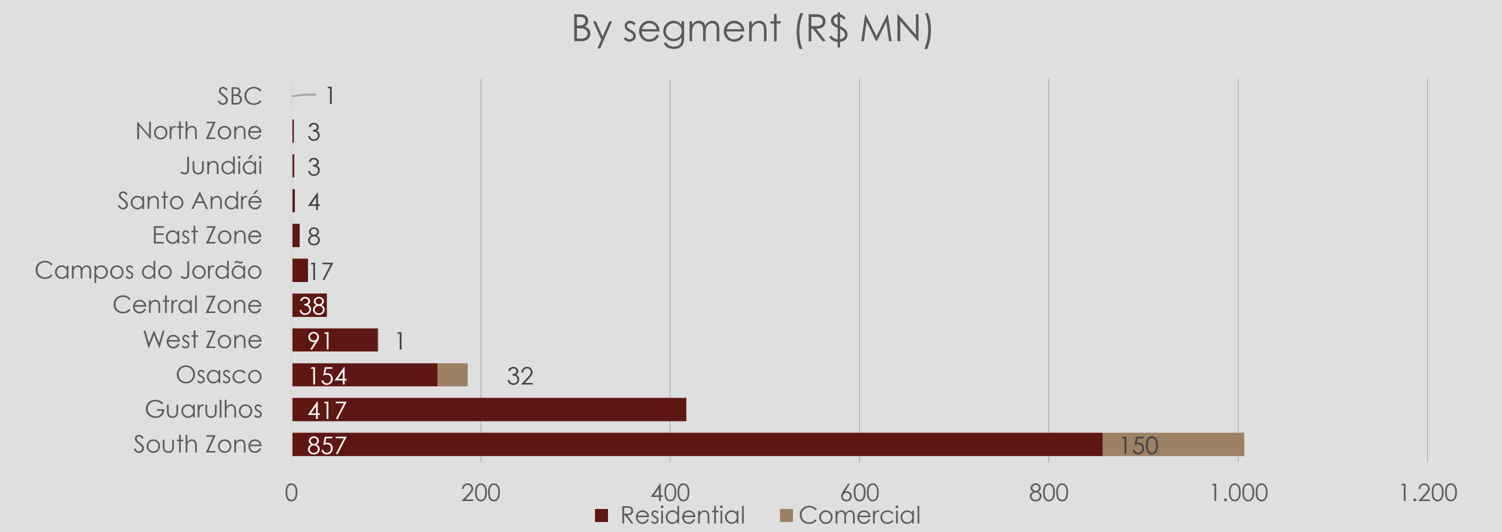
Context

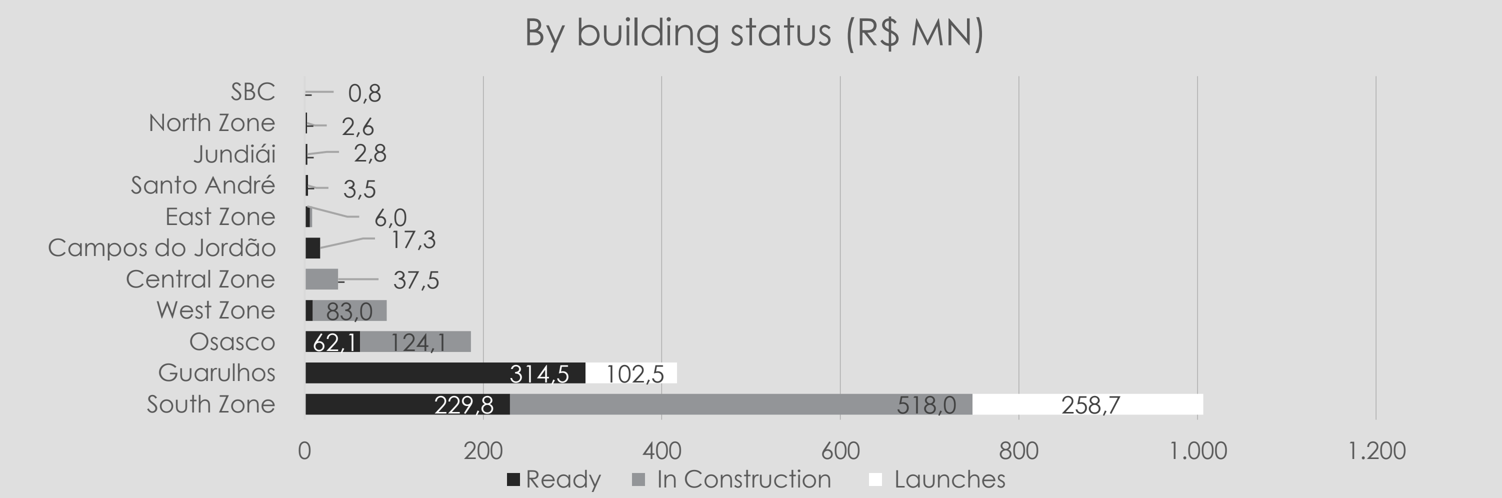
• **Homogenous sales across all construction statuses allow for a stable composition of inventory over time.** The distribution since the beginning of 2Q20 up to the date of this publishing is of 31% in performed projects, 44% in units in construction, and 25% in launches, which tracks very closely the actual inventory availability. With that, the Company should keep on having a comfortable mix of all types of projects to complement sales efforts in all fronts.

• **In the absence of significant new deliveries, the center of gravity of finished inventory falls on Guarulhos.** As described in the sales segment, affordability gains in financing have been giving traction to sales of ready inventory, which has led to the downsizing of the Company's main finished inventory hubs, such as Osasco, East Zone and South Zone. In 1Q20 there were deliveries of both Legittimo Vila Romana and Up Home Vila Mascote projects, representing R$ 55 million in finished inventory. Therefore, at the end of the quarter, the mega-condominium Cidade Maia amounted to R$ 310 million in inventory, or 63% of finished residential inventory. Even so, Cidade Maia's available units continues to decrease systematically.

Inventory geographical outlook







Inventory per project

Project	Date Launched	Total Units Launched	% Sold (Units)	Inventory (Units)	% EZTEC	Inventory Units (R$) %EZ	Inventory Parking and Others (R$) %EZ
Ready Units							
Clima do Bosque	Jun-07	208	100%	0	100%	2.260	0
Bell'Acqua	Apr-08	152	99%	1	100%	506	0
Supéria Paraíso	Aug-09	160	100%	0	100%	2.937	322
Capital Corporate Office	May-09	450	100%	0	100%	1.539	405
Premiatto	Jun-08	424	100%	0	50%	14	0
Massimo Residence	Mar-10	108	100%	0	50%	0	32
Clima do Parque	Mar-08	336	100%	0	100%	815	0
Clima Mascote	Feb-10	176	100%	0	100%	705	0
Splendor Square	Jun-08	112	100%	0	100%	1.370	0
Vert	Mar-07	6	100%	0	100%	0	0
Quality House Tatuapé	Jun-04	349	100%	0	100%	37	0
Quality House Jd. Prudência	Nov-09	166	100%	0	100%	0	97
Supéria Moema	Mar-09	153	100%	0	100%	1.031	193
Up Home	Apr-10	156	100%	0	100%	0	55
Sky	Jun-10	314	100%	0	90%	0	33
Royale Prestige	Oct-10	240	100%	0	80%	1.837	30
NeoCorporate Offices	Jan-11	297	92%	24	100%	18.245	3.170
Trend Paulista Offices	Feb-11	252	100%	1	100%	546	1.914
Up Home Jd. Prudência	Feb-11	156	100%	0	100%	0	37
Royale Tresor	Mar-11	240	100%	0	80%	989	14
Still Vila Mascote	Jun-11	150	100%	0	50%	0	110
Chateau Monet	Jun-11	163	100%	0	100%	1.817	161
Supéria Pinheiros	Jun-11	108	100%	0	100%	446	248
Royale Merit	Nov-11	160	100%	0	80%	636	0
Up Home Vila Carrão	Dec-11	156	100%	0	100%	521	0
Gran Village São Bernardo	Dec-11	474	100%	2	100%	764	0
Vidabella 6 a 10	Dec-11	480	100%	1	60%	110	0
Neo Offices	Feb-12	96	98%	2	100%	588	97
Bosque Ventura	Mar-12	450	98%	9	85%	3.469	70
Massimo Nova Saúde	Jun-12	108	100%	0	100%	0	0
In Design	Jun-12	422	98%	9	100%	1.829	936
The View Nova Atlântica	Jul-12	200	100%	0	100%	439	0
Green Work	Jul-12	378	96%	14	100%	5.286	2.544
Up Home Santana	Aug-12	96	100%	0	100%	554	0
Parque Ventura	Oct-12	508	94%	28	85%	9.362	117
Jardins do Brasil - Amazônia	Oct-12	324	98%	8	76%	6.487	0
Jardins do Brasil - Abrolhos	Oct-12	498	99%	5	76%	1.858	0
Brasiliano	Nov-12	162	100%	0	90%	0	75
Premiatto Sacomã	Feb-13	138	100%	0	100%	366	258
EZ Mark	May-13	323	63%	120	100%	104.645	6.160
Centro Empresarial Jardins do Brasil	Jun-13	848	76%	204	76%	30.364	1.450
Jardins do Brasil - Mantiqueira	Jun-13	498	100%	2	76%	1.372	21
Massimo Vila Mascote	Sep-13	162	100%	0	100%	0	37
Quality House Ana Costa	Sep-13	238	100%	0	100%	0	124
Cidade Maia - Alameda	Dec-13	448	94%	28	100%	9.520	185
Cidade Maia - Praça	Dec-13	451	74%	118	100%	56.098	1.332
Cidade Maia - Jardim	Dec-13	280	62%	106	100%	60.529	1.073
Cidade Maia - Botânica	Mar-14	566	55%	257	100%	123.290	1.258
Cidade Maia - Reserva	Mar-14	224	71%	64	100%	47.849	333
Magnífico Mooca	May-14	162	99%	2	63%	628	55
San Felipe - Palazzo	Jun-14	48	94%	3	100%	2.666	0
Le Premier Flat Campos do Jordão	Jul-14	108	84%	17	100%	17.212	92
Prime House Parque Bussocaba	Oct-14	568	95%	28	100%	8.413	0
Legítimo Santana	Dec-14	70	100%	0	100%	0	92
Splendor Ipiranga	Feb-15	44	98%	1	100%	1.405	110
Massimo Vila Carrão	Apr-15	66	98%	1	100%	634	64
Jardins do Brasil - Atlântica	Jun-15	386	95%	19	76%	11.962	168
Le Premier Moema	Mar-16	38	87%	5	50%	8.215	46
Splendor Brooklin	May-16	42	71%	12	100%	26.395	83
Up Home Vila Mascote	Oct-16	129	32%	88	100%	38.123	55
Legittimo Vila Romana	Apr-17	54	85%	8	100%	8.203	83
Sub-Total Ready Units		14.888		1.091		624.886	23.739
In Construction							
In Design Liberdade	Aug-17	114	47%	60	100%	36.829	553
Verace Brooklin	Oct-17	48	85%	7	100%	15.712	294
Clima São Francisco	Nov-17	106	86%	15	100%	10.480	5.281
Z.Cotovia	Mar-18	199	89%	21	100%	16.007	0
Fit Casa Brás	Oct-18	979	72%	277	70%	37.530	0
Vertiz Tatuapé	Sep-18	200	98%	4	100%	2.356	161
Sky House	Oct-18	115	38%	71	100%	47.085	60
Diogo Ibirapuera	Oct-18	136	97%	4	100%	10.281	0
Z.Pinheiros	Nov-18	386	80%	79	100%	37.272	960
Fit Casa Rio Bonito	Mar-19	560	94%	35	100%	6.335	280
Le Jardin Ibirapuera	Jan-19	22	55%	10	100%	32.691	60
Vértiz Vila Mascote	Jan-19	168	97%	5	100%	3.246	300
Vivid Perdizes	May-19	102	58%	43	100%	28.985	0
Pátrio Ibirapuera	Jun-19	54	96%	2	70%	7.177	18.783
Artis Jardim Prudência	Jun-19	92	71%	27	100%	15.013	0
Haute Ibirapuera	Aug-19	57	84%	9	100%	20.401	23.047
Jardins do Brasil - Reserva JB	Aug-19	682	53%	323	76%	119.895	4.214
EZ Parque da Cidade	Sep-19	244	68%	78	100%	206.137	1.200
Pin Internacional	Nov-19	1.416	34%	932	60%	102.542	0
Sub-Total In Construction		5.680		2.002		755.974	55.194
Launches							
Fit Casa Alto do Ipiranga	Jan-20	370	31%	255	100%	56.507	0
Air Brooklin	Feb-20	663	63%	248	100%	159.557	8.190
Z.Ibirapuera	Mar-20	172	28%	123	100%	89.086	1.823
Sub-Total Launches		1.205		626		305.149	10.013
Total		**21.773**		**3.719**		**1.686.009**	**88.946**

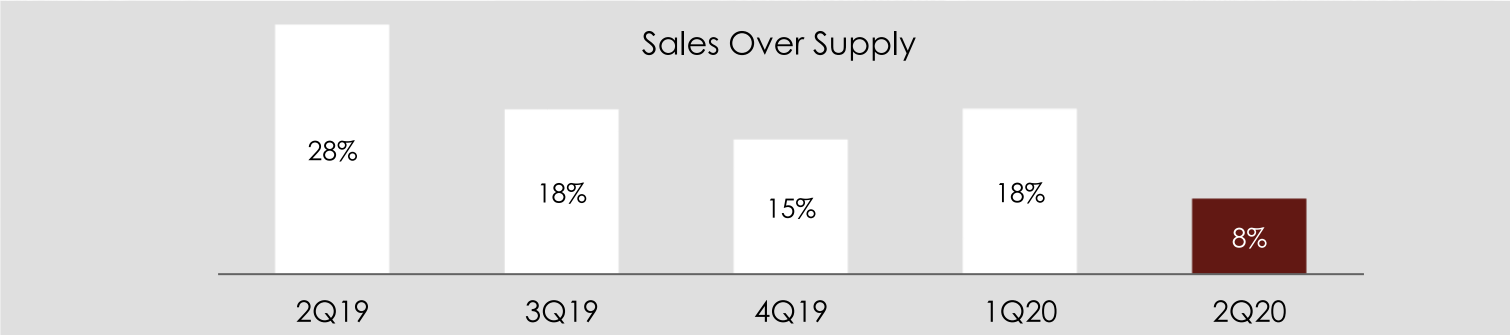
FIT CASA

Fit Casa`s brand encompasses low-income projects whose composition is mostly made up of units allowed in the Minha Casa Minha Vida program (MCMV). The brand has its own website (http: // fitcasa.com.br/), specialized brokers and a sales strategy aimed at selling this specific product type.

The first launch was Fit Casa Brás in October 2018. Since then the brand has launched more two projects resulting in an accumulated PSV of R$ 348.4 MN.

Operational Performance

No 2Q20 a receita líquida da companhia foi de R$ 156 milhões, estando inferior a receita do 1Q20 em 44%. Para o 1H20 o valor acumulado alcançado é de R$ 410 milhões, 37% maior que o mesmo período do ano passado.



Context

- **Fit Casa's sales tend to be more resilient, with an almost linearized performance ever since the launch.** The potential demand available for Minha Casa Minha Vida projects relatively well positioned within the metropolitan region of São Paulo is vastly larger than the supply the program is able to offer, due to the basic demographic structure of the country. Thus, for the developer, there is no need to push for stronger sales over supply figures by the time of the launch, since that demand will materialize spontenaously and much more cheaply. Moreover, MCMV sales tend to be much more demanding as far as the bureaucratic process involved, given that client's outstanding balance is transferred to CEF from the start. It is a process that demands a larger quantity of people engaged for units that are relatively small. Therefore, if there were to be a sharp peak in demand in the first few days of the project, it would rapidly form bottlenecks that would hamper sales. It is worthwile to let the project be digested slowly but surely in an organic pace, as it has consistently been the case for Fit Casa projects overall.

Financial Performance

Context

- **The Company is able to deliver Fit Casa projects with the same efficiency level that it has historically done for mid-income projects.** Beyond the fact Fit Casa projects are submitted to the Minha Casa Minha Vida program, the overall structure of the project closely resembles a regular mid-income project, with minor adjustments. As far as the engineering, 3rd tier projects do not demand an industrial scale process: they are residential towers built much the same as a mid-income project, except that with less demanding finishing and smaller-sizer units. The ticket price must be smaller than in the mid-income segment, but no the price per meter. The units' space restriction is compensated for larger and better equipped shared spaces, which attract youger people that not yet have an intention to form a family. With that, EZTEC has been able to consistently deliver gross margins above 45% since the very first Fit Casa projects. In its turn, the bureaucratic processes that go along with contracting CEF's financing was smoothly assimilated by the Company, which anyhow has always had a great relationship with the bank. EZTEC already had what it took, with no further weight on the Company's G&A or its net profitability.

Consolidated Income Statement - Fit Casa (R$ MN)	2Q20	2Q19	Var.%	1H20	1H19	Var.%
Gross Operating Revenue	37,5	30,0	25,2%	64,2	30,0	114,3%
(-) Sales cancellations	(0,6)	(0,6)	-4,5%	(1,4)	(0,6)	135,8%
(-) Sales Tax	(0,8)	(0,5)	42,6%	(1,3)	(0,5)	142,0%
Net Revenue	36,2	28,8	25,5%	61,4	28,8	113,3%
(-) Cost of Real Estate Sold, Rentals and Services	(19,9)	(15,8)	25,7%	(33,8)	(15,8)	113,8%
Gross Profit	16,3	13,0	25,4%	27,6	13,0	112,7%
Gross Margin (%)	*45,0%*	*45,1%*	*-0,1 p.p.*	*45,0%*	*45,1%*	*-0,1 p.p.*
(-) Selling Expenses	(1,4)	(4,4)	-67,7%	(3,3)	(4,4)	-26,2%
(-) Administrative Expenses	(0,2)	(0,5)	-70,5%	(2,0)	(0,5)	282,0%
Other Operating Revenues (Expenses)	(0,1)	2,7	-103,7%	1,9	2,7	-27,2%
Financial Income (Expenses)	(1,0)	(4,1)	-75,7%	(2,4)	(4,1)	-41,2%
Financial Incomes	(1,0)	(4,0)	-75,4%	(2,4)	(4,0)	-40,5%
Financial Expenses	(0,0)	(0,1)	-85,9%	(0,0)	(0,1)	-64,2%
Net Income	13,6	6,7	104,7%	21,9	6,7	229,5%
Net Margin	*37,7%*	*23,1%*	*14,6 p.p.*	*35,7%*	*23,1%*	*12,6 p.p.*
Average Participation (% Net Revenue) [1]	8,89%	4,11%	4,8 p.p.	5,44%	2,16%	3,3 p.p.

Balance Sheet - Fit Casa (R$ MN)	2Q20	2Q19	Var.%	1H20	1H19	Var.%
Assets	**104,6**	**133,1**	**-21,5%**	**104,6**	**101,5**	**3,0%**
Current Assets	**26,2**	**54,4**	**-51,9%**	**26,2**	**92,9**	**-71,8%**
Cash and Cash Equivalents	7,0	16,0	-56,3%	7,0	13,2	-46,9%
Trade Accounts Receivable	3,7	5,1	-26,3%	3,7	4,5	-17,3%
Real Estate Held for Sale	14,2	30,5	-53,4%	14,2	73,0	-80,6%
Others Current Assets	1,2	2,8	-56,2%	1,2	2,1	-42,1%
Non-Current Assets	**78,4**	**78,8**	**-0,4%**	**78,4**	**8,7**	**803,8%**
Trade Accounts Receivable	31,5	32,1	-1,9%	31,5	8,7	262,7%
Real Estate Held for Sale	46,9	46,7	0,5%	46,9	-	n.a
Others Non-Current Assets	-	-	n.a	-	-	n.a
Liabilities	**6,9**	**14,6**	**-53%**	**6,9**	**8,1**	**-15%**
Current Liabilities	**5,5**	**13,2**	**-58%**	**5,5**	**7,9**	**-31%**
Loans and Financing	-	-	*n.a*	-	-	*n.a*
Adiantamento de Clientes	3,3	7,8	-58%	3,3	5,5	-41%
Others Current Liabilities	2,3	5,3	-58%	2,3	2,4	-6%
Non-Current Liabilities	**1,4**	**1,5**	**-3%**	**1,4**	**0,2**	**723%**
Loans and Financing	-	-	*n.a*	-	-	*n.a*
Others Non-Current Liabilities	1,4	1,5	-3%	1,4	0,2	723%

CAPITAL MARKETS

Ownership Structure

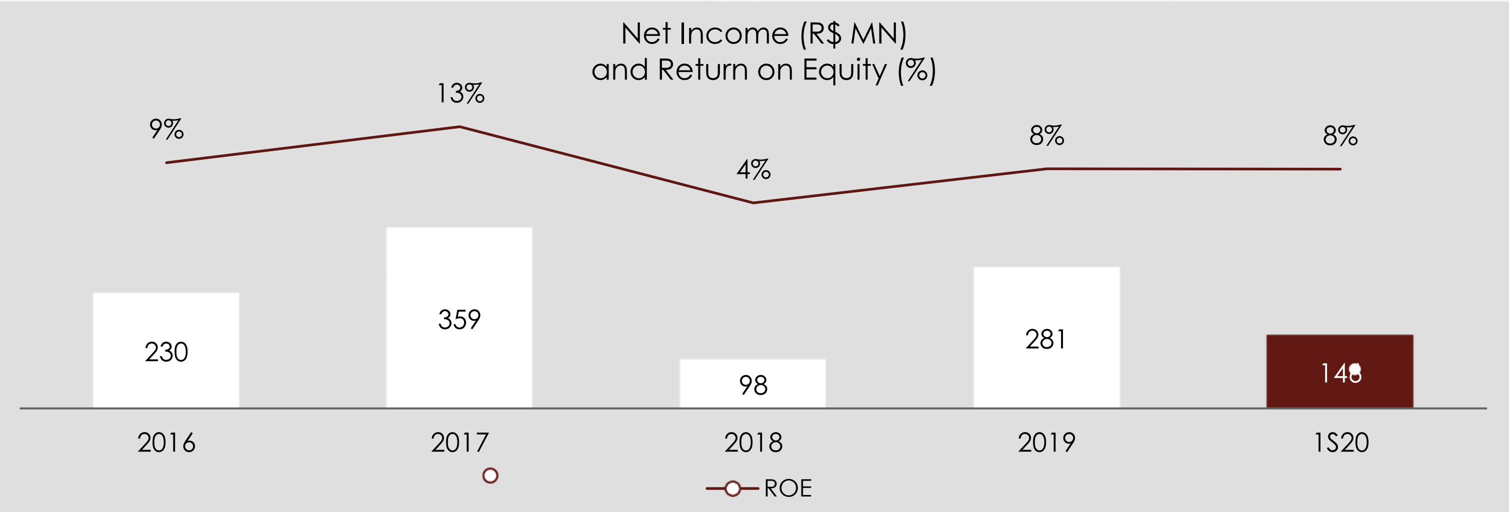
Listed in the Novo Mercado segment of Corporate governance under the ticker EZTC3, as of June 30, 2020, EZTEC had 227,000,000 common shares and a 44.8% free float, corresponding to 101,715,029 shares.

Stock Buyback

At the date of this publishing, the Board of Directors approve a buyback program with as much as 10% of the free float. The decision to institute a program that enables the acquisition of up to 9.575.565 shares is driven by the underlying understanding that the drop in stock price deviates from the inherent reality of the Company, in the face of its technical, financial, and administrative structure, or even of the resilience of its business model. The terms of the program entail a buyback at the stock market and at market value. The program does not impact EZTEC's financial conditions, neither does it impact the shareholder control composition. It counts with Itaú and BTG as the intermediary financial institutions and can be liquidated at any time for the next 90 days, starting at the date of this release. The determination of timing and quantity falls to the executive officers, as it has just been approved by the Board of Directors. It is worth mentioning that by the date of this release no stock acquisitions were made via Buyback Program.

Return on Equity

The amount calculated for EZTEC's Return On Equity (ROE) in 1H20 is of 7.8%.



Context

Operational cycle started in 2H18 reflects progressively on the Company's net income recognition. It is worth mentioning that since its IPO in June 2007 until December 2019, EZTEC achieved net income of R$ 3.84 billion, with dividends of R$ 1.45 billion, providing an average ROE of 15.2% in the period. Results obtained in 12 years as a publicly traded company are derived from an operational growth cycle from 2007 to 2014 and from the downturn in economic activity from 2015 to 2017. In 2018, we started a new operational cycle, favoring the increase in launches, seeking to return to the operational level reached in the years of economic growth. From an operational point of view, in 2018 we increased launches by 200% when compared to 2017, followed by an 152% increase in 2019 when compared to 2018. Even though 2020 was on track to continue this operational acceleration, the advent of the Covid-19 pandemic interrupted this progression. Even so, results accrued from launches that took place so far will still be reflected in revenue in the coming quarters through accounting recognition via PoC, preserving net income recognition despite the imposed circumstances.

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ANNEX I: CONSOLIDATED CASH FLOW

Cash Flow Periods ended in June.30 Amount expressed in thousand of Brazilian Reais - R$	**1H20**
Net Income	149.267
Adjustments to reconcile net income to net cash provided by (used in) operating activities	-72.275
Present Value Adjustment Value from Taxes	389
Foreign Exchange Gains (Losses), Net	(63.606)
Provision for contingencies	-
Depreciation and Amortization of Goodwill	3.803
Depreciation and Amortization	1.964
Equity Income	(14.173)
Reserve for Contingencies	935
Income Tax and Social Contribution, Current and Deferred	(1.587)
Write-off fixed assets	-
Minority Interest	-
Decrease (increse) in operating assets:	-86.884
Trade Accounts Receivables	(32.078)
Real Estate Held for Sale	(49.687)
CEPAC Acquisiton	(35.646)
Prepaid Expenses	-
Other Assets	30.527
Decrease (increase) in operating liabilities:	83.918
Advances from Customers	27.803
Interest Paid	(1.102)
Income Tax and Social Contribution Paid	(10.647)
Suppliers	15.088
Dividendo Received from Invested Enterprises	22.046
Other Liabilities	30.730
Net Cash provided by (used in) Operating Activities	74.027
Cash from operating activities	-56.281
Short-Term Investments	(1.333.451)
Proceeds frmom Maturities	1.356.528
Goodwill on acquisition of investments	(46.533)
Acquisition of Investiments	(32.574)
Purchase of Property and Equipment	(251)
Net Cash used in Investing Activities	-56.281
Cash Flows from Financing Activities:	-28.054
Loans from Related Parties	15.013
Dividends Paid	-
New Loans and Financings	34.147
Stock Emissions	-
Noncontrolling Interests in Subsidiaries	-
Payment of Loans and Financings	-
Noncontrolling Interests in Subsidiaries	(440)
Payment of Loans and Financings	(76.774)
Net Cash Provided by Financing Activities	-28.054
Dilution in cash and cash equivalents	-10.309
Balance at Beginning of Period	74.883
Balance at End of Period	64.574

ANNEX II: COST FINANCIAL EVOLUTION

Project	06/2019	09/2019	12/2019	03/2020	06/2020
2011					
NeoCorporate Offices	100%	100%	100%	100%	100%
Up Home Jd. Prudência	100%	100%	100%	100%	100%
Trend Paulista Offices	100%	100%	100%	100%	100%
Quality House Sacomã	100%	100%	100%	100%	100%
Royale Tresor	100%	100%	100%	100%	100%
Supéria Pinheiros	100%	100%	100%	100%	100%
Chateau Monet	100%	100%	100%	100%	100%
Still Vila Mascote	100%	100%	100%	100%	100%
Sophis Santana	100%	100%	100%	100%	100%
Royale Merit	100%	100%	100%	100%	100%
Vidabella 6 a 10	100%	100%	100%	100%	100%
Up Home Vila Carrão	100%	100%	100%	100%	100%
Vivart Tremembé	100%	100%	100%	100%	100%
Gran Village São Bernardo	100%	100%	100%	100%	100%
2012					
Neo Offices	100%	100%	100%	100%	100%
Bosque Ventura	100%	100%	100%	100%	100%
Terraço do Horto	100%	100%	100%	100%	100%
Massimo Nova Saúde	100%	100%	100%	100%	100%
In Design	100%	100%	100%	100%	100%
The View	100%	100%	100%	100%	100%
Green Work	100%	100%	100%	100%	100%
Up Home Santana	100%	100%	100%	100%	100%
Chácara Cantareira	100%	100%	100%	100%	100%
Prime House São Bernardo	100%	100%	100%	100%	100%
Parque Ventura	100%	100%	100%	100%	100%
Jardins do Brasil - Abrolhos	100%	100%	100%	100%	100%
Jardins do Brasil - Amazônia	100%	100%	100%	100%	100%
Brasiliano	100%	100%	100%	100%	100%
Dez Cantareira	100%	100%	100%	100%	100%
2013					
Le Premier Paraíso	100%	100%	100%	100%	100%
Premiatto Sacomã	100%	100%	100%	100%	100%
Splendor Vila Mariana	100%	100%	100%	100%	100%
EZ Mark	100%	100%	100%	100%	100%
Jardins do Brasil - Mantiqueira	100%	100%	100%	100%	100%
Jardins do Brasil - Centro Empresarial	100%	100%	100%	100%	100%
Massimo Vila Mascote	100%	100%	100%	100%	100%
Quality House Ana Costa	100%	100%	100%	100%	100%
Cidade Maia - Alameda	100%	100%	100%	100%	100%
Cidade Maia - Jardim	100%	100%	100%	100%	100%
Cidade Maia - Praça	100%	100%	100%	100%	100%
2014					
Cidade Maia - Botânica	100%	100%	100%	100%	100%
Cidade Maia - Reserva	100%	100%	100%	100%	100%
Magnifico Mooca	100%	100%	100%	100%	100%
San Felipe - Palazzo	100%	100%	100%	100%	100%
San Felipe - Giardino	100%	100%	100%	100%	100%
Prime House Bussocaba	100%	100%	100%	100%	100%
Le Premier Flat Campos do Jordão	100%	100%	100%	100%	100%
Legittimo Santana	100%	100%	100%	100%	100%
2015					
Splendor Ipiranga	100%	100%	100%	100%	100%
Massimo Vila Carrão	100%	100%	100%	100%	100%
Jardins do Brasil - Atlântica	100%	100%	100%	100%	100%
2016					
Le Premier Moema	92%	100%	100%	100%	100%
Splendor Brooklin	86%	100%	100%	100%	100%
Up Home vila Mascote	82%	86%	95%	100%	100%
2017					
Legittimo Vila Romana	80%	86%	91%	100%	100%
In Design Liberdade	66%	74%	81%	88%	94%
Verace Brooklin	66%	73%	82%	88%	94%
Clima São Francisco	50%	60%	69%	76%	84%
2018					
Z.Cotovia	49%	53%	59%	65%	74%
Vértiz Tatuapé	39%	43%	49%	57%	65%
Diogo & ID Ibirapuera	49%	52%	55%	60%	65%
Sky House	39%	44%	48%	51%	56%
Fit Casa Brás	28%	36%	44%	52%	59%
Z.Pinheiros	41%	43%	47%	53%	57%
2019					
Vértiz Vila Mascote	29%	29%	33%	39%	44%
Le Jardin Ibirapuera	49%	50%	57%	62%	69%
Fit Casa Rio Bonito	14%	19%	30%	42%	51%
Pátrio Ibirapuera	41%	42%	44%	45%	47%
Artis Jardim Prudência	0%	0%	26%	28%	32%
Haute Ibirapuera	0%	0%	39%	39%	41%
Vivid Perdizes	0%	0%	35%	36%	40%
EZ Parque da Cidade	0%	0%	38%	40%	43%
Jardins do Brasil - Reserva JB	0%	0%	16%	17%	20%
2020					

Air Brooklin	0%	0%	0%	35%	36%

ANNEX III: REVENUE BY PROJECT

Project	Launch Date	Delivery Date (Contract)	% EZTEC	% Units Sold	Cumulative Revenue[1]
2007					
Evidence	Mar-07	Sep-10	50%	100%	41.637
Clima Bothanico	Mar-07	Dec/09 and Mar/10	100%	100%	148.535
Vert	Mar-07	Feb-10	100%	100%	51.772
Clima do Bosque	Jun-07	Mar-10	100%	100%	85.354
Sports Village Ipiranga	Sep-07	Jul-10	100%	100%	93.520
Quality House Lapa	Oct-07	Nov-10	100%	100%	101.269
Ville de France	Oct-07	Mar/09, May/09, Aug/10 and Nov/10	50%	100%	53.678
2008					
Clima do Parque	Mar-08	Sep-10	100%	100%	151.238
Bell'Acqua	Apr-08	Oct-10	100%	99%	44.789
Prime House Vila Mascote	Jun-08	Apr-11	100%	100%	57.815
Splendor Square	Jun-08	Feb-11	100%	100%	82.958
Premiatto	Jun-08	Jul-11	50%	100%	75.887
Mundeo	Jun-08	Oct-10	100%	100%	26.495
Splendor Klabin	Sep-08	Mar-11	90%	100%	47.850
Vidabella 1	Oct-08	Jun-10	50%	100%	7.254
Chácara Sant'Anna	Nov-08	Aug-11	50%	100%	77.487
2009					
Supéria Moema	Mar-09	Sep-11	100%	100%	72.999
Capital Corporate Office	May-09	Nov-12	100%	100%	326.360
Le Premier Ibirapuera Parc	Jun-09	Jun-12	100%	100%	88.443
Vidabella 2	Jul-09	Jun-10	50%	100%	33.777
Supéria Paraíso	Aug-09	Nov-11	100%	100%	65.582
Vidabella 3	Oct-09	Mar-11	50%	100%	9.905
Vidabella 4	Oct-09	Mar-11	50%	100%	9.951
Vidabella 5	Oct-09	Mar-11	50%	100%	9.989
Reserva do Bosque	Oct-09	May-12	50%	100%	29.670
Quality House Jd. Prudência	Nov-09	Sep-12	100%	100%	74.136
2010					
Gran Village Club	Jan-10	Dec-12	100%	100%	118.265
Clima Mascote	Feb-10	Dec-12	100%	100%	105.390
Massimo Residence	Mar-10	Sep-12	50%	100%	34.820
Up Home	Apr-10	Jan-13	100%	100%	77.725
Quinta do Horto	May-10	Feb-13	100%	100%	80.743
Prime House Sacomã	May-10	May-13	100%	100%	51.376
Sky	Jun-10	Oct-13	90%	100%	168.901
Varanda Tremembé	Jun-10	Apr-13	100%	100%	0
Sophis	Sep-10	Oct-13	100%	100%	117.472
Royale Prestige	Oct-10	Sep-13	60%	100%	172.973
Art'E	Oct-10	Nov-13	50%	100%	71.231
Gran Village Vila Formosa	Nov-10	Dec-13	100%	100%	121.829
2011					
NeoCorporate Offices	Jan-11	Feb-14	100%	92%	179.993
Up Home Jd. Prudência	Feb-11	Jan-14	100%	100%	74.415
Trend Paulista Offices	Feb-11	Dec-13	100%	100%	181.533
Quality House Sacomã	Feb-11	Feb-14	100%	100%	76.585
Royale Tresor	Mar-11	Mar-14	80%	100%	132.161
Supéria Pinheiros	Jun-11	Aug-14	100%	100%	59.360
Chateau Monet	Jun-11	Aug-14	100%	100%	141.426
Still Vila Mascote	Jun-11	Nov-14	50%	100%	39.616
Sophis Santana	Sep-11	Sep-14	100%	100%	127.873
Royale Merit	Nov-11	Mar-15	80%	100%	118.116
Vidabella 6 a 10	Dec-11	Sep-13 e Sep-14	60%	100%	40.532
Up Home Vila Carrão	Dec-11	Jan-15	100%	100%	86.985
Vivart Tremembé	Dec-11	Aug-14	100%	100%	69.074
Gran Village São Bernardo	Dec-11	Dec-14	100%	100%	195.129
2012					
Neo Offices	Feb-12	Mar-14	100%	98%	39.180
Bosque Ventura	Mar-12	Aug-15	85%	98%	159.743
Terraço do Horto	May-12	Aug-12	100%	100%	11.994
Massimo Nova Saúde	Jun-12	Mar-15	100%	100%	66.981
In Design	Jun-12	Jul-15	100%	98%	108.407
The View	Jul-12	Apr-12	100%	100%	96.556
Green Work	Jul-12	Apr-15	100%	96%	127.503
Up Home Santana	Aug-12	Aug-15	100%	100%	48.941
Chácara Cantareira	Sep-12	Jan-16	100%	100%	170.694
Prime House São Bernardo	Sep-12	Oct-15	100%	100%	160.240
Parque Ventura	Oct-12	Jan-16	85%	94%	191.467
Jardins do Brasil - Abrolhos	Oct-12	Jan-16	76%	99%	192.719
Jardins do Brasil - Amazônia	Oct-12	Jan-16	76%	98%	225.978
Brasiliano	Nov-12	Sep-15	90%	100%	75.787
Dez Cantareira	Dec-12	Apr-15	50%	100%	23.201
2013					
EZ Towers	Jan-00	Dec-15	100%	100%	1.320.830
Le Premier Paraíso	Mar-13	Feb-16	100%	100%	93.328
Premiatto Sacomã	Feb-13	Jan-16	100%	100%	59.008
Splendor Vila Mariana	Mar-13	Oct-15	100%	100%	72.390
EZ Mark	May-13	Feb-16	100%	63%	205.031
Jardins do Brasil - Mantiqueira	Jul-13	Nov-16	76%	100%	191.957

Jardins do Brasil - Centro Empresarial	Jun-13	Sep-16	76%	76%	143.159
Massimo Vila Mascote	Sep/13	Sep-16	100%	100%	133.921
Quality House Ana Costa	Sep/13	Feb-17	100%	100%	116.356
Cidade Maia - Alameda	Dec/13	Mar-17	100%	94%	127.716
Cidade Maia - Jardim	Dec/13	Mar-17	100%	62%	120.901
Cidade Maia - Praça	Dec/13	Mar-17	100%	74%	175.996
2014					
Cidade Maia - Botanica	Mar-14	Aug-17	100%	55%	169.532
Cidade Maia - Reserva	Mar-14	Nov-17	100%	71%	142.354
Magnifico Mooca	May-14	Sep-17	63%	99%	65.454
San Felipe - Palazzo	Jun-14	Aug-17	100%	94%	47.286
San Felipe - Giardino	Jun-14	Aug-17	100%	100%	98.234
Prime House Bussocaba	Oct-14	Nov-17	100%	95%	179.575
Le Premier Flat Campos do Jordão	Jul-14	Jan-18	100%	84%	110.029
Legítimo Santana	Dec-14	Sep-17	100%	100%	56.650
2015					
Splendor Ipiranga	Feb-15	Apr-18	100%	98%	78.877
Massimo Vila Carrão	Apr-15	Apr-18	100%	98%	49.084
Jardins do Brasil - Atlântica	Jun-15	Sep-18	76%	95%	202.085
2016					
Le Premier Moema	Mar-16	Aug-19	50%	87%	46.163
Splendor Brooklin	May-16	Sep-19	100%	71%	68.007
Up Home vila Mascote	Oct-16	Jan-20	100%	32%	18.469
2017					
Legittimo Vila Romana	Apr-17	Mar-20	100%	85%	44.186
In Design Liberdade	Aug-17	Jul-20	100%	47%	30.163
Verace Brooklin	Oct-17	Sep-20	100%	85%	69.175
Clima São Francisco	Nov-17	Oct-20	100%	86%	45.995
2018					
Z.Cotovia	Mar-18	Jan-21	100%	89%	64.515
Vertiz Tatuapé	Sep-18	Aug-21	100%	98%	69.664
Sky House Chácara Santo Antônio	Oct-18	Sep-21	100%	38%	14.447
Fit Casa Brás	Oct-18	Sep-19	70%	72%	58.315
Diogo & ID Ibirapuera	Oct-18	Aug-21	100%	97%	85.124
Z.Pinheiros	Nov-18	Mar-22	100%	80%	90.445
2019					
Le Jardin Ibirapuera	Jan-19	Aug-21	100%	55%	28.074
Vértiz Vila Mascote	Jan-19	Sep-21	100%	97%	42.735
Fit Casa Rio Bonito	Mar-19	May-22	100%	94%	70.667
Vivid Perdizes	May-19	Jun-22	100%	58%	14.720
Pátrio Ibirapuera	Jun-19	Nov-22	70%	96%	98.394
Artis Jardim Prudência	Jun-19	Jul-22	100%	71%	10.767
Haute Ibirapuera	Aug-19	Sep-22	100%	84%	43.197
Jardins do Brasil - Reserva JB	Aug-19	Jun-23	76%	53%	25.260
EZ Parque da Cidade	Sep-19	Nov-22	100%	68%	155.438
2020					
Air Brooklin	Feb-20	Dec-23	100%	63%	0

GLOSSARY

CEPACs: Instruments used by local governments to raise funds to finance public urbanization projects, which are acquired by companies interested in expanding the construction potential of an area. CEPACs are considered variable-income assets, since their return is associated with the value of urban areas and can be traded in the secondary market on the São Paulo Stock Exchange (Bovespa).

Contracted Sales: The number of contracts executed with clients related to the sale of units delivered or for future delivery.

Cost of Properties Sold: Composed of the cost of lot acquisition, project development, construction as well as the expenses related to the financing of production (SFH).

Deferred Income: Given the recognition of revenue as a function of the percentage of conclusion of construction (PoC method), revenue from the incorporation of signed contracts is recognized in future periods. Therefore, Deferred Income corresponds to contracted sales less the budgeted construction cost of units to be recognized in future periods.

Deferred Revenue: The contracted sales for which revenue is allocated to future periods in accordance with the percentage of completion of construction.

Economic Standard: Unit price up to R$ 240.000,00 and with R$ 8,000.00 as maximum price per square meter.

EZTEC Potential Sales Value (EZTEC PSV): Amount obtained or to be potentially obtained from the sale of all units of a real estate project at a specific price predetermined on the launch date, proportional to EZTEC's interest in the project.

High-End Standard: Unit price above R$ 1.200.00.,00.

Land Bank: EZTEC maintains a land bank for future projects, with these properties acquired in cash or through agreements for the exchange of units in the same development.

Middle-End Standard: Unit price ranging from R$ 240,000.0 to R$ 700,000.00 and with R$ 9,000,00 as maximum price per square meter.

Percentage of Completion (PoC) Method: According to Brazilian accounting policies, revenues are recognized based on the Percentage of Completion (PoC) accounting method, measuring the progress of the project until its conclusion in terms of the real costs incurred in relation to the total budgeted costs.

Performed Receivables: Receivables from clients whose units have been concluded.

Potential Sales Value (PSV): Amount obtained or to be potentially obtained from the sale of all units of a real estate project at a specific price predetermined on the launch date.

Return on Equity (ROE): Return on Equity is a financial indicator that measures the return on the capital invested by shareholders (shareholders' equity). To calculate ROE, simply divide the company's net income by its shareholders' equity.

Risk Segregation: Accounting regime through which the assets of a project remain segregated from the assets of the developer until construction is completed. The project's cash flow is also not appropriated in the event of the bankruptcy or insolvency of the developer. Developments submitted to this regime obtain a Special Tax Regime (RET), with the tax benefit of a consolidated tax rate (PIS+COFINS+IR+CSLL) of 4.0% of revenue.

Smart Living Standard: Unit price up to R$ 700,000.00 and with R$ 9,000.00 as minimum price per square meter.

Upper-Middle-End Standard: Unit price ranging from R$ 700,000,00 to R$ 1,200,000,00.