

### Alphaville reaches an EBITDA of R\$ 29 million and margin of 23% for the first quarter of 2025

- **Evolution of sales and optimization of inventory:**
  - Gross sales amounted to **R\$ 56 million** in %AVLL;
  - **SoS reaches 13% for the 1Q25**, from 9% for the 1Q24, with inventories at the end of the quarter amounting to **R\$ 620 million** (%AVLL) reflecting the consistent rate of sales;
- **Launch of the Alphaville Litoral Norte 4 venture** with a total PSV of R\$ 60 million in %AVLL and 212 lots;
- **Revenue and Gross Profit achieving strong growth:**
  - Net revenue reaches **R\$ 124 million** for the 1Q25, **up by 15%** from the 1Q24;
  - Gross profit<sup>1</sup> reaches **R\$ 49 million**, **up by 14% YoY**;
- **Operational efficiency gains:**
  - **General and administrative expenses fell 29%** (equivalent to R\$ 9 million), maintaining focus on efficiency;
- **Acceleration of Operating Income:**
  - EBITDA raises to **R\$ 29 million**, with **margin of 23%**, representing a **70% growth** from the 1Q24;
- **Deferred revenue with high Profitability:**
  - Deferred revenue totals **R\$ 860 million**, with **robust margin of 43%**;
- **Solid Cash Position:**
  - Total cash of **R\$ 231 million**, assuring financial solidity and flexibility;
  - Net Debt of **R\$ 426 million**.

EARNINGS RELEASE  
1Q25

# WEBCAST 1Q25

**IN PORTUGUESE**

May 16, 2025

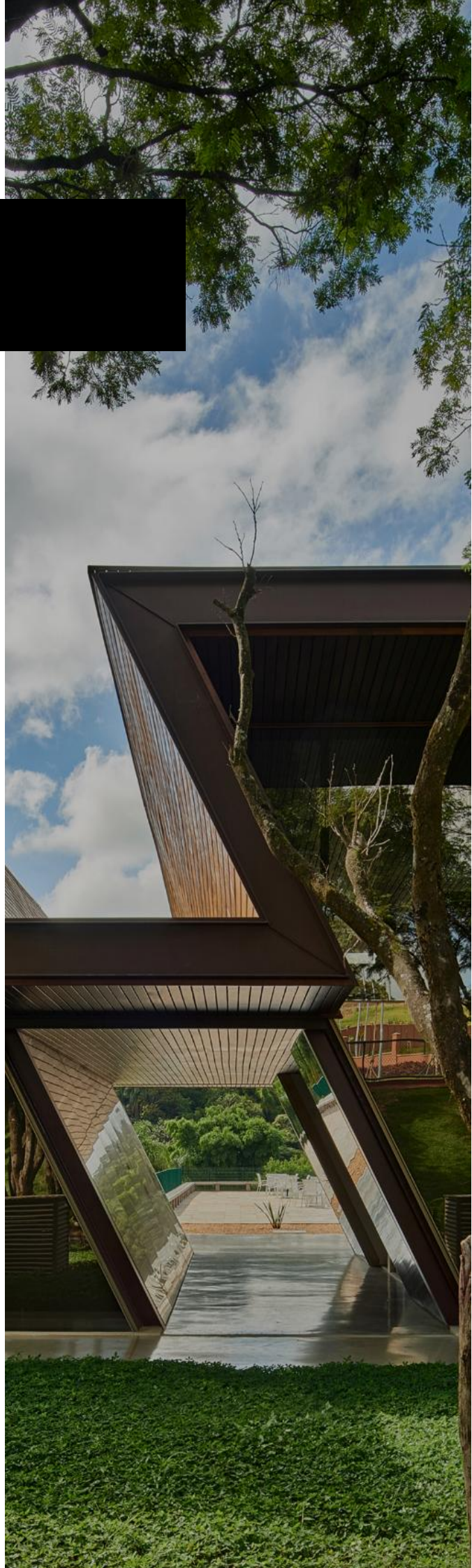
[10 a.m. \(Brasília\)](#)

[Webcast – Link](#)



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## MESSAGE FROM MANAGEMENT

Giving continuity to the consistent work that has been carried out over the past years, Alphaville began 2025 with a solid performance and in line with its strategic plan. In the first quarter, we maintained focus on three fundamental pillars: control over expenses, efficient inventory management, and commitment to the launch of strategic ventures with high added value. In this period, we highlight the launch of Alphaville Litoral Norte 4 venture, with total PSV of R\$ 88 million (R\$ 60 million in %AVLL), comprising 212 lots.

In relation to sales, SoS maintained the increase, reaching 13% for the quarter – up by 3 percentage points from the same period of 2024. Gross sales amounted to R\$ 56 million in %AVLL. The drop from the 1Q24 reflects, as previously anticipated, the thorough revision to our plan for launches, a strategic measure that aims to maintain the sustainability of the Company's future results.

During the quarter, we completed the delivery of three ventures: Alphaville Ceará 4, in Eusébio (state of Ceará), comprising 444 lots, and Alphaville Guarajuba 2A and 2B, in Camaçari (state of Bahia), comprising 170 and 72 lots, respectively. These deliveries demonstrate our commitment to meet deadlines and create value to our customers and investors.

From the financial perspective, the net revenue for the quarter totaled R\$ 124 million, up by 15% from the 1Q24, boosted by the progress of works and deliveries over the period. Gross margin<sup>1</sup> remained stable at 40%, with gross profit <sup>1</sup>reaching R\$ 49 million – up by 14% YoY.

The discipline in the pursuit of operational efficiency continues to be a priority. Administrative expenses were cut by 29%, ending the quarter amounting to R\$ 9 million, compared to R\$ 12 million for the 1Q24. As a result of optimization initiatives, consolidated EBITDA grew 70%, totaling R\$ 29 million for the 1Q25, from R\$ 17 million for the same period of 2024.

We reached the end of the quarter with deferred revenue of R\$ 860 million, margin of 43% and PSV of inventories of R\$ 620 million, representing a potential deferred revenue of approximately R\$ 1.5 billion.

In relation to liquidity, the Company remains leveraged with a cash position of R\$ 231 million and net debt of R\$ 436 million at the end of the quarter.

Despite the uncertainties in the national and international macroeconomic scenario, we continue to feel confident and optimistic about the second quarter of 2025. We will continue to prioritize the carry out of

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<sup>1</sup> Does not include the amortization of surplus and financial cost of the cost line item that amount to R\$ 3.4 million for the 1Q25.

profitable and sustainable ventures, with focus on the strengthening of operational efficiency and creation of value to our shareholders.

Finally, we would like to thank all of our employees, customers, suppliers, investors, business partners and all stakeholders for their continued support.

The Management

## EXECUTIVE SUMMARY



### Operations Indicators

Amounts in millions of reais, except percentages or when stated otherwise.

Operations Indicators	1Q25	1Q24	Change (%)
<b>Landbank</b>			
<i>Landbank Total (R\$ in billions)</i>	37	41	-9%
<i>Landbank %AVLL (R\$ in billions)</i>	20	23	-14%
<b>Launches</b>			
<i>Launched ventures</i>	1	0	n/a
<i>PSV Launched Total</i>	88	0	n/a
<i>PSV Launched %AVLL</i>	60	0	n/a
<i># Launched Lots</i>	212	0	n/a
<b>Total Sales</b>			
<i>Gross Sales - PSV Total</i>	88	142	-38%
<i>Gross Sales - PSV %AVLL</i>	56	90	-38%
<i># Sold Lots</i>	209	240	-13%
<i>SoS of Sales (#Lots)</i>	13%	9%	4 p.p.
<b>Launch Sales</b>			
<i>Gross Sales - PSV Total</i>	8	0	n/a
<i>Gross Sales - PSV %AVLL</i>	6	0	n/a
<i># Sold Lots</i>	21	0	n/a
<i>SoS of Sales (#Lots)</i>	10%	n/a	n/a
<b>Inventory Sales</b>			
<i>Gross Sales - PSV Total</i>	79	142	-44%
<i>Gross Sales - PSV %AVLL</i>	50	90	-45%
<i>2019+ Ventures</i>	48	87	-45%
<i>2018- Ventures</i>	2	3	-22%
<i># Sold Lots</i>	188	240	-22%
<i>SoS of Sales (#Lots)</i>	13%	9%	5 p.p.
<b>Net Sales and Cancelled Contracts</b>			
<i>PSV Cancelled Contracts %AVLL</i>	9	13	-35%
<i>Net Sales - PSV %AVLL</i>	47	77	-39%

## Financial Indicators

Amounts in millions of reais, except percentages or when stated otherwise.

Financial Indicators	1Q25	1Q24	Change (%)
<b>Profit or Loss Statement</b>			
<b>Net Revenue</b>	124	108	15%
<b>Adjusted Gross Profit<sup>2</sup></b>	49	43	14%
<b>Adjusted Gross Margin</b>	40%	40%	-1 p.p.
<b>Administrative Expenses</b>	9	12	-29%
<b>Selling expenses</b>	6	6	-11%
<b>Other Expenses</b>	6	7	-9%
<i>Sale of subsidiary (SPEs 2018-)</i>	1	0	n/a
<i>Operations for Sale</i>	0	0	n/a
<i>Contingencies</i>	1	6	-81%
<i>Other</i>	4	1	412%
<b>EBITDA</b>	29	17	70%
<i>EBITDA Margin (%)</i>	23%	16%	8 p.p.
<b>Finance income (costs)</b>	-25	68	n/a
<b>Net Income (Loss)</b>	-5	52	n/a
<i>Net Margin (%)</i>	n/a	48%	n/a
<b>Other Indicators</b>			
<b>Operating Cash Flow</b>	-21	-5	n/a
<b>Gross Debt</b>	667	546	22%
<b>Net Debt</b>	436	281	55%

<sup>2</sup> Does not include the amortization of surplus and financial cost of the cost line item amounting to R\$ 3.4 million for the 1Q25.

## OPERATIONS INDICATORS



### Landbank<sup>3</sup>

(In billions of reais)	1Q25	1Q24	Change (%)
<i>Landbank Total (R\$ in billion)</i>	37	41	-9%
<i>Landbank %AVLL (R\$ in billions)</i>	20	23	-14%

- Alphaville's landbank comprises land allocated to the potential development of planned neighborhoods, subdivisions and gated communities, supported by joint development agreements;
- Alphaville's total landbank amounts to R\$ 37 billion for the 1Q25, of which R\$ 20 billion in %AVLL.

### Launches

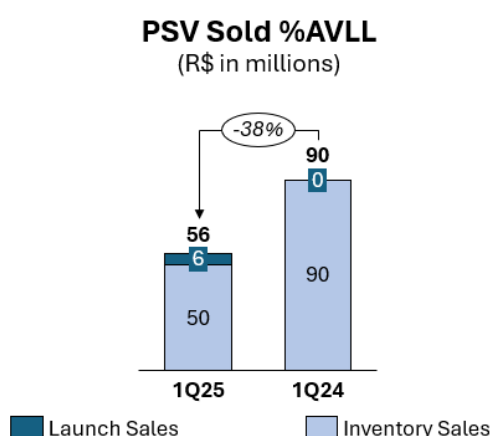
Launches	1Q25	1Q24	Change (%)
<i>Ventures</i>	1	0	n/a
<i>PSV Launched Total (R\$ in millions)</i>	88	0	n/a
<i>%AVLL</i>	68%	0%	n/a
<i>PSV Launched AVLL (R\$ in millions)</i>	60	0	n/a
<i>#Launched Lots</i>	212	0	n/a
<i>SoS of Lots AVLL</i>	10%	0%	n/a

In the 1Q25, the Company launched Alphaville Litoral Norte 4 venture, in the metropolitan region of Salvador (state of Bahia), with R\$ 88 million in Total PSV (R\$ 60 million of %AVLL) and 212 lots)

<sup>3</sup> Estimated sales not considering finance interest.

## Sales and SoS

(In millions of reais)	1Q25	1Q24	Change (%)
<b>Total Sales</b>			
<i>Gross Sales - PSV Total</i>	88	142	-38%
<i>Gross Sales - PSV %AVLL</i>	56	90	-38%
<i># Sold Lots</i>	209	240	-13%
<i>SoS of Sales (#Lots)</i>	13%	9%	4 p.p.
<b>Launch Sales</b>			
<i>Gross Sales - PSV Total</i>	8	0	n/a
<i>Gross Sales - PSV %AVLL</i>	6	0	n/a
<i># Sold Lots</i>	21	0	n/a
<i>SoS of Sales (#Lots)</i>	10%	n/a	n/a
<b>Inventory Sales</b>			
<i>Gross Sales - PSV Total</i>	79	142	-44%
<i>Gross Sales - PSV %AVLL</i>	50	90	-45%
<i># Sold Lots</i>	188	240	-22%
<i>SoS of Sales (#Lots)</i>	13%	9%	5 p.p.
<b>Net Sales and Cancelled Contracts</b>			
<i>PSV Cancelled Contracts %AVLL</i>	9	13	-35%
<i>Net Sales - PSV %AVLL</i>	47	77	-39%



- The sales for the quarter amounted to R\$ 56 million in % AVLL, and the direct impact of the decrease is the reduction in the volume of launches for the previous period, justified by the thorough revision to the plan for launches carried out in 2024.

- In terms of SoS, there was an improvement of 3 percentage points for the quarter (13% for the 1Q25 versus 9% for the

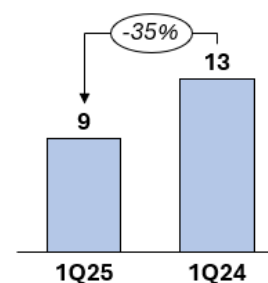
1Q24), demonstrating the efficiency and effort towards inventory sales;

## Cancelled Contracts

(In millions of reais)	1Q25	1Q24	Change (%)
<i>PSV Cancelled Contracts %AVLL</i>	9	13	-35%
Cancelled Lot Sales (# Lots)	41	37	11%

- The PSV of cancelled contracts for the quarter amounted to R\$ 9 million, down by 35% from the same period of 2024.

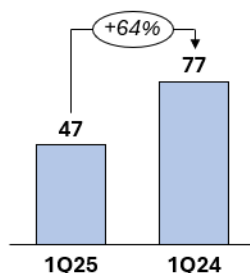
**PSV Cancelled Contracts %AVLL**  
(R\$ in millions)



## Net Sales

(In millions of reais)	1Q25	1Q24	Change (%)
Gross Sales - PSV %AVLL	56	90	-38%
PSV Cancelled Contracts %AVLL	9	13	-35%
Net sales - PSV %AVLL	47	77	-39%

**Net Sales%AVLL**  
(R\$ in millions)

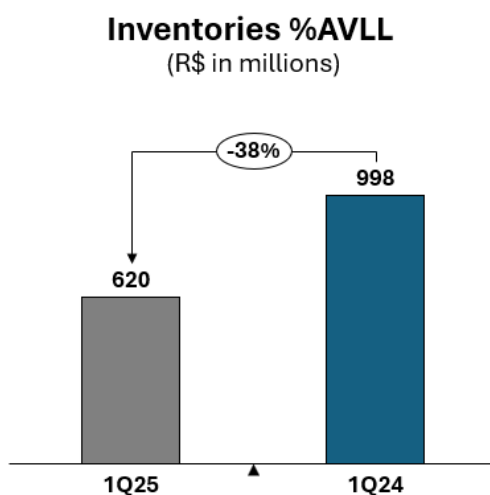


- As a result of the previously-mentioned indicators of gross sales and cancelled contracts, net sales amounted to R\$ 47 million for the first quarter. This result was achieved because of the priority given to inventory management during 2024 and lower PSV of launched ventures.

## Inventory

Inventory	1Q25	1Q24	Change (%)
<b>Inventory EoP (PSV %AVLL)</b>	<b>620</b>	<b>998</b>	<b>-38%</b>
2025 Launches	54	0	n/a
2024 Ventures	110	0	n/a
2023 Ventures	375	677	-45%
2019 to 2022 Ventures	38	267	-86%
2018- Ventures	44	54	-19%
<b>Inventory EoP (#Lots)</b>	<b>1,411</b>	<b>2,464</b>	<b>-43%</b>
2025 Launches	183	0	n/a
2024 Ventures	250	0	n/a
2023 Ventures	618	1330	-54%
2019 to 2022 Ventures	221	1011	-78%
2018- Ventures	139	123	13%
<b>Residential Lots</b>	<b>1,266</b>	<b>2309</b>	<b>-45%</b>
<b>Commercial and Multi-family Lots</b>	<b>145</b>	<b>155</b>	<b>-6%</b>
<b>Inventory Lots Sold (#Lots)</b>	<b>188</b>	<b>240</b>	<b>-22%</b>

- In the end of the 1Q25, the inventory has Potential Sales Value (PSV) that totals R\$ 620 million %AVLL;
- In comparison with the 1Q24, there was a reduction of 38% YoY, indicating a high inventory sales rate;



## Deliveries and Ventures under Construction

Venture	City	#Lots	Expected Delivery
<b>Deliveries</b>			
Alphaville Ceará 4	Eusébio / CE	444	1Q25
Alphaville Guarajuba 2A	Camaçari / BA	170	1Q25
Alphaville Guarajuba 2B	Camaçari / BA	72	1Q25
<b>Ventures under Construction</b>			
Alphaville Piauí	Teresina / PI	489	2026
Terras Alpha Campo Grande	Campo Grande / MS	420	2025
Alphaville Dom Pedro 0	Campinas / SP	389	2025
Terras Alpha Betim	Betim / MG	396	2026
Terras Alpha Uberaba	Uberaba / MG	465	2025
Terras Alphaville Ceará 5	Eusébio / CE	663	2025
Terras Alpha Cascavel 2	Cascavel / PR	508	2026
Alphaville Paraná	Campo Largo / PR	487	2026
Terras Alphaville Teresina 2	Teresina / PI	502	2026
Reserva Alpha Dom Peedro 0	Campinas / SP	42	2025
Ceará Comercial 6	Eusébio / CE	42	2025
Terras Alpha Ribeirão Preto	Ribeirão Preto / SP	457	2026
Parque Alphaville Campinas	Campinas / SP	797	2027
Alphaville Ceará 5	Eusébio / CE	506	2027
Alphaville Guarajuba 3	Camaçari / BA	80	2026
Comercial Ceará 7 and 8	Eusébio / CE	18	2027
Alphaville Guarajuba 4	Camaçari / BA	495	2027
Alphaville Litoral Norte 4	Camaçari / BA	204	2027

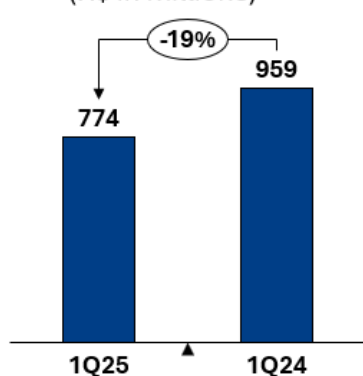
## Portfolio of Receivables<sup>4</sup>

(In millions of reais)	1Q25	1Q24	Change (R\$)
Portfolio of Receivables	774	959	-19%

- At the end of the 1Q25, the Company's portfolio of receivables amounted to R\$ 744 million, down by 19% YoY.

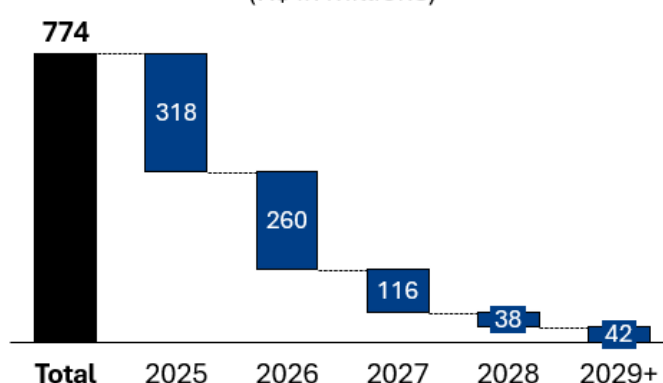
### Portfolio of Receivables %AVLL

(R\$ in millions)



### Portfolio of Receivables and maturities

(R\$ in millions)



<sup>4</sup> It is considered the total portfolio of receivables, recorded in balance sheet and comprising the following: trade accounts receivable (short and long terms) and sales deferred revenue, less the amount from advances from customers.

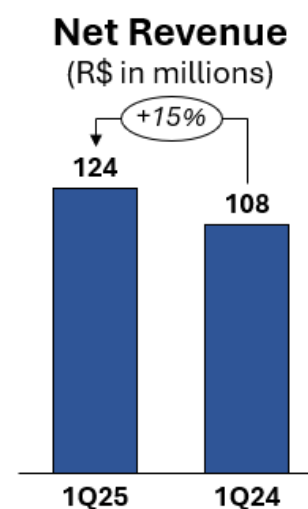
## FINANCIAL INDICATORS



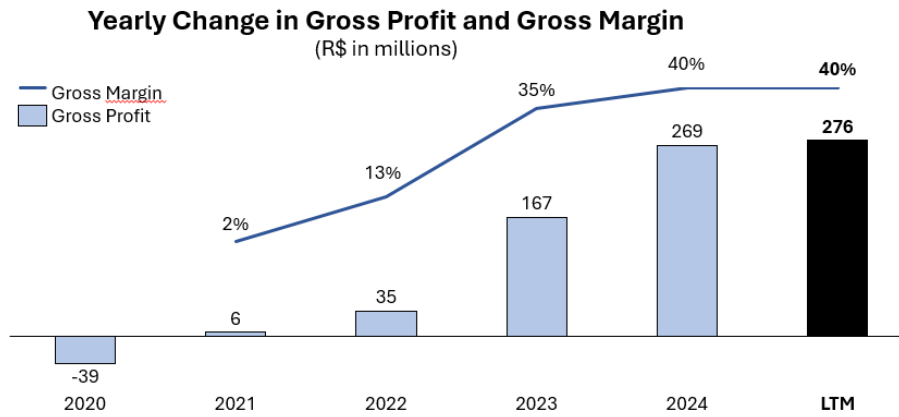
### Net Revenue and Gross Margin

Financial Indicators	1Q25	1Q24	Change (R\$)
<b>Net Revenue</b>	124	108	15%
<b>Gross Profit</b>	46	43	6%
Amortization of Surplus	0	0	n/a
Finance cost	3	0	4860%
<b>Adjusted Gross Profit<sup>1</sup></b>	49	43	14%
<b>Adjusted Gross Margin</b>	40%	40%	0 p.p.

- The Company's total net revenue for the 1Q25 reached R\$ 124 million, up by 15% from the same period of 2024, which amounted to R\$ 108 million.
- The gross profit <sup>5</sup> showed an increase of 14%, reaching R\$ 49 million for the first quarter of 2025, compared to R\$ 43 million reported for the first quarter of 2024;
- The Company's gross margin reached 40% for the 1Q25, and remained in line with the 1Q24.

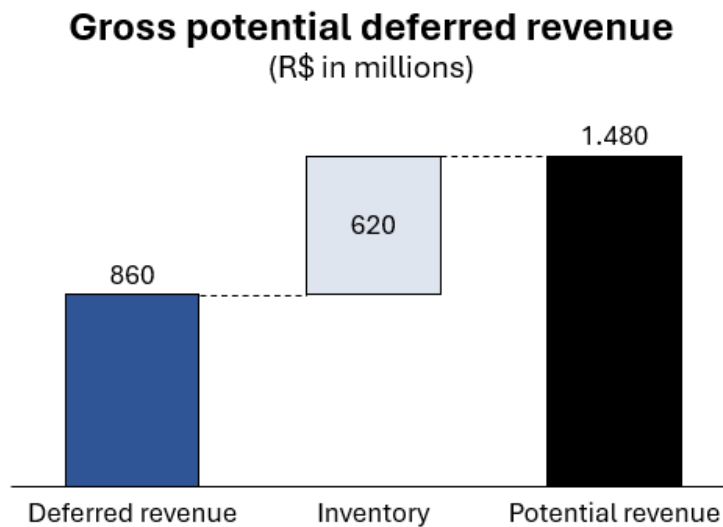


<sup>5</sup> Does not include the amortization of surplus and financial cost of the cost line item that amount to R\$ 3.4 million for the 1Q25.



In addition, we highlight that the deferred revenue volume (REF Revenue) amounted to approximately R\$ 860 million at the end of the 4Q24 with REF margin of 43%.

When considering the total deferred revenue and the inventory of launched ventures, Alphaville has a potential deferred revenue of R\$ 1.5 billion in the following years.



POC

66.8%

## Administrative Expenses

(In millions of reais)	1Q25	1Q24	Change (R\$)
Administrative Expenses	9	12	-29%

- In the 1Q25, there was a reduction of 29% from the same period of 2024;
- These reductions, combined with the inflation effect for the period, demonstrate the outcome of the continuous efforts to gain efficiency;

## Selling Expenses

(In millions of reais)	1Q25	1Q24	Change (R\$)
Selling expenses	6	6	-11%
Total Sales (PSV Sold)	88	142	-38%
% Expenses/Gross Sales	7%	5%	2.1 p.p.

- In the quarter, selling expenses amounted to R\$ 6 million, in line with same period of 2024.

## Other Operating Income (Expenses)

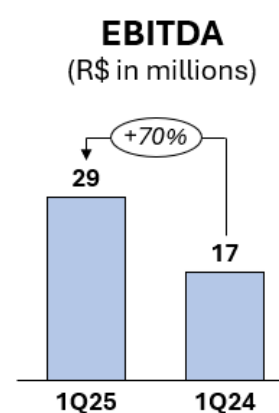
(In millions of reais)	1Q25	1Q24	Change (%)
Other non-recurring expenses	6	7	-9%
Sale of subsidiary (SPEs 2018-)	1	0	n/a
Operations for Sale	0	0	n/a
Contingencies	1	6	-81%
Other	4	1	412%

- Drop by 9% for the 1Q25 mainly justified by the decrease in expenditures for contingent liabilities for the period.

## EBITDA

(In millions of reais)	1Q25	1Q24	Change (%)
Net Revenue	124	108	15%
EBITDA	29	17	70%
EBITDA Margin (%)	23%	16%	8 p.p.

- As a consequence of the reported indicators, EBITDA for the 1Q25 reached R\$ 29 million, up by 70% from the 1Q24, with R\$ 17 million;
- The EBITDA margin stood at 23%, up by 8 percentage points from the 1Q24.



## Finance income (costs)

(In millions of reais)	1Q25	1Q24	Change (%)
Finance income (costs)	-43	68	n/a

- The Company's finance cost amounted to R\$ 43 million for the 1Q25, compared to a finance income of R\$ 68 million for the 1Q24;
- The reported change was mainly a result of the inflow of capital in the 1Q24 and the company's debt restructuring during the period.

## Net Income (Loss)

(In millions of reais)	1Q25	1Q24	Change (%)
Net Income (Loss)	-23	52	n/a

- In the 1Q25, the Company recorded a net loss of R\$ 23 million, as compared to a net income of R\$ 52 million for the same period of the previous year.

## Cash Flow from Operating Activities

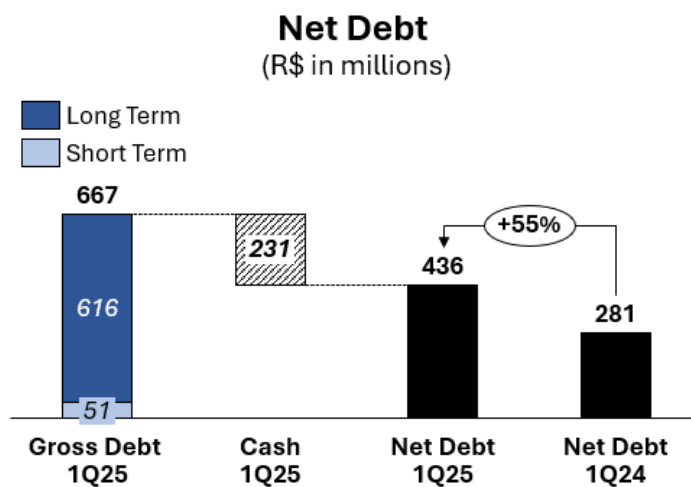
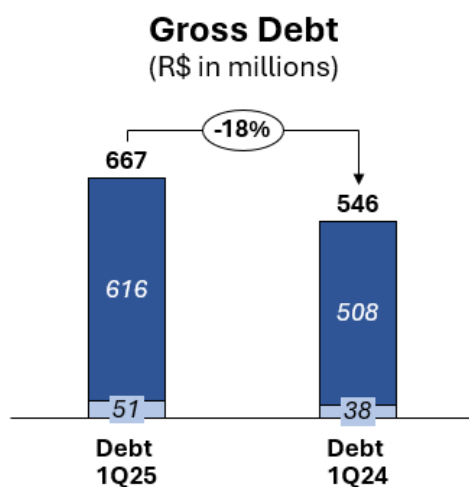
(In millions of reais)	1Q25	1Q24	Change (%)
Operating Cash Flow	-21	-5	n/a

- In the quarter, the Company reported operating cash outflow of R\$ 21 million;

## Indebtedness

(In millions of reais)	1Q25	1Q24	Change (%)
Gross Debt	667	546	22%
Cash (-)	231	265	-13%
Net Debt	436	281	55%

- Alphaville's gross debt amounted to R\$ 667 million at the end of the 1Q25, and its evolution from the 1Q24 is mainly justified by the change in the debenture interests, and funding of new transactions for financing works.
- Cash amounted to R\$ 231 million at the end of the 1Q25. By adding the gross debt and cash for the period, we reached R\$ 436 million in net debt.





## GLOSSARY

Please find below the main concepts for understanding the information included in this release.

### ***Landbank***

Alphaville enters into agreements with landowners whose properties comprise its landbank. We have a wide landbank strategically located in the four regions of Brazil (Northeastern, Southeastern, Center-Western and Southern), as a result of the agreements with landowners. According to the provisions of the current agreements, the landowner contributes with the land, whereas Alphaville is responsible for the venture development, construction and sales work and costs. Accordingly, we do not invest in area purchase, thus eliminating the land maintenance costs, which allows us to have several ventures at different stages across the Brazilian territory.

### **Sales**

In the real estate industry, the sales timing often does not match revenue recognition and cash generation: while sales refer to the sum of the amounts of each contract signed in a certain period, revenue is measured using the Percentage of Completion (PoC) method, that is, the revenue is recognized as the work progresses. Accordingly, even if a launch is very successful with high sales levels in the first months, such sales will be reflected in revenue only afterwards, as the construction works progress.

### **Cancelled Contract**

The sales contract cancellations and Statutory Lien are further detailed in the attachments, as well as their impact on contracts for lot sale.

### **Inventory**

The End-of-Period Inventory (EoP Inventory) is equivalent to the inventory at the end of period, that is, after computing all sales made over a certain period and considering the reversal of cancelled contracts of lots. The inventory recognized in the books, as reported in the financial statements, is estimated at the cost of acquisition and/or production of the lot. In this report we show the inventory measured on a managerial basis, calculated based on the selling price of the lots.

### **Delivery of Construction Work**

The delivery of the construction work is characterized by its completion, with all the licenses and permits required for the operation of the venture, such as the Work Inspection Agreement (“Termo de Verificação de Obra”, or TVO), Operating Permit (“Licença de Operação”, or LO), acceptance of the water and sewage networks, among other documents issued by the competent authorities and utilities concessionaires.

### **Gross and Net Revenue**

The Company's revenue is calculated using the Percentage of Completion (PoC) method, which provides for the recognition of revenue from sales as a percentage of the construction work completed.

The Company's Gross Revenue considers the sale of lots and the rendering of services. Cancelled contracts and their related provisions adjust the gross revenue downwards, as taxes on income. The Company makes provisions for cancelled contracts and periodically revises them, resulting in possible reversals of provisions or new downward adjustments.

### **Adjusted Gross Profit and Adjusted Gross Margin**

The Adjusted Gross Profit does not include the Capitalized Interest, Surplus Amortization and Finance Cost of the cost line item. Meanwhile, the adjusted gross margin is calculated by dividing the adjusted gross profit by net revenue.

### **Administrative, Selling and Non-recurring Expenses**

The Company's administrative expenses mainly include payroll expenses, rents and condominium fees, computing and IT-related expenses, as well as depreciation and amortization expenses.

The Company's selling expenses include marketing, brokerage and all other expenses related to the sales process of Alphaville's products.

The non-recurring expenses mainly include contingent liabilities and provision for contingent liabilities.

### **Operating Cash Flow**

Operating Cash Flow comprises the cash flow from operating activities plus the proceeds from the assignment of receivables and transfers to banks and/or credit and real estate funds.

### **Indebtedness**

Net debt is the debt at the end of the period less cash and cash equivalents for the same period.

## ATTACHMENTS



### Cancelled Contracts – Contract Termination

The events that give rise to the termination of the contract for purchase and sale, assignment or commitment to assign the subdivision are the following: (a) default by the buyer (unilateral termination upon default), or (b) its decision to terminate the contract (contract cancellation).

Depending on the type of contract that formalizes the real estate sale, the termination has different impacts on the customer and the developer, and, consequently, provides different incentives regarding the termination of the legal relationship.

Alphaville's portfolio of receivables is comprised of two types of contracts:

- Contracts with Statutory Lien (“alienação fiduciária” or AF), adopted from 2019+ ventures;
- Commitment of Purchase and Sale (CVCs), adopted until the 2017 launches.

#### Contracts with Statutory Lien (“alienação fiduciária” or AF)

The contracts with statutory lien are governed by Law 9514/97, the same legislation widely used by the Brazilian national financial system in real estate funding. Under this Law, the customer in theory cannot terminate the lot purchase contract because, in addition to breaching the conditions to apply the regime provided by Law 13786/18, in this kind of collateral the real estate is transferred to the customer when the contract is signed, and then used as collateral for funding.

In the event of default by the buyer, the creditor shall conduct an auction to sell the lot for compensation purposes. In the event no bid is made at the auction, the asset returns to the creditor, the buyer in default not being entitled to any refund, losing the amount already paid under the contract terms in the worst-case scenario.

#### Contracts with Commitment to Purchase and Sale (CVCs)

The CVC contracts are instruments whereby the seller undertakes to deliver the property, and the buyer undertakes to purchase it. In December 2018, Law 13786/18, which governs contract termination due to buyer's default or at the latter's request (contract cancellation), was enacted. In both events, the developer shall refund to the customer the amount paid thus far, being, however, entitled to charge the following:

- The amounts corresponding to the occasional use of the real estate (applicable in case the buyer is vested in the real estate);

- The amount payable arising from penalty clause and administrative expenses (limited to 10% of the adjusted amount of the contract for subdivisions and 25% of the amounts paid for gated communities);
- The late payment charges related to the installments paid in arrears by the buyer;
- The municipal real estate tax (IPTU), condominium and association fees, as well as taxes, costs and fees levied on refund and/or termination;
- Brokerage commission, as long as it is included in the lot price.

The outstanding balance shall be refunded in 12 (twelve) installments, and the first payment shall be made (a) in the event the subdivision is under construction, within 180 (one hundred and eighty) days counted from the delivery date provided in the contract, and (b) in the event the construction works are completed, within 12 months from the formalization of the contract termination. In case of gated communities, the refund shall be carried out in a single installment within 180 (one hundred and eighty) days counted from the contract termination.

#### Accounting

In the event of termination (contract cancellation) of contracts with Commitments to Purchase and Sale (CVC), the recognized revenue and the cost of the units whose cancelled contracts are reversed, as well as the equivalent provisions for contract cancellations and the loss allowances, whereas the revenue related to the portion of the amount paid by the customer withheld by the Company is recognized. In the event of repossession of the property by auction, which applies to agreements with statutory lien, the recognized revenue and cost are not reversed, only the amount obtained in the auction in excess of the customer's debt is refunded.

### **Alphaville's Business Model**

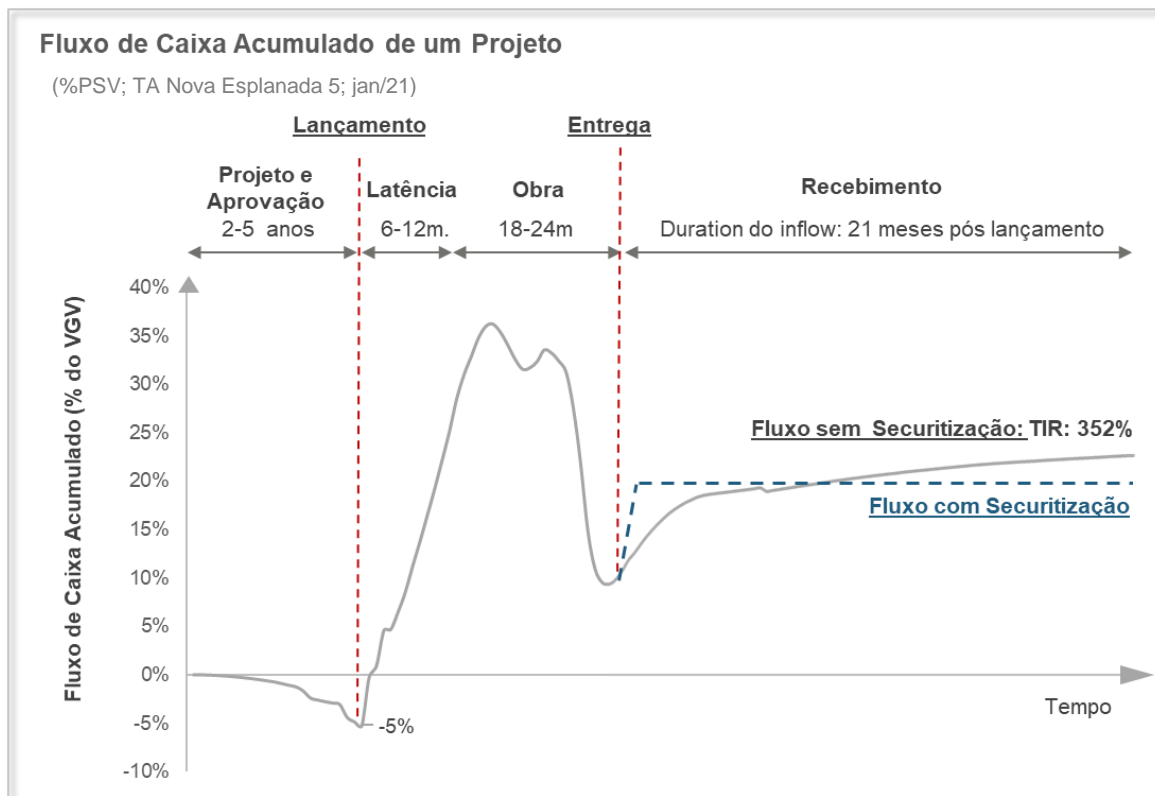
The Company has contributed to the urban development of the country since its start of operations over 46 years ago, always prioritizing its customers' quality of life and the sustainable integration of the urban development into the environment in more than 130 ventures across Brazil. For Alphaville, its customer's satisfaction always comes first, which provides an innovative look and the ability to make quick decisions when facing a changing scenario.

The business model that supports this successful history is based on the Company's direct work in all of the stages associated with the real estate venture development, such as: (i) identification of expansion vectors of cities and with great potential demand; (ii) search of land that meets the potential project's demands; (iii) negotiation of joint development agreements with landowners; (iv) product development and obtaining project-related license, permits and authorizations; (v) engagement and management of the activities of the construction company responsible for the construction works until delivery to customers; (vi) marketing & sales of venture lots; (vii) customer financing; and (viii) management of the business and financial relationship with customers until the purchase is settled and with land owners and partners until the venture is completed.

From the finance perspective, this model is based on joint development agreements, whereby the landowners grants Alphaville the right to develop, build and sell the venture in exchange for a percentage of future revenue percentage. The Company thus does not make any cash investment in land acquisition, and after the respective launches, uses the cash from sales to finance a significant portion of the development and construction costs.

In recent years, the country has gone through recessions, having impacts on the real estate development sector as a whole, mainly of contract cancellations requested by customers. Based on the lessons it has learned, Alphaville has strengthened and improved its business model, aiming at offsetting the effects arising from crisis. Among the measures and guidelines it has adopted, the following are worth noting: (i) focus on robust markets; (ii) launches with low cash exposure and; (iii) shorter-term sales, and (iv) contractual covenant on statutory lien.

The chart below shows the cash flow of a venture, including the measures adopted to strengthen the business model. In this example, it is possible to note that the venture's cash exposure is limited to the initial investments in venture development (product, approval and licensing, marketing and sales actions) and that the opening cash balance of sales is sufficient to fully cover the construction work. It is also worth noting that the combination of the adopted measures gives rise to sales and receivables of better quality and opens up opportunities for transactions involving assignment and/or securitization of receivables, mitigating risks and shortening the cash cycle of the ventures.



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