
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

Date of event requiring this shell company report : _____

For the transition period from _____ to _____

Commission file number: 001-33356

GAFISA S.A.

(Exact name of Registrant as specified in its charter)

GAFISA S.A.

(Translation of Registrant's name into English)

The Federative Republic of Brazil

(Jurisdiction of incorporation or organization)

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(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, without par value*	N/A

*** Traded only in the form of American Depositary Shares (as evidenced by American Depositary Receipts), each representing two common shares which are registered under the Securities Act of 1933.**

Indicate the number of outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding shares as of December 31, 2021 was:

Title of Class	Number of Shares Outstanding
Common Stock	337,445,727

*Includes **296,211** common shares that are held in treasury.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this annual report:

- U.S. GAAP
- International Financial Reporting Standards as issued by the International Accounting Standards Board
- Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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INTRODUCTION

In this annual report, references to “Gafisa,” “we,” “our,” “us,” “our company” and “the Company” are to Gafisa S.A. and its consolidated subsidiaries (unless the context otherwise requires). In addition, the term “Brazil” refers to the Federative Republic of Brazil, and the phrase “Brazilian government” refers to the federal government of Brazil. All references to “real,” “reais” or “R\$” are to the Brazilian *real*, the official currency of Brazil, and all references to “U.S. dollar,” “U.S. dollars” or “US\$” are to U.S. dollars, the official currency of the United States. References to “Brazilian GAAP” or “BR GAAP” are to accounting practices adopted in Brazil and references to “U.S. GAAP” are to generally accepted accounting principles in the United States. Any reference to “financial statement” is related to our consolidated financial statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

We maintain our books and records in *reais*. Our audited financial statements were prepared in accordance with Brazilian GAAP and are presented in thousands of reais, which are based on:

- Brazilian Law No. 6,404/76, as amended by Brazilian Law No. 9,457/97, Brazilian Law No. 10,303/01, Brazilian Law No. 11,638/07, Brazilian Law No. 12,431/11 and Brazilian Law No. 12,973/14, which we refer to hereinafter as “Brazilian corporate law;”
- the rules and regulations of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the “CVM;” and
- the accounting standards issued by the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), or the “CFC,” and the Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis*), or the “CPC.”

Brazilian corporate law was amended by Law No. 11,638, dated December 28, 2007, in order to facilitate the convergence of Brazilian GAAP with International Financial Reporting Standards, or “IFRS,” and thereafter, the CPC issued new accounting standards that generally converged Brazilian GAAP with IFRS, except for revenue recognition related to real estate transactions.

In preparing our financial statements, we have applied: (1) Circular Letter/CVM/SNC/SEP 02/2018 regarding the application of Technical Pronouncement CPC 47 – Revenue from contracts with customers (IFRS 15), and (2) CPC 37 (R1), which requires that an entity develops accounting policies based on the standards and interpretations of the CPC. We have adopted all pronouncements, guidelines and interpretations of the CPC issued through December 31, 2021. As a result, our financial statements are prepared in accordance with Brazilian GAAP, which allows revenue recognition on a percentage of completion basis for construction companies (i.e., revenue is recorded in accordance with the percentage of financial evolution of the construction project), and are therefore not compliant with IFRS as issued by the International Accounting Standards Board (“IASB”), which require revenue recognition on transferring control.

Brazilian GAAP differs in significant respects from U.S. GAAP. The notes to our financial statements included elsewhere in this annual report contain a reconciliation of equity and net income (loss) from Brazilian GAAP to U.S. GAAP. Unless otherwise indicated, all financial information of our company included in this annual report is derived from our Brazilian GAAP financial statements.

Our consolidated financial statements reflect statement of operations and balance sheet information for all of our subsidiaries, and also separately disclose the interest of non-controlling shareholders.

Market Information

Certain industry, demographic, market and competitive data, including market forecasts, used in this annual report were obtained from internal surveys, market research, publicly available information and industry publications. We have made these statements on the basis of information from third-party sources that we believe are reliable, such as the Brazilian Property Studies Company (*Empresa Brasileira de Estudos de Patrimônio*), or “EMBRAESP,” the Association of Managers of Real Estate Companies (*Associação de Dirigentes de Empresas do Mercado Imobiliário*), or “ADEMI,” the Getulio Vargas Foundation (*Fundação Getulio Vargas*), or “FGV,” the National Bank of Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social*), or “BNDES,” the Real Estate Companies’ Union (*Sindicato das Empresas de Compra, Venda, Locação e Administração de Imóveis Residenciais e Comerciais*), or “SECOVI,” the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or “IBGE,” and the Brazilian Central Bank (*Banco Central do Brasil*), or the “Central Bank,” among others. Industry and government publications, including those referenced here, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, such information has not been independently verified by us. Accordingly, we do not make any representation as to the accuracy of such information.

Rounding and Other Information

Some percentages and certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables in this annual report may not be an arithmetic aggregation of the figures that precede them.

In this annual report, all references to “contracted sales” are to the aggregate amount of sales resulting from all agreements for the sale of units (including residential communities and land subdivisions) entered into during a certain period, including new units and units in inventory. Further, in this annual report we use the term “value of launches” as a measure of our performance. Value of launches is not a GAAP measurement. Value of launches, as used in this annual report, is calculated by multiplying the total numbers of units in a real estate development by the average unit sales price.

All references to “potential sales value” are to our estimates of the total amount obtained or that can be obtained from the sale of all launched units of a certain real estate development, calculated by multiplying the number of units in a development by the sale price of the unit. Investors should be aware that our potential sales value may not be realized or may significantly differ from the amount of contracted sales, since the total number of units actually sold may be lower than the number of units launched and/or the contracted sales price of each unit may be lower than the launching price.

In addition, we present information in square meters in this annual report. One square meter is equal to approximately 10.76 square feet.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this annual report in relation to our plans, forecasts, expectations regarding future events, strategies, and projections, are forward-looking statements which involve risks and uncertainties and which are therefore not guarantees of future results, including as a result of any impact from the COVID-19 pandemic. Our estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- changes in overall economic conditions, including employment levels, population growth and consumer confidence;
- changes in real estate market prices and demand, estimated budgeted costs and the preferences and financial condition of our customers;
- demographic factors and available income;
- any impacts from the COVID-19 pandemic;
- our ability to repay our indebtedness and comply with our financial obligations;
- our ability to arrange financing and implement our expansion plan;
- our ability to compete and conduct our businesses in the future;
- changes in our business;
- inflation and interest rate fluctuations;
- changes in the laws and regulations applicable to the real estate market;
- government interventions, resulting in changes in the economy, taxes, rates or regulatory environment;
- other factors that may affect our business, market share, financial condition, liquidity and results of our operations; and
- other risk factors discussed under “Item 3. Key Information—D. Risk Factors.”

The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this annual report might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, inclusive of, but not limited to, the factors mentioned above.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Removed and Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

An investment in our common shares or the ADSs is subject to a number of risks, including risks relating to our business and the Brazilian real estate industry, risks relating to Brazil and risks relating to our common shares and the ADSs. The following list summarizes some, but not all, of these risks. Please read the information in the section entitled "Risk Factors" for a more thorough description of these and other risks.

Certain Risks Relating to Our Business and Industry

- ***Our business, results of operations, financial condition and the market price of our common shares or the ADSs may be adversely affected by weaknesses in general economic, real estate and other conditions.*** The residential homebuilding and land development industry is cyclical and is significantly affected by changes in general and local economic conditions. Worldwide financial market volatility may also adversely impact government plans for the Brazilian real estate industry, which may have a material adverse effect on our business, our financial condition and results of operations.
- ***Our business may be adversely affected by the COVID-19 pandemic.*** The outbreak and the preventative and protective actions that governments took in respect of COVID-19 during 2020 and 2021, has resulted in a period of business disruption and reduced operations, including in the real estate sector. In addition, the pandemic has caused levels of equity and other financial markets to decline sharply and to become volatile, including the price of our common shares. The COVID-19 pandemic may continue to affect our industry and cause temporary suspension of projects and shortage of labor and raw materials, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.
- ***We operate in a highly competitive industry and our failure to compete effectively could adversely affect our business.*** The Brazilian real estate industry is highly competitive and fragmented. We compete with several developers on the basis of land availability and location, price, funding, design, quality, and reputation as well as for partnerships with other developers. Furthermore, a significant portion of our real estate development and construction activity is conducted in the state of São Paulo, an area where the real estate market is highly competitive due to a scarcity of properties in desirable locations and the relatively large number of local competitors.
- ***Problems with the construction and timely completion of our real estate projects, as well as third party projects for which we have been hired as a contractor, may damage our reputation, expose us to civil***

liability and decrease our profitability. The quality of work in the construction of our real estate projects and the timely completion of these projects are major factors that affect our reputation, and therefore our sales and growth. We may incur construction and other development costs for a project that exceeds our original estimates due to increases over time in interest rates, real estate taxes or costs associated with materials and labor, among others.

- **Our inability to acquire adequate capital to finance our projects could delay the launch of new projects and adversely affect our business.** We expect that the continued expansion and development of our business will require significant capital, including working capital, which we may be unable to obtain on acceptable terms, or at all, to fund our capital expenditures and operating expenses, including working capital needs. We may fail to generate sufficient cash flow from our operations to meet our cash requirements. Future borrowing instruments such as credit facilities are likely to contain restrictive covenants, particularly in light of the recent economic downturn and unavailability of credit, and/or may require us to pledge assets as security for borrowings under those facilities. Our inability to obtain additional capital on satisfactory terms may delay or prevent the expansion of our business, which would have an adverse effect on our business.

Certain Factors Relating to Brazil

- **Brazilian economic, political and other conditions, and Brazilian government policies or actions in response to these conditions, may negatively affect our business and results of operations and the market price of our common shares or the ADSs.** The Brazilian economy has been characterized by unstable economic cycles and frequent and occasionally extensive intervention by the Brazilian government. Uncertainty over whether the Brazilian federal government will implement reforms or changes in policy or regulation affecting these or other factors in the future may affect economic performance and contribute to economic uncertainty in Brazil, which may have an adverse effect on our activities and consequently our operating results, and may also adversely affect the trading price of our common shares and the ADSs.
- **Inflation, and government measures to curb inflation, may adversely affect the Brazilian economy, the Brazilian securities market, our business and operations and the market prices of our common shares or the ADSs.** Periods of higher inflation may slow the rate of growth of the Brazilian economy, which could lead to reduced demand for our products in Brazil and decreased net sales. Inflation is also likely to increase some of our costs and expenses, which we may not be able to pass on to our customers and, as a result, may reduce our profit margins and net income. Any decline in our net operating revenue or net income and any deterioration in our financial condition would also likely lead to a decline in the market price of our common shares and the ADSs.
- **Developments and the perceptions of risks in other countries, including other emerging markets, the United States and Europe, may harm the Brazilian economy and the price of our common shares and the ADSs.** The market for securities offered by companies with significant operations in Brazil is influenced by economic and market conditions in Brazil and, to varying degrees, market conditions in other Latin American and emerging markets, as well as the United States, Europe and other countries. Developments or economic conditions in other countries may significantly affect the availability of credit to companies with significant operations in Brazil and result in considerable outflows of funds from Brazil, decreasing the amount of foreign investments in Brazil.
- **Political instability and economic uncertainty in Brazil, including in relation to country-wide corruption probes, may adversely affect the price of our ADSs and our business, operations and financial condition.** Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected and continue to affect the confidence of investors and the general public, which have historically resulted in economic deceleration and heightened volatility in the securities offered by companies with significant operations in Brazil. Any factor that creates additional political uncertainty may harm the Brazilian economy and, consequently, our business and the price of our common shares and the ADSs.
- **Fluctuations in interest rates may have an adverse effect on our business and the market prices of our common shares and the ADSs.** The Central Bank, through the Monetary Policy Committee (*Comitê de*

Política Monetária) establishes the Special Clearance and Escrow System rate (*Sistema Especial de Liquidação e Custódia*), which is the basic interest rate for the Brazilian financial system by reference to the level of economic growth of the Brazilian economy, the level of inflation and other economic indicators. Any increase in the TR rate or the CDI rate may have an adverse impact on our financial expenses, our results of operations and on the market price of our common shares or the ADSs. We are not a party to any hedging instruments with respect to our indebtedness.

Certain Risks Relating to Our Common Shares and the ADSs

- ***International economic and market conditions, especially in the United States, may adversely affect the market price of the ADSs.*** The market for securities issued by Brazilian companies is influenced, to a varying degree, by international economic and market conditions generally. The uncertainties generated by crisis may affect the market prices of our ADSs in future and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.
- ***Developments and the perception of risks in other countries, especially emerging market countries, may adversely affect the market prices of our common shares and the ADSs.*** The market for securities issued by Brazilian companies is influenced, to varying degrees, by economic and market conditions in other emerging market countries, especially other Latin American countries. Developments in other countries and securities markets could adversely affect the market prices of our common shares and the ADSs and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.
- ***The relative volatility and the lack of liquidity of the Brazilian securities market may adversely affect you.*** The Brazilian securities market is substantially smaller, less liquid, more concentrated and more volatile than major securities markets in the United States. This may limit your ability to sell our common shares and the common shares underlying your ADSs at the price and time at which you wish to do so.
- ***Shares eligible for future sale may adversely affect the market value of our common shares and the ADSs.*** Certain of our shareholders have the ability, subject to applicable Brazilian laws and regulations and applicable securities laws in the relevant jurisdictions, to sell our shares and the ADSs. We cannot predict what effect future sales of our shares or ADSs may have on the market price of our shares or the ADSs.
- ***The economic value of your investment in our company may be diluted.*** We may need additional funds in the future, in order to expand more rapidly, develop new markets, respond to competitive pressures or make acquisitions. Any necessary additional financing may not be available on terms favorable to us. If adequate funds are not available on acceptable terms, we may be unable to meet our business or strategic objectives or compete effectively. If additional funds are raised by our issuing new equity securities existing shareholders may be diluted.

Risks Relating to Our Business and to the Brazilian Real Estate Industry

Our business, results of operations, financial condition and the market price of our common shares or the ADSs may be adversely affected by weaknesses in general economic, real estate and other conditions.

The residential homebuilding and land development industry is cyclical and is significantly affected by changes in general and local economic conditions, such as:

- employment levels;
- population growth;
- consumer demand, confidence, stability of income levels and interest rates;
- availability of financing for land home site acquisitions and the availability of construction and permanent mortgages;
- inventory levels of both new and existing homes;

- supply of rental properties; and
- conditions in the housing resale market.

Furthermore, the market value of undeveloped land, buildable lots and housing inventories held by us can fluctuate significantly as a result of changing economic and real estate market conditions. If there are significant adverse changes in economic or real estate market conditions, we will have to sell homes at a loss or hold land in inventory longer than planned.

Since 2014, weakening economic conditions and political instability in Brazil, leading to fluctuations in interest rates and inflation and an increase in levels of unemployment, among other factors, have had an adverse impact on the real estate market, including a decrease in the volume of Gafisa launches and a sharp decrease in the overall volume of real estate launches in Brazil. Worldwide financial market volatility may also adversely impact government plans for the Brazilian real estate industry, which may have a material adverse effect on our business, our financial condition and results of operations.

Our business may be adversely affected by the COVID-19 pandemic

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China. In January 2020, COVID-19 spread to other countries, including Brazil, and on March 11, 2020, the World Health Organization declared that the spread of COVID-19 had become a global pandemic. The spread of COVID-19 has resulted in a global and regional economic slowdown, and efforts to contain the spread of COVID-19 have intensified, including shutdowns mandated by governmental authorities. The outbreak and the preventative and protective actions that governments took in respect of COVID-19 during 2020 and 2021 has resulted in a period of business disruption and reduced operations, including in the real estate sector. In addition, the pandemic has caused levels of equity and other financial markets to decline sharply and to become volatile, including the price of our common shares.

In response to the pandemic, we created a crisis management committee which meets daily to discuss developments and disease prevention measures. In addition, we have preventatively determined that back-office personnel work remotely, providing all employees with the required tools and infrastructure to enable them to work from home. We have also implemented a series of educative and preventative measures targeted at our construction site employees, and have reduced staff considered to be in the risk group. Moreover, our sales teams have focused on online interactions with prospective customers.

The COVID-19 pandemic may continue to affect our industry and cause temporary suspension of projects and shortage of labor and raw materials, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

Our operations could also be disrupted if any of our employees or the employees of our subcontractors contracted or are thought to have contracted COVID-19 or another disease that could cause an epidemic, since this could require us and our subcontractors to quarantine some or all of these employees and temporarily close our work sites and other facilities used for our operations. In addition, our revenue and profitability could also be reduced to the extent COVID-19 or any other epidemic harms the overall economy in Brazil. These adverse impacts, particularly if they materialize and persist for a substantial period, may significantly and adversely affect our business operation and financial performance. Additionally, the city of São Paulo where we develop our main projects is highly affected by COVID-19. A recurrence of this epidemic or any epidemic in the city of São Paulo could result in material disruptions to our property developments, which in turn could materially and adversely affect our financial condition and results of operations.

The impact from the outbreak of COVID-19 on our operations might result in the postponement of our launches, a reduction in sales volume and an increase in customer payment defaults. Additional impacts will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, such as vaccination programs, among others. While there have been no significant impacts on our business or our financial targets as a result of the COVID-19 pandemic, we could be materially adversely affected by a protracted downturn in local, regional or global economic conditions.

During 2021, we were better equipped to manage the challenges of COVID-19 compared to 2020. A combination of our strategy and the relaxation of restrictions in some regions of Brazil resulted in a gradual increase in launches and sales volumes. However, there is some uncertainty regarding the duration and likelihood of further government interventions or increases in restrictions, as well as the economic effects on financial markets, which may materially adversely affect our business, liquidity, financial condition, and the outcome of operations.

Our management has evaluated the impacts of the COVID-19 pandemic on our financial statements, including projections of profit or loss and cash generation, based on its best estimates, and management has concluded that there is no need to recognize any additional loss allowances. We will continue to monitor and analyze the impacts of the COVID-19 pandemic on our results of operations and financial condition.

We operate in a highly competitive industry and our failure to compete effectively could adversely affect our business.

The Brazilian real estate industry is highly competitive and fragmented. We compete with several developers on the basis of land availability and location, price, funding, design, quality, and reputation as well as for partnerships with other developers. Because our industry does not have high barriers to entry, new competitors, including international companies working in partnership with Brazilian developers, may enter into the industry, further intensifying this competition. Some of our current potential competitors may have greater financial and other resources than we do. Furthermore, a significant portion of our real estate development and construction activity is conducted in the state of São Paulo, an area where the real estate market is highly competitive due to a scarcity of properties in desirable locations and the relatively large number of local competitors. If we are not able to compete effectively, our business, our financial condition and the results of our operations could be adversely affected.

Problems with the construction and timely completion of our real estate projects, as well as third party projects for which we have been hired as a contractor, may damage our reputation, expose us to civil liability and decrease our profitability.

The quality of work in the construction of our real estate projects and the timely completion of these projects are major factors that affect our reputation, and therefore our sales and growth. We may experience delays in the construction of our projects or there may be defects in materials and/or workmanship. Any defects could delay the completion of our real estate projects, or, if such defects are discovered after completion, expose us to civil lawsuits by purchasers or tenants. These factors may also adversely affect our reputation as a contractor for third party projects, since we are responsible for our construction services and the building itself for five years. Construction projects often involve delays in obtaining, or the inability to obtain, permits or approvals from the relevant authorities. In addition, construction projects may also encounter delays due to adverse weather conditions, natural disasters, fires, delays in the provision of materials or labor, accidents, labor disputes, unforeseen engineering, environmental or geological problems, disputes with contractors and subcontractors, unforeseen conditions at construction sites, disputes with surrounding landowners, or other events. In addition, we may encounter previously unknown conditions at or near our construction sites that may delay or prevent construction of a particular project. If we encounter a previously unknown condition at or near a site, we may be required to correct the condition prior to continuing construction and there may be a delay in the construction of a particular project. The occurrence of any one or more of these problems in our real estate projects could adversely affect our reputation and our future sales.

We may incur construction and other development costs for a project that exceeds our original estimates due to increases over time in interest rates, real estate taxes or costs associated with materials and labor, among others. We may not be able to pass these increased costs on to purchasers. Construction delays, scarcity of skilled workers, default and or bankruptcy of third party contractors, cost overruns and adverse conditions may also increase project development costs. In addition, delays in the completion of a project may result in a delay in the commencement of cash flow, which would increase our capital needs.

Our inability to acquire adequate capital to finance our projects could delay the launch of new projects and adversely affect our business.

We expect that the continued expansion and development of our business will require significant capital, including working capital, which we may be unable to obtain on acceptable terms, or at all, to fund our capital expenditures and operating expenses, including working capital needs. We may fail to generate sufficient cash flow from our operations to meet our cash requirements. Furthermore, our capital requirements may vary materially from

those currently planned if, for example, our revenues do not reach expected levels or we have to incur unforeseen capital expenditures and make investments to maintain our competitive position. If this is the case, we may require additional financing sooner than anticipated, or we may have to delay some of our new development and expansion plans or otherwise forgo market opportunities. Future borrowing instruments such as credit facilities are likely to contain restrictive covenants, particularly in light of the recent economic downturn and unavailability of credit, and/or may require us to pledge assets as security for borrowings under those facilities. Our inability to obtain additional capital on satisfactory terms may delay or prevent the expansion of our business, which would have an adverse effect on our business. As of December 31, 2021, our net debt (indebtedness from debentures, loans and financing, and project financing balance, net of our cash and short term investments position) was R\$709.3 million, our cash and cash equivalents and short-term investments were R\$612.8 million and our total debt was R\$1,322.1 million.

Changing market conditions may adversely affect our ability to sell our property inventories at expected prices, which could reduce our margins and adversely affect the market price of our common shares or the ADSs.

We must constantly locate and acquire new tracts of land for development and development home sites to support our homebuilding operations. There is a lag between the time we acquire land for development or development home sites and the time that we can bring the properties to market and sell homes. As a result, we face the risk that demand for housing may decline, costs of labor or materials may increase, interest rates may increase, currencies may fluctuate and political uncertainties may occur during this period and that we will not be able to dispose of developed properties at expected prices or profit margins or within anticipated time frames or at all. Significant expenditures associated with investments in real estate, such as maintenance costs, construction costs and debt payments, cannot generally be reduced if changes in the economy cause a decrease in revenues from our properties. The market value of property inventories, undeveloped tracts of land and desirable locations can fluctuate significantly because of changing market conditions. In addition, inventory carrying costs (including interest on funds unused to acquire land or build homes) can be significant and can adversely affect our performance. Because of these factors, we may be forced to sell homes and other real properties at a loss or for prices that generate lower profit margins than we anticipate. We may also be required to make material write-downs of the book value of our real estate assets in accordance with Brazilian and U.S. GAAP if values decline. The occurrence of any of these factors may adversely affect our business and results of operations.

We are subject to risks normally associated with permitting our purchasers to make payments in installments; if there are higher than anticipated defaults or if our costs of providing such financing increase, then our profitability could be adversely affected.

As is common in our industry, we and the special purpose entities (*sociedade de propósito específico*), or “SPEs,” in which we participate permit some purchasers of the units in our projects to make payments in installments. As a result, we are subject to the risks associated with this financing, including the risk of default in the payment of principal or interest on the loans we make as well as the risk of increased costs for the funds raised by us. In addition, our term sales agreements usually bear interest and provide for an inflation adjustment. If the rate of inflation increases, the loan payments under these term sales agreements may increase, which may lead to a higher rate of payment default. If the default rate among our purchasers increases, our cash generation and, therefore, our profitability could be adversely affected.

In the case of a payment default after the delivery of financed units, Brazilian law provides for the filing of a collection claim to recover the amount owed or to repossess the unit following specified procedures. The collection of overdue amounts or the repossession of the property is a lengthy process and involves additional costs. It is uncertain that we can recover the full amount owed to us or that if we repossess a unit, we can re-sell the unit at favorable terms or at all.

If we or the SPEs in which we participate fail to comply with or become subject to more onerous government regulations, our business could be adversely affected.

We and the SPEs in which we participate are subject to various federal, state and municipal laws and regulations, including those relating to construction, zoning, soil use, urban regulations, environmental protection, historical sites, consumer protection and antitrust. We are required to obtain, maintain and renew on a regular basis permits, licenses and authorizations from various governmental authorities in order to carry out our projects. We

strive to maintain compliance with these laws and regulations, as well as with conditions of permits, licenses and authorizations. If we are unable to achieve or maintain compliance with these laws, regulations and conditions, we could be subject to fines, project shutdowns, cancellation of licenses and revocation of authorizations or other restrictions on our ability to develop our projects, which could have an adverse impact on our business, financial condition and results of operations. In addition, our contractors and subcontractors are required to comply with various labor and environmental regulations and tax and other regulatory obligations. Because we are secondary obligors to these contractors and subcontractors, if they fail to comply with these regulations or obligations, we may be subject to penalties by the relevant regulatory bodies, and to indemnification claims from affected third parties.

Regulations governing the Brazilian real estate industry as well as environmental laws have tended to become more restrictive over time. We cannot assure that new and stricter standards will not be passed or become applicable to us, or that stricter interpretations of existing laws and regulations will not be adopted. Furthermore, we cannot assure that any such more onerous regulations would not cause delays in our projects or that we would be able to secure the relevant permits and licenses. Any such event may require us to spend additional funds to achieve compliance with such new rules and therefore make the development of our projects more costly, which could adversely affect our business and the market price of our common shares or the ADSs.

Scarcity of financing and/or increased interest rates could cause a decrease in the demand for real estate properties, which could negatively affect our results of operations, financial condition and the market price of our common shares or the ADSs.

The scarcity of financing and/or an increase in interest rates or in other indirect financing costs may adversely affect the ability or willingness of prospective buyers to purchase our products and services, especially prospective low income buyers. A majority of the bank financing obtained by prospective buyers comes from the Housing Financial System (*Sistema Financeiro de Habitação*), or the “SFH,” which is financed by funds raised from savings account deposits. The Brazilian Monetary Council (*Conselho Monetário Nacional*), or the “CMN,” often changes the amount of such funds that banks are required to make available for real estate financing. If the CMN restricts the amount of available funds that can be used to finance the purchase of real estate properties, or if there is an increase in interest rates, there may be a decrease in the demand for our residential and commercial properties and for the development of lots of land, which may adversely affect our business, financial condition and results of operations.

We and other companies in the real estate industry frequently extend credit to our clients. As a result, we are subject to risks associated with providing financing, including the risk of default on amounts owed to us, as well as the risk of increased costs of funding our operations. An increase in inflation would raise the nominal amounts due from our clients, pursuant to their sales agreements, which may increase their rates of default. If this were to occur, our cash generation and, therefore, our operating results may be adversely affected. In addition, we obtain financings from financial institutions at different rates and subject to different indexes and may be unable to match our debt service requirements with the terms of the financings we grant to our clients. The mismatch of rates and terms between the funds we obtain and the financings we grant may adversely affect us.

We may sell portions of our landbank located in nonstrategic regions, which is in line with our future strategies. As a result, we will prepare an annual analysis for impairment of our landbank.

As part of our strategy to focus our future operations on regions where our developments have historically been successful, and where we believe there is homebuilding potential based on market opportunities, we may sell portions of our landbank located outside of these regions. As a result, we prepare an annual impairment analysis of our landbank based on the acquisition cost of the land in our portfolio. In 2011, we made a decision to sell a portion of our landbank given our narrowed geographic focus and, since then, we have been recording provisions for impairment on landbank and properties for sale. As of December 31, 2015, we had R\$50.3 million recorded as a provision for impairment on landbank and properties for sale. Since 2016, our impairment analysis has been negatively impacted by the challenging macroeconomics conditions in the real estate sector and in Brazil as a whole, which has led to a decrease in sales prices for our commercial and residential units. As of December 31, 2018, 2019 and 2020, we had R\$235.9 million, R\$198.5 million and R\$129.2 million recorded as a provision for impairment on landbank and properties for sale, respectively. As of December 31, 2021, we had R\$78.9 million recorded as a provision for impairment on landbank and properties for sale.

The real estate industry is dependent on the availability of credit, especially in the entry-level segment.

One of our main strategies is to expand our operations to the entry-level segment in which clients are strongly dependent on bank financing to purchase homes. This financing may not be available on favorable terms to our clients, or at all. Changes in the Real Estate Financing System (*Sistema de Financiamento Imobiliário*), or the “SFI,” and in the SFH rules, the scarcity of available resources or an increase in interest rates may affect the ability or desire of such clients to purchase homes, consequently affecting the demand for homes. These factors would have a material adverse effect on our business, financial condition and results of operations.

Because we recognize sales revenue from our real estate properties under the percentage of completion method of accounting under Brazilian GAAP as generally adopted by construction companies and under U.S. GAAP, by transferring control, an adjustment in the cost of a development project may reduce or eliminate previously reported revenue and income.

We recognize revenue from the sale of units in our properties based on the percentage of completion method of accounting, which requires us to recognize revenue as we incur the cost of construction. Total cost estimates are revised on a regular basis as the work progresses, and adjustments based upon such revisions are reflected in our results of operations in accordance with the method of accounting used. To the extent that these adjustments result in an increase, a reduction or an elimination of previously reported income, we will recognize a credit to or a charge against income, which could have an adverse effect on our previously reported revenue and income.

Our participation in SPEs creates additional risks, including potential problems in our financial and business relationships with our partners.

We invest in SPEs with or without other real estate developers and construction companies in Brazil. The risks involved with SPEs include the potential bankruptcy of our SPE partners and the possibility of diverging or inconsistent economic or business interests between us and our partners. If an SPE partner fails to perform or is financially unable to bear its portion of the required capital contributions, we could be required to make additional investments and provide additional services in order to make up for our partner’s shortfall. In addition, under Brazilian law, the partners of an SPE may be liable for certain obligations of an SPE, including with respect to tax, labor, environmental and consumer protection laws and regulations. These risks could adversely affect us.

We may experience difficulties in finding desirable land tracts, and increases in the price of land may increase our cost of sales and decrease our earnings.

Our continued growth depends in large part on our ability to continue to acquire land and to do so at a reasonable cost. As more developers enter or expand their operations in the Brazilian home building industry, land prices could rise significantly and suitable land could become scarce due to increased demand, decreased supply or both. A resulting rise in land prices may increase our cost of sales and decrease our earnings on future developments. We may not be able to continue to acquire suitable land at reasonable prices in the future, which could adversely affect our business.

The market value of our inventory of undeveloped land may decrease, thus adversely affecting our results of operations.

We own tracts of undeveloped land that are part of our inventory for future developments. We also intend to increase our inventory and acquire larger tracts of land. The market value of these properties may significantly decrease from the acquisition date to the development of the project as a result of economic downturns or market conditions, which would have an adverse effect on our results of operations.

Increases in the price of raw materials and fixtures may increase our cost of sales and reduce our earnings.

The basic raw materials and fixtures used in the construction of our homes include concrete, concrete block, steel, aluminum, bricks, windows, doors, roof tiles and plumbing fixtures. Increases in the price of these and other raw materials, including increases that may occur as a result of shortages, duties, restrictions, or fluctuations in exchange rates, could increase our cost of sales. Any such cost increases could reduce our earnings and adversely affect our business.

If we are not able to implement our growth strategy as planned, or at all, our business, financial condition and results of operations could be adversely affected.

We plan to grow our business by selectively expanding to meet the growth potential of the Brazilian residential market. We believe that there is increasing competition for suitable real estate development sites. We may not find suitable additional sites for development of new projects or other suitable expansion opportunities. We anticipate that we will need additional financing to implement our expansion strategy and we may not have access to the funding required for the expansion of our business or such funding may not be available to us on acceptable terms. We may finance the expansion of our business with additional indebtedness or by issuing additional debt or equity securities.

We could face financial risks, covenant restrictions and restrictions on our ability to employ assets associated with incurring additional indebtedness, such as reducing our liquidity and access to financial markets and increasing the amount of cash flow required to service such indebtedness, or associated with issuing additional stock, such as dilution of ownership and earnings.

Additionally, as part of our growth strategy, we may develop new business in areas different than those in which we currently operate. For example, we are currently working on new projects through Gafisa Propriedades Incorporação, Administração, Consultoria E Gestão De Ativos Imobiliários S.A., or Gafisa Propriedades, for the management of our own and third party real estate properties. We cannot guarantee that our growth strategy to develop new business will be successful. Furthermore, we may need to incur in additional financing and we may not be able to generate enough returns from any new business to pay off such additional financing.

There are risks for which we do not have insurance coverage or the insurance coverage we have in place may not be sufficient to cover damages that we may suffer.

We maintain insurance policies with coverage for certain risks, including damages arising from engineering defects, fire, landslides, storms, gas explosions and civil liabilities stemming from construction errors. We believe that the level of insurance we have contracted for accidents is consistent with market practice. However, there can be no assurance that such policies will always be available or provide sufficient coverage for certain damages. In addition, there are certain risks that may not be covered by such policies, such as damages resulting from war, force majeure or the interruption of certain activities and, therefore any requirement to pay amounts not covered by our insurance may have a negative impact on our business and our results of operations. Furthermore, we are required to pay penalties and other fines whenever there is delay in the delivery of our units, and such penalties and fines are not covered by our insurance policies.

Moreover, we cannot guarantee that we will be able to renew our current insurance policies under favorable terms, or at all. As a result, insufficient insurance coverage or our inability to renew existing insurance policies could have an adverse effect on our financial condition and results of operations.

Our level of indebtedness could have an adverse effect on our financial health, diminish our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or the real estate industry.

As of December 31, 2021, our total debt (loans, financing and debentures) was approximately R\$1,322.1 million and our short-term debt was R\$404.7 million. In addition, as of December 31, 2021 our cash and cash equivalents and short-term investments available was R\$612.8 million and our net debt represented 39.1% of our shareholders' equity including the non-controlling interest. Our indebtedness has variable interest rates. Our level of indebtedness could have important negative consequences for us. For example, it could:

- require us to dedicate a large portion of our cash flow from operations to fund payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;

- limit our ability to raise additional debt or equity capital in the future or increase the cost of such funding;
- restrict us from making strategic acquisitions or exploring business opportunities; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

Certain of our debt agreements contain financial and other covenants and any default under such debt agreements may have a material adverse effect on our financial condition and cash flows.

Certain of our existing debt agreements contain restrictions and covenants and require the maintenance or satisfaction of specified financial ratios, ratings and tests, cash generation, capitalization, debt coverage, maintenance of shareholding position, and others. Our ability to meet these financial ratios, ratings and tests can be affected by events beyond our control and we cannot assure that we will meet those tests, especially given the lower yield environment in which the industry currently operates. Failure to meet or satisfy any of these covenants, financial ratios or financial tests could result in an event of default under these and other agreements, as a result of cross-default provisions. If we are unable to comply with our debt covenants, we could be forced to seek waivers.

If we are unable to obtain waivers, a large portion of our debt could be subject to acceleration. We do not believe such occurrence to be likely; however, if it were to happen, we could be required to renegotiate, restructure or refinance our indebtedness, seek additional equity capital or sell assets, which could materially and adversely affect us.

We cannot guarantee that we will be successful in obtaining any waivers. As of December 31, 2021, the Company and its subsidiaries were in compliance with the contractual covenants provided for in our debentures and our credit instruments

Failures or delays by our third party contractors may adversely affect our reputation and business and exposes us to civil liability.

We engage third party contractors to provide services for our projects. Therefore, the quality of work in the construction of our real estate projects and the timely completion of these projects may depend on factors that are beyond our control, including the quality and timely delivery of building materials and the technical skills of the outsourced professionals. Such outsourcing may delay the identification of construction problems and, as a result, the correction of such problems. Any failures, delays or defects in the services provided by our third party contractors may adversely affect our reputation and relationship with our clients, which would adversely affect our business and results of operations.

Unfavorable judicial, administrative or arbitration decisions may adversely affect us.

We currently are, and may be in the future, defendants in several judicial, administrative proceedings related to civil, labor and tax matters. We cannot assure you that we will obtain favorable decisions in such proceedings, that such proceedings will be dismissed, or that our provisions for such proceedings are sufficient in the event of an unfavorable decision. Unfavorable decisions that impede our operations, as initially planned, or that result in a claim amount that is not adequately covered by provisions in our balance sheet, may adversely affect our business and financial condition.

We may be held responsible for labor liabilities of our third party contractors.

We may be held responsible for the labor liabilities of our third party contractors and obligated to pay for fines imposed by the relevant authorities in the event that our third party contractors do not comply with applicable legislation. As of December 31, 2021, R\$5.6 million of our R\$6.9 million of total labor liabilities and provisions were for such liabilities. Approximately 80% of the labor claims were commenced by employees of our third party contractors. An adverse result in such claims would cause an adverse effect on our business.

Failure to keep members of our senior management and/or our ability to recruit and retain qualified professionals may have a material adverse effect on our business, financial condition and results of operations.

Our future success depends on the continued service and performance of our senior management and our ability to recruit and retain qualified professionals. None of the members of our senior management are bound to long-term labor contracts or non-compete agreements and there can be no assurance that we will successfully recruit and retain qualified professionals to our management as our business grows. The loss of any key professionals or our inability to recruit or retain qualified professionals may have an adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with noncompliance with any data protection laws and can be adversely affected by any penalties or other sanctions imposed.

In the year 2018, Law No. 13.709/2018, the Lei Geral de Proteção de Dados Pessoais (Brazilian General Data Protection Law) or LGPD, was enacted and came into effect as of September 18, 2020. Inspired by the General Data Protection Regulation of the European Union, the LGPD sets forth a comprehensive set of rules that promise to reshape how companies, organizations and public authorities collect, use, process and store personal data when carrying out their activities.

The LGPD sets out a legal framework for the processing of personal data and provides, among others, for the rights of data subjects, the legal bases that legitimize processing operations, requirements for obtaining consent, obligations and requirements related to data breaches, requirements for international data transfers, among others. The LGPD also created the *Autoridade Nacional de Proteção de Dados* (National Data Protection Authority), or ANPD, with powers to enforce the law. Most provisions of the LGPD entered into effect on September 18, 2020, while the provisions relating to administrative sanctions came into effect on August 1, 2021. On October 29, 2021, the Regulation on Supervision and Sanctioning Procedures approved by the ANPD was published, which governs, among other things, how the administrative sanctions provided for in the LGPD should be applied.

In addition to the administrative sanctions provided for in the LGPD, failure to comply with any provisions set forth in the LGPD regarding the personal data collected by us has the following risks: (i) the filing of lawsuits, individual or collective, claiming damages resulting from violations, based not only on the LGPD, but also on the sparse legislation that address data protection matters; (ii) the application of specific penalties foreseen in the sparse legislation, such as Marco Civil da Internet (Brazilian Internet Act), in case of violation of its provisions, by some consumer protection bodies and public prosecution offices.

The LGPD, as well as any other changes to existing personal data protection laws and the introduction of such laws in other jurisdictions in which we operate, may subject us to, among other things, additional costs and expenses and may require costly changes to our business practices and security systems, policies, procedures and practices.

In relation to the LGPD's administrative sanctions, if we are not in compliance with the LGPD, we may be subject to the sanctions, individually or cumulatively, of: (a) a warning; (b) a one-time fine of up to two percent of the private legal entity or group's pre-tax revenue in its preceding fiscal year in Brazil, limited to a total of R\$50 million per infraction; (c) a daily fine, which is also subject to the abovementioned limit; (d) mandatory public disclosure of the infraction after its occurrence is confirmed; (e) the suspension of the processing of the corresponding personal data until the infraction is remedied and the obligation to delete personal data corresponding to the infraction; (f) partial suspension of the database to which the infraction relates for six months, extendable by an additional six months; (g) suspension of the data processing activity to which the infraction relates for six months, extendable by an additional six months; and (h) partial or complete prohibition of any data processing activities, each of which could harm our reputation and negatively affect our business and operating results. Moreover, we may be liable for property, moral, individual or collective damages caused by us, including by third party providers that process personal data for us, and jointly liable for property, moral, individual or collective damages caused by our subsidiaries, due to non-compliance with the obligations established by the LGPD.

As a result of our business activities, we hold large volumes of personal data, including that of employees, suppliers and customers. Therefore, we have designed and implemented a privacy governance framework in order to comply with the LGPD and improve some of the existing guidelines. We have also implemented security measures to protect our databases and prevent cyberattacks, thereby reducing risks of exposure to data breaches and information security incidents.

Additionally, as a result of the remote work measures adopted in response to the COVID-19 pandemic, there is a risk of an increase in cyberattacks through our employees' personal computers, since the cyber security of the networks used by them in their homes may not maintain the same level of security as that of our corporate work environment, which may impair our ability to manage our business.

Despite the security measures that we have in place, our facilities and systems may be vulnerable to security breaches, cyber-attacks, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events, and individuals may attempt to gain unauthorized access to our database in order to misappropriate such information for potentially fraudulent purposes. Our security measures may fail to prevent such incidents and breaches of our systems could result in adverse impact to our reputation, financial condition, and market value. In addition, if we are unable to prove that our systems are properly designed to detect and to try and detain a cyberattack, or even if we fail to respond to a cyberattack properly, we could be subject to severe penalties, aside from damages awarded to our customers, suppliers and employees whose personal data might have been mishandled or breached. Finally, if we fail to ensure the security of personal data, we may be subject to the obligation to notify the ANPD and the data subjects involved in the security incident or data breach.

Information technology failures, including those that affect the privacy and security of sensitive customer and business information, could disrupt our operations.

We rely on information technology systems to process, transmit and store large amounts of electronic data, including personal information. A significant portion of the communication between our personnel, customers and suppliers depends on information technology. As with all large systems, our information systems may be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers' attacks or other security issues.

We take various actions with the aim of minimizing potential technology disruptions – such as investing in intrusion detection solutions, proceeding with internal and external security assessments, building and implementing business continuity plans and reviewing risk management processes – but all of these protections may be compromised as a result of third-party security breaches, burglaries, cyberattack, errors by employees or employees of third-party vendors, of contractors, misappropriation of data by employees, or unaffiliated third parties, or other irregularities that may result in persons obtaining unauthorized access to company data or otherwise disrupting our business. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, misuse, falsification or unavailability of information could result in violations of data privacy laws and regulations, damage to our reputation or our competitive advantage, loss of opportunities to acquire or divest of businesses or brands and loss of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. More generally, these or other similar technology disruptions can have a material adverse effect on our business, results of operations, cash flows or financial condition.

We, as with all business organizations, are routinely subject to cyber-threats, however, while we continue to invest in new technology-monitoring and cyberattack prevention systems, no commercial or government entity can be entirely free of vulnerability to attack or compromise given how rapidly and unpredictably techniques evolve to obtain unauthorized access or disable or degrade service.

On February 16, 2022, we informed the market that we had identified a criminal ransomware attack in our information technology environment, and immediately activated our internal information security protocols in order to identify the causes of the incident and mitigate its impacts. Our operations were not interrupted, since we were able to rebuild a separate information technology environment and our IT team proceeded to investigate the nature of the cyberattack and its effects and we did not identify any unauthorized access to our ERP data server. Concurrently, a forensic investigation was conducted by an independent firm and no evidence of personal data breach which may cause a risk or relevant damage to its owners was identified, as per article 48 of Law 13,709/2018. Moreover, as ratified by the forensic report, despite the increase of data transfer volume in the related period, there is no evidence on which we can infer the types of eventual data breach.

As corroborated by the forensic investigation and our IT team analysis, there was no evidence of any damage and data breach in our ERP software, therefore there was no effect on the results of operations and financial statements. Furthermore, as a result of the investigation, we identified that this ransomware attack was aimed to a specific subsystem with no direct relation to our ERP server, diminishing its impacts to our operations. However, additional security measures were suggested, which will be remediated by implementing a Security Operation Center (SOC) with a Security Information and Event Management (SIEM) monitoring. This forensic investigation was concluded in May 2022. Additionally, we maintain frequent updates of our network, and continually invests in our technology processes to preserve the security of our systems and prevent any attempts of intrusion, and make use of technologies with strict security standards, compatible with our activities.

Risks Relating to Brazil

Brazilian economic, political and other conditions, and Brazilian government policies or actions in response to these conditions, may negatively affect our business and results of operations and the market price of our common shares or the ADSs.

The Brazilian federal government frequently exercises significant influence over the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control

inflation and other policies and regulations have often involved, among other measures, increases or decreases in interest rates, changes in fiscal policies, wage and price controls, foreign exchange rate controls, blocking access to bank accounts, currency devaluations, capital controls and import and export restrictions. We have no control over and cannot predict what measures or policies the Brazilian government may take in the future, and how these can impact us and our business. We and the market price of our common shares or the ADSs may be harmed by changes in Brazilian government policies, as well as general economic factors, including, without limitation:

- growth or downturn of the Brazilian economy;
- interest rates and monetary policies;
- exchange rates and currency fluctuations;
- inflation;
- liquidity of the domestic capital and lending markets;
- import and export controls;
- exchange controls and restrictions on remittances abroad and payments of dividends;
- modifications to laws and regulations according to political, social and economic interests;
- fiscal policy and changes in tax laws and related interpretations by tax authorities;
- economic, political and social instability, including general strikes and mass demonstrations;
- the regulatory framework governing the educational industry;
- labor and social security regulations;
- energy and water shortages and rationing;
- commodity prices, including prices of paper and ink;
- public health, including as a result of epidemics and pandemics, such as the COVID-19 pandemic;
- changes in demographics, in particular declining birth rates, which will result in a decrease in the number of enrolled students in primary and secondary education in the future; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian federal government will implement reforms or changes in policy or regulation affecting these or other factors in the future may affect economic performance and contribute to economic uncertainty in Brazil, which may have an adverse effect on our activities and consequently our operating results, and may also adversely affect the trading price of our common shares and the ADSs.

Further, Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. The recent economic instability in Brazil has contributed to a decline in market confidence in the Brazilian economy as well as to a deteriorating political environment. See "—The ongoing economic uncertainty and political instability in Brazil may adversely affect the price of our ADSs and our business, operations and financial condition."

As has been true in the past, the current political and economic environment in Brazil has and is continuing to affect the confidence of investors and the general public, which has historically resulted in economic deceleration and heightened volatility in the securities offered by companies with significant operations in Brazil, which may adversely affect us and the price of our common shares and the ADSs.

See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Brazilian Economic Environment” for further information.

Inflation, and government measures to curb inflation, may adversely affect the Brazilian economy, the Brazilian securities market, our business and operations and the market prices of our common shares or the ADSs.

At times in the past, Brazil has experienced high rates of inflation. According to the General Market Price Index (*Índice Geral de Preços—Mercado*), or “IGP-M,” inflation rates in Brazil were 7.5% in 2018, 7.3% in 2019, 23.1% in 2020 and 17.7% in 2021. In addition, according to the Expanded Consumer Price Index (*Índice de Preços ao Consumidor Ampliado*), or “IPCA,” Brazilian consumer price inflation rates were 3.7% in 2018, 4.3% in 2019, 4.5% in 2020 and 10.0% in 2021. Our term sales agreements usually provide for an inflation adjustment linked to the National Construction Cost Index (*Índice Nacional de Custo de Construção*), or “INCC.” The INCC rates were 3.8% in 2018, 4.1% in 2019, 8.8% in 2020 and 13.8% in 2021. The Brazilian government’s measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting availability of credit and reducing economic growth. Inflation, actions to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets.

Brazil may experience high levels of inflation in future periods. Periods of higher inflation may slow the rate of growth of the Brazilian economy, which could lead to reduced demand for our products in Brazil and decreased net sales. Inflation is also likely to increase some of our costs and expenses, which we may not be able to pass on to our customers and, as a result, may reduce our profit margins and net income. In addition, high inflation generally leads to higher domestic interest rates, and, as a result, the costs of servicing our *reais*-denominated debt may increase, resulting in lower net income. Inflation and its effect on domestic interest rates can, in addition, lead to reduced liquidity in the domestic capital and lending markets, which could affect our ability to refinance our indebtedness in those markets. In addition, increases in inflation rates would increase the outstanding debt of our customers, which could increase default levels and affect our cash flows. Any decline in our net operating revenue or net income and any deterioration in our financial condition would also likely lead to a decline in the market price of our common shares and the ADSs.

Developments and the perceptions of risks in other countries, including other emerging markets, the United States and Europe, may harm the Brazilian economy and the price of our common shares and the ADSs.

The market for securities offered by companies with significant operations in Brazil is influenced by economic and market conditions in Brazil and, to varying degrees, market conditions in other Latin American and emerging markets, as well as the United States, Europe and other countries. To the extent the conditions of the global markets or economy deteriorate, the business of companies with significant operations in Brazil may be harmed. The weakness in the global economy has been marked by, among other adverse factors, lower levels of consumer and corporate confidence, decreased business investment and consumer spending, increased unemployment, reduced income and asset values in many areas, reduction of China’s growth rate, currency volatility and limited availability of credit and access to capital. Developments or economic conditions in other countries may significantly affect the availability of credit to companies with significant operations in Brazil and result in considerable outflows of funds from Brazil, decreasing the amount of foreign investments in Brazil.

Crises and political instability in other emerging market countries, the United States, Europe or other countries could decrease investor demand for securities offered by companies with significant operations in Brazil, such as our common shares or the ADSs. Investors sentiment in one country may cause capital markets in other countries to fluctuate, affecting the value of our common shares and ADSs, even if indirectly. The economic, political and social instability in the United States, the trade war between the United States and China, crises in Europe and other countries, the consequences of United Kingdom’s exit from the European Union, and global tensions, as well as economic or political crises in Latin America or other emerging markets, including as a result of the COVID-19 pandemic, may significantly affect the perception of the risks inherent in investment in Brazil.

The United Kingdom withdrew from the European Union on January 31, 2020, commonly referred to as Brexit. The United Kingdom and the European Union agreed a Trade and Cooperation Agreement on December 24, 2020, or the TCA. The TCA was ratified by the UK parliament on December 30, 2020 and came in force on May

2021. Additionally, on November 7, 2020, Joseph Biden won the presidential election in the United States and assumed office as the 46th President of the United States on January 20, 2021. The U.S. president has considerable influence, which may materially and adversely global economy and political stability. We cannot ensure that the Biden administration will adopt policies designed to promote macroeconomic stability, fiscal discipline, as well as domestic and foreign investment, which may materially and adversely impact the trading price of securities of Brazilian issuers, including our common shares and ADSs.

In 2022, the military conflict between the Russian Federation and Ukraine is contributing to further increases in the prices of energy, oil and other commodities (including grains and fertilizers) and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Growing economic uncertainty and new of a potentially recessive economy globally may also create uncertainty in the Brazilian economy. These developments, as well as potential crises and forms of political instability arising therefrom or any other yet unforeseen development, may adversely affect our business and the price of our common shares and ADSs.

The ongoing economic uncertainty and political instability in Brazil may adversely affect the price of our ADSs and our business, operations and financial condition.

Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected and continue to affect the confidence of investors and the general public, which have historically resulted in economic deceleration and heightened volatility in the securities offered by companies with significant operations in Brazil.

The recent economic instability in Brazil has contributed to a decline in market confidence in the Brazilian economy. Various ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal Prosecutor, including the largest of such investigations, known as "*Operação Lava Jato*," have negatively impacted the Brazilian economy and political environment. The potential outcome of these investigations is uncertain, but they have already had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy. In March 2021, a Brazilian Federal Supreme Court ruling issued by Justice Edson Fachin annulled the decisions that had convicted former President Luiz Inacio Lula da Silva. As a result of this ruling, former President Luiz Inacio Lula da Silva recovered his political rights and is able to run for office in the upcoming 2022 presidential elections in Brazil, which may result in political instability and may have an adverse effect on Brazilian capital markets.

On April 14, 2021, a Parliamentary Committee of Inquiry (*Comissão Parlamentar de Inquérito*), or "CPI," was established to investigate actions and omissions by the Brazilian federal government in facing the pandemic and collapse of health in the State of Amazonas at the beginning of the year and the misuse of funds to combat the effects of COVID-19 in Brazil. With the support and expedition of a precautionary measure by the Brazilian Supreme Court justice, Luís Roberto Barroso, the necessary measures were taken for the creation and installation of the CPI.

The potential outcome of these and other investigations is uncertain, but they have already had a negative impact on the general perception of the market on the Brazilian economy and have affected and may continue to adversely affect our business, our financial condition and our operating results, as well as the trading price of our shares. We cannot predict whether the ongoing investigations will result in further political and economic instability, or if new allegations against government officials and/or executives of private companies will arise in the future or will result in additional investigations.

A failure by the Brazilian government to implement necessary reforms may result in diminished confidence in the Brazilian government's budgetary condition and fiscal stance, which could result in downgrades of Brazil's sovereign foreign credit rating by credit rating agencies, negatively impact Brazil's economy, and lead to further depreciation of the real and an increase in inflation and interest rates, which could adversely affect our business, financial condition and results of operations.

Any of the above factors may create additional political uncertainty, which could harm the Brazilian economy and, consequently, our business and the price of our common shares and the ADSs.

Fluctuations in interest rates may have an adverse effect on our business and the market prices of our common shares and the ADSs.

The Central Bank, through the Monetary Policy Committee (*Comitê de Política Monetária*), or the “COPOM,” establishes the Special Clearance and Escrow System rate (*Sistema Especial de Liquidação e Custódia*), or the “SELIC rate,” which is the basic interest rate for the Brazilian financial system by reference to the level of economic growth of the Brazilian economy, the level of inflation and other economic indicators. The SELIC rate is also an important policy instrument used by the Brazilian government to achieve inflation targets it established on June 21, 1999 (Decree No. 3,088).

As of December 31, 2016, the SELIC rate was 13.75%. As of December 31, 2017, the Central Bank had significantly reduced the SELIC to 7.0% and, as of December 31, 2018, the SELIC rate was 6.5%. As of December 31, 2019, the Central Bank had further decreased the SELIC rate to 4.50% and as of December 31, 2020, the SELIC rate was 2.00%. As of December 31, 2021, the SELIC rate was 9.25%. As of the date of this annual report, the SELIC rate is 12.75%. Debts of companies in the real estate industry, including ours, are subject to the fluctuation of the SELIC rate. Should the SELIC rate increase, the costs relating to the service of our debt obligations may also increase.

As of December 31, 2021, our indebtedness was denominated in *reais* and subject to Brazilian floating interest rates, such as the Reference Interest Rate (*Taxa Referencial*), or “TR,” and the Interbank Deposit Certificate Rate (*Certificado de Depósito Interbancário*), or “CDI rate.” Any increase in the TR rate or the CDI rate may have an adverse impact on our financial expenses, our results of operations and on the market price of our common shares or the ADSs. We are not a party to any hedging instruments with respect to our indebtedness.

Restrictions on the movement of capital out of Brazil may adversely affect your ability to receive dividends and distributions on the ADSs and on our common shares, or the proceeds of any sale of our common shares.

Brazilian law permits the Brazilian government to impose temporary restrictions on conversions of Brazilian currency into foreign currencies and on remittances to foreign investors of proceeds from their investments in Brazil whenever there is a serious imbalance in Brazil’s balance of payments or there are reasons to expect a pending serious imbalance. The Brazilian government last imposed remittance restrictions for approximately six months in 1989 and early 1990. The Brazilian government may take similar measures in the future. Any imposition of restrictions on conversions and remittances could hinder or prevent holders of our common shares or the ADSs from converting into U.S. dollars or other foreign currencies and remitting abroad dividends, distributions or the proceeds from any sale in Brazil of our common shares. Exchange controls could also prevent us from making payments on our U.S. dollar-denominated debt obligations and hinder our ability to access the international capital markets. As a result, exchange controls restrictions could reduce the market prices of our common shares and the ADSs.

Changes in tax laws may increase our tax burden and, as a result, adversely affect our profitability.

The Brazilian government regularly implements changes to tax regimes that may increase our and our customers’ tax burdens. These changes include modifications in the rate of assessments and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. Since April 2003, the Brazilian government has presented several tax reform proposals, which were mainly designed to simplify tax assessments, to avoid internal disputes within and between the Brazilian states and municipalities, and to redistribute tax revenues. The tax reform proposals provided for changes in the rules governing the federal Social Integration Program (*Programa de Integração Social*), or “PIS,” the federal Contribution for Social Security Financing (*Contribuição para Financiamento da Seguridade Social*), or “COFINS,” the state Tax on the Circulation of Merchandise and Services (*Imposto Sobre a Circulação de Mercadorias e Serviços*), or “ICMS,” and other taxes. The effects of these proposed tax reform measures and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified. However, some of these measures, if enacted, may result in increases in our overall tax burden, which could negatively affect our overall financial performance.

Risks Relating to Our Common Shares and the ADSs

International economic and market conditions, especially in the United States, may adversely affect the market price of the ADSs.

The market for securities issued by Brazilian companies is influenced, to a varying degree, by international economic and market conditions generally. As our ADSs are traded Over the Counter, or the “OTC,” adverse market conditions and economic and/or political crises, especially in the United States, such as the subprime mortgage lending crisis in 2007 and 2008 and the financial and credit crises in 2008, have at times resulted in significant negative impacts on the market price of our ADSs. Despite the fact that our clients, whether financed by us or by Brazilian banks through resources obtained in the local market, were not directly exposed to the mortgage lending crisis in the United States, there were still uncertainties as to whether such crisis may indirectly affect homebuilders worldwide. The uncertainties generated by such a crisis may affect the market prices of our ADSs in future and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.

Developments and the perception of risks in other countries, especially emerging market countries, may adversely affect the market prices of our common shares and the ADSs.

The market for securities issued by Brazilian companies is influenced, to varying degrees, by economic and market conditions in other emerging market countries, especially other Latin American countries. Although economic conditions are different in each country, the reaction of investors to developments in one country may cause the capital markets in other countries to fluctuate. Developments or adverse economic conditions in other emerging market countries have at times resulted in significant outflows of funds from, and declines in the amount of foreign currency invested in, Brazil. For example, in 2001, after a prolonged recession, followed by political instability, Argentina announced that it would no longer continue to service its public debt. The economic crisis in Argentina negatively affected investors’ perceptions of Brazilian securities for several years. Economic or political crises in Latin America or other emerging markets may significantly affect perceptions of the risk inherent in investing in the region, including Brazil.

The Brazilian economy is also affected by international economic and general market conditions, especially economic and market conditions in the United States. Share prices on the B3, for example, have historically been sensitive to fluctuations in U.S. interest rates as well as movements of the major U.S. stock indexes, particularly in the current worldwide economic downturn. Developments in other countries and securities markets could adversely affect the market prices of our common shares and the ADSs and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.

The relative volatility and the lack of liquidity of the Brazilian securities market may adversely affect you.

The Brazilian securities market is substantially smaller, less liquid, more concentrated and more volatile than major securities markets in the United States. This may limit your ability to sell our common shares and the common shares underlying your ADSs at the price and time at which you wish to do so. As of December 31, 2021, the average daily trading for all companies listed on the B3, the only Brazilian stock exchange, was approximately R\$ 33.4 billion, according to B3 data.

Shares eligible for future sale may adversely affect the market value of our common shares and the ADSs.

Certain of our shareholders have the ability, subject to applicable Brazilian laws and regulations and applicable securities laws in the relevant jurisdictions, to sell our shares and the ADSs. We cannot predict what effect future sales of our shares or ADSs may have on the market price of our shares or the ADSs. Future sales of substantial amounts of such shares or the ADSs, or the perception that such sales could occur, could adversely affect the market prices of our shares or the ADSs.

The economic value of your investment in our company may be diluted.

We may need additional funds in the future, in order to expand more rapidly, develop new markets, respond to competitive pressures or make acquisitions. Any necessary additional financing may not be available on terms favorable to us. If adequate funds are not available on acceptable terms, we may be unable to meet our business or

strategic objectives or compete effectively. If additional funds are raised by our issuing new equity securities existing shareholders may be diluted. See “Item 4. Information on the Company—A. History and Development of the Company.”

We may be subject to takeover by other companies or investors.

Since we do not have a controlling shareholder, we may be subject to takeover by other companies or investors. Pursuant to article 46 of the Company’s bylaws, any shareholder that holds a participation equal to or greater than 50% of the Company’s share capital is required to make a tender offer for the remaining shares, for consideration equal to at least the fair value as determined by an appraisal report and subject to the regulation provided for in Law No. 6,404/76 of the Brazilian corporate law and applicable CVM regulations on takeovers. In addition, in accordance with Brazilian corporate law, a shareholder that holds a participation equal to or greater than 10% of the Company’s share capital may convene a shareholder meeting to dismiss the management of the Company, and to the extent the other shareholders at such meeting do not vote against a proposal to dismiss or approve such proposal, our management would be dismissed, which would disrupt the day to day operations of the Company and would have an adverse impact on our business and result of operations.

Holders of our common shares or the ADSs may not receive any dividends or interest on shareholders’ equity.

According to our bylaws, we must generally pay our shareholders at least 25% of our annual net profit as dividends or interest on shareholders’ equity, as calculated and adjusted under Brazilian corporate law method. This adjusted net profit may be used to absorb losses or for the payment of statutory participation on profits to debenture holders, employees or members of our management, which would ultimately reduce the amount available to be paid as dividends or interest on shareholders’ equity. Additionally, Brazilian corporate law allows a publicly traded company like us to suspend the mandatory distribution of dividends in any particular year if our board of directors informs our shareholders that such distributions would be inadvisable in view of our financial condition or cash availability. Despite our positive results in 2021, and based on our financial condition and cash availability, we allocated amounts related to the distribution of dividends to an unrealizable profit reserve.

For further information, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.”

Holders of ADSs may find it difficult to exercise voting rights at our shareholders’ meetings.

Holders of ADSs may exercise voting rights with respect to our common shares represented by ADSs only in accordance with the terms of the deposit agreement governing the ADSs. Holders of ADSs will face practical limitations in exercising their voting rights because of the additional steps involved in our communications with ADS holders. For example, we are required to publish a notice of our shareholders’ meetings in specified newspapers in Brazil. Holders of our common shares will be able to exercise their voting rights by attending a shareholders’ meeting in person or voting by proxy. By contrast, holders of ADSs will receive notice of a shareholders’ meeting from the ADR depository following our notice to the depository requesting the depository to do so. To exercise their voting rights, holders of ADSs must instruct the ADR depository on a timely basis. This voting process necessarily will take longer for holders of ADSs than for holders of our common shares. Common shares represented by ADSs for which no timely voting instructions are received by the ADR depository from the holders of ADSs shall not be voted.

Holders of ADSs also may not receive the voting materials in time to instruct the depository to vote the common shares underlying their ADSs. In addition, the depository and its agents are not responsible for failing to carry out voting instructions of the holders of ADSs or for the manner of carrying out those voting instructions. Accordingly, holders of ADSs may not be able to exercise voting rights, and they will have little, if any, recourse if the common shares underlying their ADSs are not voted as requested.

No single shareholder or group of shareholders holds more than 50% of our capital stock, which may increase the opportunity for alliances between shareholders as well as conflicts between them.

No single shareholder or group of shareholders holds more than 50% of our capital stock. There is no guidance in Brazilian corporate law for publicly-held companies without an identified controlling shareholder. Due to the absence of a controlling shareholder, we may be subject to future alliances or agreements between our shareholders,

which may result in the exercise of a controlling power over our company by them. In the event a controlling group is formed and decides to exercise its controlling power over our company, we may be subject to unexpected changes in our corporate governance and strategies, including the replacement of key executive officers. Additionally, we may be more vulnerable to a hostile takeover bid. The absence of a controlling group may also jeopardize our decision-making process as the minimum quorum required by law for certain decisions by shareholders may not be reached and, as a result, we cannot guarantee that our business plan will be affected. Any unexpected change in our management team, business policy or strategy, any dispute between our shareholders, or any attempt to acquire control of our company may have an adverse impact on our business and result of operations.

Holders of ADSs will not be able to enforce the rights of shareholders under our bylaws and Brazilian corporate law and may face difficulties in protecting their interests because we are subject to different corporate rules and regulations as a Brazilian company.

Holders of ADSs are not direct shareholders of our company and are unable to enforce the rights of shareholders under our bylaws and Brazilian corporate law.

Our corporate affairs are governed by our bylaws and Brazilian corporate law, which differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States, such as the State of Delaware or New York, or elsewhere outside Brazil. Although insider trading and price manipulation are crimes under Brazilian law, the Brazilian securities markets are not as highly regulated and supervised as the U.S. securities markets or the markets in some other jurisdictions. In addition, rules and policies against self-dealing or for preserving shareholder interests may be less well-defined and enforced in Brazil than in the United States and certain other countries, which may put holders of the ADSs at a potential disadvantage. Corporate disclosures also may be less complete or informative than for a public company in the United States or in certain other countries.

Holders of ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.

We are a corporation organized under the laws of Brazil, and all of our directors and executive officers and our independent public accountants reside or are based in Brazil. Most of the assets of our company and of these other persons are located in Brazil. As a result, it may not be possible for holders of ADSs to effect service of process upon us or these other persons within the United States or other jurisdictions outside Brazil or to enforce against us or these other persons judgments obtained in the United States or other jurisdictions outside Brazil. Because judgments of U.S. courts for civil liabilities based upon the U.S. federal securities laws may be enforced in Brazil only if certain conditions are met, holders may face greater difficulties in protecting their interests in the case of actions by us or our directors or executive officers than would shareholders of a U.S. corporation.

Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of the ADSs.

According to Law No. 10,833 of December 29, 2003, the disposition of assets located in Brazil by a non-resident to either a Brazilian resident or a non-resident is subject to taxation in Brazil, regardless of whether the disposition occurs outside or within Brazil. Thus, gains arising from a disposition of our common shares by a non-resident of Brazil to another non-resident of Brazil are subject to income tax.

Although the matter is not entirely clear, we believe it is reasonable to take the position that ADSs do not constitute assets located in Brazil for the purposes of Law No. 10,833/03. Accordingly, the disposition of our ADSs by a non-resident to either a Brazilian resident or a non-resident should not be subject to taxation in Brazil. We cannot assure you, however, that the Brazilian tax authorities or the Brazilian courts will agree with this interpretation. In the event that a disposition of our ADSs is considered a disposition of assets located in Brazil, gains on a disposition of ADSs by a non-resident of Brazil may be subject to income tax in Brazil. See “Item 10. Additional Information—E. Taxation—Brazilian Tax Considerations—Gains.”

Any gain or loss recognized by a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations”) would generally be treated as U.S. source gain or loss for all foreign tax credit purposes. Consequently, U.S. Holders will not be able to credit any Brazilian income tax imposed on such gains against their U.S. federal income tax liability unless they have other creditable taxable income from foreign sources in the appropriate foreign tax credit basket. In addition, recently issued Treasury regulations impose additional requirements for foreign taxes to be eligible for credit. For further information, see “Item 10. Additional

Information—E. Taxation—U.S. Federal Income Tax Considerations—Foreign Tax Credits." U.S. Holders should consult their tax advisers as to whether the Brazilian tax on gain would be creditable or deductible against such holder's U.S. federal income tax on foreign-source income from other sources.

There can be no assurance that we will not be a passive foreign investment company, or "PFIC," for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of our common shares or ADSs.

In general, a non-U.S. corporation is a PFIC for any taxable year if: (1) 75% or more of its gross income consists of passive income (the "income test") or (2) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income (including cash and cash equivalents). Generally, "passive income" includes interest, dividends, rents, royalties and certain gains. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. The Company believes that it was not a "passive foreign investment company," or "PFIC," for U.S. federal income tax purposes for its 2021 taxable year. However, because the Company's PFIC status is an annual determination that can be made only after the end of each taxable year and will depend on the composition of its income and assets and the value of its assets for each such year, there can be no assurance that the Company will not be a PFIC for the current or any other taxable year.

If the Company were a PFIC for any taxable year during which a U.S. holder owned its common shares or ADSs, certain adverse U.S. federal income tax consequences could apply to such U.S. holder. See "Item 10. Additional Information—E. Taxation—Certain U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules."

Judgments of Brazilian courts with respect to our common shares will be payable only in reais.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations in respect of the common shares, we will not be required to discharge our obligations in a currency other than *reais*. Under Brazilian exchange control limitations, an obligation in Brazil to pay amounts denominated in a currency other than *reais* may be satisfied in Brazilian currency only at the exchange rate, as determined by the Central Bank, in effect on the date of payment. The exchange rate may not afford non-Brazilian investors with full compensation for any claim arising out of or related to our obligations under our common shares or the ADSs.

Holders of ADSs may be unable to exercise preemptive rights with respect to our common shares underlying the ADSs.

Holders of ADSs will be unable to exercise the preemptive rights relating to our common shares underlying ADSs unless a registration statement under the U.S. Securities Act of 1933, as amended, or the "Securities Act," is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to the shares relating to these preemptive rights or to take any other action to make preemptive rights available to holders of ADSs. We may decide, in our discretion, not to file any such registration statement. If we do not file a registration statement or if we, after consultation with the ADR depository, decide not to make preemptive rights available to holders of ADSs, those holders may receive only the net proceeds from the sale of their preemptive rights by the depository, or if they are not sold, their preemptive rights will be allowed to lapse.

An exchange of ADSs for common shares risks loss of certain foreign currency remittance and Brazilian tax advantages.

The ADSs benefit from the certificate of foreign capital registration, which permits Citibank N.A., as depository, to convert dividends and other distributions with respect to our common shares into foreign currency, and to remit the proceeds abroad. Holders of ADSs who exchange their ADSs for common shares will then be entitled to rely on the depository's certificate of foreign capital registration for five business days from the date of exchange. Thereafter, they will not be able to remit the proceeds abroad unless they obtain their own certificate of foreign capital registration under the terms of Law No. 4,131/62, or unless they qualify under Resolution CMN 4,373, which superseded Resolution CMN No. 2,689, which entitles certain investors to buy and sell shares on

Brazilian stock exchanges or organized over-the-counter market and benefit from the certificate of foreign capital registration managed by their authorized representatives in Brazil. See “Item 9. The Offering and Listing—C. Markets—Investment in Our Common Shares by Non-Residents of Brazil.”

If holders of ADSs do not qualify under Resolution CMN 4,373, they will generally be subject to less favorable tax treatment on distributions with respect to our common shares. There can be no assurance that the depositary’s certificate of registration or any certificate of foreign capital registration obtained by holders of ADSs will not be affected by future legislative or regulatory changes, or that additional Brazilian law restrictions applicable to their investment in the ADSs may not be imposed in the future.

A portion of the compensation of our officers and members of the senior management is paid in the form of stock options, which could tie their interest to the market price of our shares and ADSs.

We have established stock option plans for our officers and members of our senior management. Potential benefits under the stock option plans are tied to the appreciation of the market price of our shares and ADSs.

As a result, our compensation policy may influence our officers and members of the senior management and their interest to the market price of our shares and ADSs, which may conflict with the interests of our shareholders. Our officers and members of the senior management may be influenced to focus on short-term rather than long-term results because a significant portion of their compensation is tied to our results and the market price of our shares and ADSs. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership—Stock Option Plans” in this annual report.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

General

Gafisa S.A. is a corporation organized under the laws of Brazil. We were incorporated on November 12, 1996 for an indefinite term. Our registered and principal executive offices are located at Av. Pres. Juscelino Kubitschek, No. 1830, Block 2, 3rd Floor, 04543-900, São Paulo, SP, Brazil, and our general telephone and fax numbers are + 55 (11) 3025-9000 and + 55 (11) 3025-9242, respectively.

We are a leading diversified national homebuilder serving all demographic segments of the Brazilian market. Established over 60 years ago, we have completed and sold more than 1,100 developments and constructed over 16 million square meters of housing under the Gafisa brand, which we believe is more than any other homebuilder in Brazil. Recognized as one of the foremost professionally-managed homebuilders, we are also one of the best-known brands in the real estate development market, enjoying a reputation among potential homebuyers, brokers, lenders, landowners, and competitors for quality, consistency and professionalism, offering a variety of residential options to the mid to higher income segments.

Our core business is the development of high-quality residential units in attractive locations. The year ended December 31, 2019 was a milestone year for Gafisa, as we underwent a comprehensive restructuring process. As a result and to focus on our restructuring, we decided not to launch new projects. We resumed launches in 2020, totaling a PSV of R\$898.3 million. In 2021 we had a PSV of R\$1,684.6 million. We currently operate mainly in São Paulo and Rio de Janeiro, but we still have a small portion of our inventory in other cities.

In 2006, Gafisa acquired Alphaville Urbanismo S.A., or “Alphaville,” a leading residential community development company in Brazil. In 2008, Gafisa acquired Tenda, focusing on the low income segment. In 2013, Gafisa sold a 70% interest in Alphaville, and sold our remaining stake in 2019.

On August 16, 2016, we announced to the market that the spin-off studies were ongoing and that we were evaluating other potential capital structure options and separation alternatives for the Gafisa and Tenda business units, including a potential offer of securities and/or a sale of equity interests, in addition to the spin-off itself.

In December 2016, following the conclusion of our analysis of certain strategic options, our management at the time decided to sell 50% of Tenda’s total capital stock, and transfer the remaining 50% of Tenda’s total capital stock

to our shareholders in connection with a reduction in our total capital stock. Accordingly, on December 14, 2016, we entered into the SPA with Jaguar pursuant to which we would sell Tenda shares representing up to 30% of the total capital stock of Tenda, at a price equal to R\$8.13 per share.

During 2017, we did not issue a launch guidance for Gafisa as a result of the continuing weakening economic conditions and political instability in Brazil. Accordingly, we adopted a conservative approach to launches, focusing on the sale of inventory.

The spin-off of the Tenda business unit was consummated on May 4, 2017, following: (i) a reduction of the capital stock of Tenda (without the cancellation of shares), pursuant to which Gafisa, as sole shareholder at that time, received R\$100 million (adjusted by the SELIC); (ii) a reduction of the capital stock of Gafisa, resulting in the distribution to Gafisa shareholders of shares corresponding to 50% of the capital stock of Tenda; (iii) the conclusion of the preemptive rights exercise pursuant to which Gafisa shareholders acquired up to 50% of the total share capital of Tenda, at the price per share set forth in the SPA with Jaguar and for a total amount of R\$219.5 million, with no shares being acquired by Jaguar; and (iv) the satisfaction of other conditions precedent for the consummation of the spin-off. In addition, on May 4, 2017, the Tenda shares were listed on the B3 and began to publicly trade.

During 2018, we did not issue a launch guidance for Gafisa as a result of the economic conditions and political instability in Brazil.

On September 25, 2018, at an extraordinary shareholders' meeting held at the request of GWI Asset Management S.A., the shareholders resolved to (i) remove by majority vote all of the members of the Board of Directors and (ii) elect new Board members by means of a multiple-vote process. Accordingly, at a Board of Directors' meeting on September 28, 2018, the following resolutions were passed as part of the turnaround process and the optimization of the Company's structure: (i) the withdrawals of chief executive officer, chief financial and investor relations officer and chief operating officer and the election of new statutory officers; (ii) the adoption of measures to approve the Company's headquarters relocation; (iii) the closure of our branch located in the city of Rio de Janeiro and (iv) the approval of the Company's share buyback program.

An auction of 14,600,000 shares held by the Company's shareholder, GWI Asset Management S.A. took place on February 14, 2019, corresponding to an interest of 33.67% in the Company's ownership structure. As a result of this auction, Planner Corretora de Valores S.A., through investment funds managed by it, acquired 8,000,000 common shares corresponding to 18.45% of the total common shares issued by the Company. Mr. Mu Hak You and Mr. Thiago Hi Joon You resigned from the board of directors on February 17, 2019.

In 2019 and 2020, we did not issue a launch guidance for Gafisa as a result of the economic conditions and political instability in Brazil. In 2021, with the aim of increasing visibility and providing further information in connection with our business strategy, we resumed the issuance of launch guidances, with launch projections for 2021 ranging from R\$1.5 billion to R\$1.7 billion.

Our common shares are listed on the B3 under the symbol "GFSA3" and the ADSs are traded OTC in the United States under the symbol "GFASY."

Our agent for service of process in the United States is National Corporate Research, Ltd. located at 10 East 40th Street, 10th floor, New York, NY 10016.

Historical Background and Recent Developments

Gomes de Almeida Fernandes Ltda., or "GAF," was established in 1954 in the city of Rio de Janeiro with operations in the real estate markets in the cities of Rio de Janeiro and São Paulo. In December 1997, GP Investimentos S.A. and its affiliates, or "GP," entered into a partnership with the shareholders of GAF to create Gafisa S.A. In 2004, as a result of a corporate restructuring, GP assumed a controlling position in our company. In 2005, an affiliate of Equity International Management, LLC, or "Equity International," acquired approximately 32% of our company through a capital contribution. In February 2006, we concluded our initial public offering in Brazil, resulting in a public float of approximately 47% of our total share capital at the conclusion of the offering.

In September 2006, we created Gafisa Vendas Intermediação Imobiliária Ltda., or "Gafisa Vendas," to function as our internal sales division in the state of São Paulo and in February 2007, we created a branch of Gafisa Vendas

in Rio de Janeiro, or “Gafisa Vendas Rio,” to function as our internal sales division in the metropolitan region of Rio de Janeiro.

In October 2006, we entered into an agreement with Alphaville Participações S.A. to acquire 100% of Alphaville, one of the largest residential community development companies in Brazil in terms of units and square meters, focused on the identification, development and sale of high quality residential communities in the metropolitan regions throughout Brazil targeted at upper and upper-middle income families.

On March 17, 2007, we concluded our initial public offering of common shares in the United States, resulting in a public float of 78.6% of our total share capital at the conclusion of the offering. Upon completion of the offering, entities related to Equity International and GP controlled 14.2% and 7.3% of our total capital stock, respectively. In June 2007, Brazil Development Equity Investments, LLC, a company affiliated with GP, sold its remaining interest in our company (7.1% of our capital stock at the time).

On March 15, 2007, we created a new wholly-owned subsidiary, Fit Residencial Empreendimentos Imobiliários Ltda., or “FIT,” for the development, construction and management of lower and lower-middle income residential projects. On October 21, 2008, Gafisa and Tenda concluded a business combination in which FIT was merged into Tenda. The purpose of the merger was to consolidate the activities of FIT and Tenda in the lower-income segment in Brazil focused on developing real estate units with an average price of less than R\$200.0 thousand. As a result of the business combination, Gafisa became the owner of 60.0% of the total and voting capital stock of Tenda. On December 30, 2009, the shareholders of Gafisa and Tenda approved a corporate restructuring to consolidate Gafisa’s non-controlling share ownership in Tenda. The restructuring was accomplished by exchanging all of the remaining Tenda shares not held by Gafisa into Gafisa shares. As a result of the restructuring, Tenda became a wholly-owned subsidiary of Gafisa. On October 26, 2007, Gafisa acquired 70% of Cipesa Empreendimentos Imobiliários S.A., a leading homebuilder in the State of Alagoas at the time.

On October 1, 2010, Equity International sold its remaining interest in our company.

On December 9, 2013, Gafisa announced the completion of the agreement to sell a 70% interest in Alphaville to private equity firms Blackstone and Pátria. Gafisa retained a 30% interest. The sale valued Alphaville at R\$2.0 billion. The proceeds from the transaction totaled R\$1.54 billion, of which R\$1.25 billion was received through the sale of shares, and R\$290 million was received as a dividend distributed by Alphaville.

On February 2, 2014, Gafisa’s board of directors authorized management to initiate studies for a potential spin-off of Gafisa and Tenda business units into two independent publicly traded companies. Our management initiated the studies in the first quarter of 2014.

During 2015 and 2016, we implemented several initiatives in connection with the potential spin-off. During 2016, our management decided to sell 50% of Tenda’s total capital stock, and transfer the remaining 50% of Tenda’s total capital stock to our shareholders in connection with a reduction in our total capital stock, and implement the spin-off. The spin-off of the Tenda business unit was consummated on May 4, 2017. See “—A. History and Development of the Company—General” for further information.

On March 23, 2017, the Company conducted a reverse split of common shares issued by the Company, at the ratio of 13.483023074 to 1, and proportional adjustment to the limit of authorized capital.

On December 20, 2017, the Company’s shareholders approved at an extraordinary shareholders’ meeting a capital increase of up to R\$300.0 million, with the option to approve a partial capital increase of up to R\$200.0 million to be subscribed for through the issuance of a minimum of 13,333,333 new common shares and a maximum of 20,000,000 new common shares in the Company, all in registered, book-entry form, and with no par value, at a price per share equal to R\$15.00, of which R\$0.01 per share would be allocated to capital, and R\$14.99 per share would be allocated to capital reserves. This capital increase is part of the Company’s strategy to reinforce its liquidity, strengthen its capital structure and solidify the Company’s strategic and operational positioning for a new cycle of the real estate market. Following the preemptive rights exercise period, which expired on January 19, 2018, and the subsequent subscription periods that expired on February 2, 2018 and February 21, 2018, respectively, we issued and sold 16,717,752 new common shares of the Company for a total amount of R\$250.8 million, all in registered, book-entry form, and with no par value, at a price per share equal to R\$15.00, of which R\$0.01 per share

was allocated to capital, and R\$14.99 per share was allocated to capital reserves. Accordingly, on February 28, 2018, our board of directors approved a capital and capital reserve increase in the amount of R\$250.8 million.

At the end of 2017 and in the beginning of 2018, GWI Group, a private property investment company and asset management fund founded by South Korean national Mu Hak You, began to acquire a large number of shares in the Company. On January 31, 2018, following several purchases of Company shares, the GWI Group had a 30.45% interest in the Company's share capital.

On September 21, 2018, GWI Group acquired an additional number of shares, increasing its interest to 37.32% in the Company's share capital. GWI informed us that this share acquisition was made for investment purposes and in order to restructure part of the Company's Board. On September 25, 2018, GWI convened an Extraordinary Shareholders' Meeting for the purpose of dismissing members of the Board of Directors and electing new members through a multiple-vote process. GWI approved the dismissal of the entire Board of Directors and elected directors for five of the seven vacant seats. See "Item 6. Directors, Senior Management and Employees—C. Board Practices," for further information about our Board of Directors. Within three days of the dismissal and election of the new Board of Directors, the Company's executive board was removed from office.

On November 26, 2018, our Board of Directors approved the voluntary delisting of our ADSs from the New York Stock Exchange (the "NYSE") and a proposal to maintain our ADR facility as a Level 1 ADR program to enable investors to retain their ADSs. On December 7, 2018, we filed a Form 25 with the SEC to effect the delisting of the ADSs, and sent a copy to the NYSE on the same day. The last day of trading on NYSE for our ADSs was December 14, 2018, and our ADSs were delisted from the NYSE on December 17, 2018. Our ADSs remain eligible for trading in the over-the-counter markets in the United States, and our common shares will continue to be listed and admitted to trading in the Novo Mercado segment of the B3. In addition to the information we are required to report under applicable Brazilian regulations, we intend to continue publishing English translations of our annual report, interim results and communications on our investor relations website at (www.ri.gafisa.com.br), in accordance with Rule 12g3-2(b) under the Exchange Act. In the Extraordinary shareholders meeting held in April 2019, the measures taken for the voluntary delisting of Gafisa's shares from the New York Stock Exchange (NYSE) and the change of the American Depositary Shares program from a Level 3 to a Level 1 program were not ratified.

On December 19, 2018, the Board of Directors approved the cancellation of 1,030,325 of the Company's common shares, without reduction in our capital stock.

On January 22, 2019, the Board of Directors approved the cancellation of 370,000 of the Company's common shares, without reduction in our capital stock. The Company also disclosed to the market a Material Fact stating that the GWI Group had acquired Company shares representing more than 50% in the Company's share capital. Pursuant to article 46 of the Company's Bylaws, any shareholder that holds a participation equal to or greater than 50% of the Company's share capital is required to make a Tender Offer for the remaining shares. Accordingly, shortly thereafter, GWI Group, without making a Tender Offer, sold a small portion of its shares in order to maintain a participation of less than 50% in the Company's share capital. Following queries for clarification by the Company, CVM and B3 about these transactions involving the Company's share capital, GWI Group confirmed that the GWI acquisition of more than 50% of the Company's share capital was not intentional and, therefore, did not trigger the Tender Offer requirement provided for in the Company Bylaws.

By February 14, 2019, GWI Group had sold, through auction in the capital markets, a 33.67% interest it held in the Company's share capital. As a result, GWI Group ceased to control the Company and reduced its interest in the Company's share capital to 7.70%. Furthermore, Planner Corretora de Valores S.A. in the same date, through investment funds managed by it, purchased shares corresponding to 18.45% of the total share capital of the Company.

The GWI Group traded in our shares in early 2019, giving rise to several requests for information by CVM and B3 with respect to compliance with the Tender Offer requirement provided for in the Company's Bylaws. The Company responded to such requests on March 21, 2019 and, as of the date of this annual report, has no knowledge of any further action to be taken by CVM regarding this issue. The Company understands that, as the GWI Group is no longer a relevant shareholder and their representatives are no longer part of the Company's management, the Company should not be subject to any further sanctions and will keep its shareholders and the market informed of any developments in that regard.

During February, March and April 2019, the members of the Company's Board of Directors elected in late 2018 resigned, with the exception of Pedro Carvalho de Mello, and new members were elected to replace them. As of the date of this annual report, following the Annual General Meetings held on April 30, 2021, Gafisa's Board of Directors is composed of the following members: (i) Leo Julian Simpson (nominated as chairman of the Board of Directors on April 15, 2019), (ii) Antonio Carlos Romanoski, (iii) Eduardo Larangeira Jácome, (iv) Nelson Sequeiros Rodriguez Tanure, (v) João Antônio Lopes Filho, (vi) Thomas Cornelius Azevedo Reichenheim, (vii) Gilberto Benevides and (viii) Nelson Queiroz Sequeiros Tanure.

On April 15, 2019, at the Annual General Meeting, the shareholders resolved to suspend the shareholder rights of GWI Asset Management S.A. and the other members of the GWI Group due to GWI Group's non-compliance with the Company's Bylaws as they relate to the Tender Offer request. In addition, it was resolved to increase the limit of authorized capital of the Company from 71,031,876 ordinary shares to 120,000,000 ordinary shares. This increase in the Company's authorized capital enables us to issue new shares in a sufficient amount to accommodate the financial restructuring of the Company.

On April 15, 2019, following the General Meeting, in order to raise funds for investments, the newly appointed Board of Directors approved a capital increase of 26,273,962 new common shares. These newly issued common shares were offered privately to the Company's shareholders at the B3, and were issued at the reference price of R\$6.02 per common share (which was determined following an audit conducted by a specialized firm). The Board of Directors also appointed Roberto Luz Portella as Chief Executive Officer, Chief Financial Officer and Investor Relations Officer and Eduardo Larangeira Jácome as Operational Executive Officer. Following the preemptive rights exercise period, and the subsequent subscription periods, we issued and sold 12,170,035 and 14,103,927 new common shares of the Company for a total amount of R\$62.3 million and R\$70.0 million, respectively, all in registered, book-entry form, and with no par value, at a price per share equal to R\$5.12 and R\$4.96, respectively. Accordingly, on June 24, 2019, our board of directors approved a capital increase in the amount of R\$132.3 million.

In June 2019, we concluded a capital increase of 26,273,962 shares, raising approximately R\$132 million.

On August 15, 2019, the Board of Directors approved a capital increase of 48,968,124 new common shares. These newly issued common shares were offered privately to the Company's shareholders at the B3, and were issued at the reference price of R\$6.57 per common share (which was determined following an audit conducted by a specialized firm). Following the preemptive rights exercise period and subsequent subscriptions periods, we issued and sold 45,554,148 and 3,413,976 new common shares of the Company for a total amount of R\$254.2 million and R\$18.5 million, respectively, all in registered, book-entry form, and with no par value, at a price per share equal to R\$5.58 and R\$5.42, respectively. Accordingly, on October 23, 2019, our board of directors approved a capital increase in the amount of R\$272.7 million.

On August 29, 2019 the Board of Directors appointed André Luis Ackermann as Chief Financial Officer, and Eduardo Larangeira Jácome tendered his resignation as Management Officer, effective as of September 30, 2019. Eduardo Larangeira Jácome remained as a member of the Restructuring Committee until December 31, 2019 and a member of the Company's Board of Directors.

In addition, on September 20, 2019, Roberto Luz Portella resigned from his position as Chief Executive Officer and Investor Relations Officer. Following his resignation, on September 23, 2019, the Board of Directors appointed André Luis Ackermann as Investor Relations Officer.

In October 2019, we concluded a capital increase of 48,968,124 shares and raised approximately R\$272 million.

On October 21, 2019, we informed our shareholders and the market that we entered into a Purchase and Sale, Stock Redemption, Corporate Restructuring Agreement with Alphaville Urbanismo S.A., Private Equity AE Investimentos e Participações S.A. and affiliates of PEAE, setting forth the terms and conditions for the divestment of our shares in Alphaville. On December 27, 2019, we concluded the divestment sale of our remaining 21.20% stake in Alphaville for R\$100 million, which was settled by offsetting certain credits and the receipt of the investee shares against assets, measured at fair value. This transaction is in line with the Company's strategy to optimize and improve the Company's portfolio and capital allocation, aiming at creating value for our shareholders.

On December 16, 2019, we announced that we had entered into a non-binding letter of intent with UPCON Incorporadora S.A. ("UPCON"), pursuant to which we indicated our intent to acquire the entire share capital of

UPCON. On March 2, 2020, the Administrative Council for Economic Defense (CADE) approved, without restriction, the merger of UPCON into the Company. Once all required approvals are obtained, UPCON will become a wholly-owned subsidiary of Gafisa.

On December 16, 2019, we entered into an Additional Investment Agreement with UPCON, which was discussed at an Extraordinary Shareholders' Meeting on April 30, 2020. Accordingly and with the aim to strengthen our executive team, our Board of Directors approved a new organizational structure and elected the following three new Executive Officers: (i) Guilherme Augusto Soares Benevides as Chief Operations Officer and Vice-president of Operations; (ii) Fábio Freitas Romano as Assistant Vice-president of Operations; and (iii) Ian Monteiro de Andrade as Chief Financial Officer and Investor Relations Officer and Vice-president of Management and Finance.

On April 30, 2020, at our Annual and Extraordinary Shareholders' Meeting, the following matters were approved in relation to the purchase and sale of UPCON Incorporadora S.A.'s shares: (i) the acquisition by Gafisa of the entire share capital of UPCON; (ii) an increase in the Company's share capital of R\$310.0 million; (iii) the issuance of two series of debentures convertible into common shares to cover the transaction with UPCON, in the total amount of R\$150.0 million; (iv) changes in the composition of the Board of Directors, which will have seven to nine members; (v) the election of members to the Board of Directors; and (vi) approval of a plan to repurchase the Company's shares, up to a limit of 10,327,558 shares to be acquired by the Company.

On January 28, 2020, the Board of Directors elected new statutory officers: (i) Cauê Castello Cardoso, (ii) Guilherme Luis Pesenti, and (iii) Luiz Fernando Ortiz.

At a Board of Directors meeting held on February 7, 2020, Mr. Roberto Luz Portella tendered his resignation as a member of the Company's Board of Directors. At the same meeting, Mr. João Antônio Lopes Filho was elected as the new member of the Company's Board of Directors.

On March 27, 2020, our Board of Directors approved the establishment of the Company's share buyback program with the objective of generating value for the Company's shareholders, that was confirmed by the General Shareholders Meeting held on April 30, 2020. Shares purchased by the Company as part of the buyback program will be held in treasury, and may subsequently be canceled, sold and/or used in connection with the exercise of stock options granted by the Company. The maximum number of shares the Company may acquire under this program is 10,327,558 common shares, pursuant to Article 8 of CVM Instruction No. 567/15. This buyback program ends on May 4, 2021. Under our current shares repurchase program, any acquisition by us of our own shares must be made on a stock exchange and cannot be made by means of a private transaction. See "Item 10. Additional Information—B. Memorandum and Bylaws—Purchases by us of our own Shares," for further information.

On March 2, 2020, the Administrative Council for Economic Defense (CADE) approved, without restriction, the merger of UPCON into the Company. On April 30, 2020 all required approvals were obtained, and UPCON became a wholly-owned subsidiary of Gafisa.

On November 16, 2020, the Board of Directors approved (1) the issuance of 9,944,150 common shares, and (2) an increase in our share capital from 290,731,951 common shares to 300,676,101 common shares and R\$1,041,248 thousand to R\$1,083,248 thousand.

On November 3, 2020, CADE approved our acquisition from Calçada S.A. of four real estate ventures located in the city of Rio de Janeiro.

On November 10, 2020, we entered into a purchase agreement for the acquisition of certain real estate assets located in the city of São Paulo, namely the "Hotel Fasano Itaim" project, as part of the execution plan of the newly-formed Gafisa Propriedades, a business unit directed at developing, owning and managing proprietary and third-party real estate assets. We completed this acquisition in January 2021. Additionally, Gafisa Propriedades has also acquired stakes in two shopping malls located in the city of Rio de Janeiro and other real estate assets in São Paulo-SP, as described below.

On January 13, 2021, Gafisa Propriedades exercised an option to purchase 32 studio apartments and a controlling stake in the "Hotel Fasano Itaim" development, which also includes restaurants and a convention center, from Even Construtora e Incorporadora S.A. The purchase price was R\$310 million, and the stake of Gafisa Propriedades in the hotel was 80.37%.

On January 20, 2021, Gafisa Propriedades completed the acquisition of a stake in Jardim Guadalupe Shopping Mall, located in the city Rio de Janeiro. The purchase price for 100% of the asset totalled R\$39.8 million, and the asset also carried R\$25.0 million in debt. On the same date, Gafisa Propriedades entered into a purchase agreement for the acquisition of a stake in São Conrado Fashion Mall, also located in Rio de Janeiro. Completion of the acquisition is subject to the approval of the current creditors of Fashion Mall. The purchase price for 100% of the asset totalled R\$59.5 million, and additionally the asset carried R\$75.0 million in debt.

On March 8, 2021, Gafisa Propriedades entered into a purchase agreement for the acquisition of private suites in connection with the “Cidade Matarazzo Rosewood São Paulo” project. The purchase price for the part of the project already completed totaled R\$83.4 million.

On May 24, 2021, the Board of Directors approved (1) the issuance of 8,876,083 common shares, and (2) an increase in our share capital from 300,676,101 common shares to 309,552,184 common shares and R\$1,083,249 thousand to R\$1,120,547 thousand.

On August 3, 2021, we approved the sale of certain real estate assets in the aggregate amount of R\$200 million to a real estate investment fund.

On September 28, 2021, the Board of Directors (i) ratified the issue of 27,892,638 shares, (ii) approved the ratification of the Company’s Capital Stock increase, within the limit of authorized capital to R\$1,248,574,113.49, divided into 337,445,727 common shares issued by the Company, pursuant to Article 6 of the Company’s Bylaws and (iii) announced a refund of the amounts subscribed by referred shareholders, in the amount of R\$51,320.79, corresponding to 11,181 shares to be transferred on September 29, 2021.

During 2021 and looking towards the future, we started integrating environmental, social and governance (ESG) principles into our business model. Accordingly, we established an ESG policy to develop good practices and report on progress related to corporate governance, and to prioritize investments in people, innovation, technology and sustainability. We believe that implementing the best practices recommended by the Brazilian Institute of Corporate Governance (IBGC) will ensure transparency and the fair and equitable disclosure of our corporate governance practices, and support the sustainable development of the business for our investors and customers. On April 26, 2022, we published our first sustainability report on our investor relations website, which was prepared in accordance with the core option of the Global Reporting Initiative (GRI) Standards – the global sustainability reporting framework. The contents of our website, and the contents of any other website referred to herein, are not incorporated into, and do not form part of, this annual report.

In addition, in March 2022, André Luis Ackermann resigned from his position as statutory officer and, in May 2022, Ian Monteiro de Andrade resigned from his position as Chief Financial Officer and Investor Relations Officer.

Capital Expenditures

In 2021, under the Gafisa brand, we invested R\$41.7 million in machinery and equipment, information technology equipment, software, project planning and information technology projects. Our main investments during the period were related to sales stands and software acquisitions, which amounted to R\$32.7 million and R\$4.6 million, respectively.

In 2020, under the Gafisa brand, we invested R\$16.7 in machinery and equipment, information technology equipment, software, project planning and information technology projects. Our main investments during the period were related to sales stands, which amounted to approximately R\$8.7 million.

In 2019, under the Gafisa brand, we invested R\$3.6 million in machinery and equipment, information technology equipment, software, project planning and information technology projects. Our main investments during the period were related to sales stands, which amounted to approximately R\$1.0 million.

Our capital expenditures are all made in Brazil and are usually funded by financings through local debt capital markets. We currently do not have any significant capital expenditures in progress.

B. Business Overview

General Overview

We believe we are one of Brazil's leading homebuilders. For over/more than 60 years, Gafisa has been recognized as one of the foremost professionally-managed homebuilders, having completed and sold more than 1,100 developments and constructed over 16 million square meters of housing, which we believe is more than any other residential development company in Brazil. We believe our brand "Gafisa" is a well-known brand in the Brazilian real estate development market, enjoying a reputation among potential homebuyers, brokers, lenders, landowners and competitors for quality, consistency and professionalism.

Our core business is the development of high-quality residential units in attractive locations. For the year ended December 31, 2021, we reaped the benefits of our restructuring process initiated in 2019 and resumed launches after a two year period. In addition, we also provide construction services to third parties on certain developments where we retain an equity interest. We are currently operating mainly in São Paulo and its metropolitan area. The city of São Paulo represented approximately 6% of the national population and over 10% of the gross domestic product as of December 31, 2017 (latest available information).

Our Markets

We have developed real estate projects in 40 municipalities throughout Brazil, including Barueri, Belém, Campinas, Cuiabá, Curitiba, Goiânia, Gramado, Guarujá, Guarulhos, Itu, Jundiaí, Macaé, Maceió, Manaus, Niterói, Nova Iguaçu, Osasco, Porto Alegre, Porto Velho, Rio de Janeiro, Salvador, Santo André, Santos, São Bernardo do Campo, São Caetano do Sul, São Gonçalo, São Jose dos Campos, São Luis, São Paulo and Volta Redonda.

In 2020, we created a new business unit, Gafisa Propriedades, which acquires and develops real estate assets and is expected to provide management services to proprietary and third-party owned real estate assets. In the first quarter of 2021, Gafisa Propriedades acquired (i) a stake in the Hotel Fasano Itaim project in São Paulo, currently under construction, (ii) stakes in Jardim Guadalupe Shopping and São Conrado Fashion Mall (closing pending), both in the city of Rio de Janeiro, and (iii) a private suites in the Cidade Matarazzo Rosewood São Paulo project in São Paulo-SP.

On November 16, 2020, we completed the acquisition of four projects located in Rio de Janeiro from Calçada S.A., marking the return of Gafisa's presence in the Rio de Janeiro real estate development market. "Gafisa Rio" is our local base for acquiring land and launching new projects in Rio de Janeiro, and will enable us to better understand and manage business opportunities in the Rio de Janeiro real estate market.

Our Real Estate Activities

Our real estate business includes the following activities:

- developments for sale of:
- residential units;
- commercial buildings;
- construction services to third parties on certain developments in the Gafisa segment where we retain an equity interest; and
- sale of units through our brokerage subsidiaries, Gafisa Vendas and Gafisa Vendas Rio, jointly referred to as "Gafisa Vendas."

The table below sets forth our potential sales value, generated from new developments for each of our real estate activities and as a percentage of total real estate amount generated during the periods presented:

	For the year ended December 31,					
	2021		2020		2019	
	(in thousands of reais)	(% of total)	(in thousands of reais)	(% of total)	(in thousands of reais)	(% of total)
Residential buildings	1,441,741	100.0	634,522	100.0	—	—
Commercial	—	—	—	—	—	—
Potential sales	1,441,741	100.0	634,522	100.0	—	—

The table below sets forth our sales value from new developments generated for each of our real estate activities and as a percentage of total real estate amount generated during the periods presented:

	For the year ended December 31,					
	2021		2020		2019	
	(in thousands of reais)	(% of total)	(in thousands of reais)	(% of total)	(in thousands of reais)	(% of total)
Residential buildings	266,319	100.0	172,800	100.0	—	—
Commercial	—	—	—	—	—	—
Sales	266,319	100.0	172,800	100.0	—	—

Developments for Sale

The table below provides information on our developments for sale activities during the periods presented:

	As of and for the year ended December 31,		
	2021	2020	2019
	(in thousands of reais, unless otherwise stated)		
São Paulo			
Potential sales value of units launched(1)	1,062,649	262,547	—
Developments launched(2)	5	3	—
Usable area (m2)(3)	71,516	16,776	—
Units launched(4)	1,447	148	—
Average sales price (R\$/m2)(3)(5)	14,859	15,650	—
Rio de Janeiro			
Potential sales value of units launched(1)	379,092	326,251	—
Developments launched(2)	2	1	—
Usable area (m2)(3)	20,300	11,285	—
Units launched(4)	344	25	—
Average sales price (R\$/m2)(3)(5)	18,674	28,910	—
Other Markets			
Potential sales value of units launched(1)	—	45,724	—
Developments launched(2)	—	1	—
Usable area (m2)(3)	—	6,586	—
Units launched(4)	—	58	—
Average sales price (R\$/m2)(3)(5)	—	6,943	—
Total Gafisa			
Potential sales value of units launched(1)	1,441,741	634,522	—
Developments launched(2)	7	5	—
Usable area (m2)(3)	91,816	34,648	—
Units launched(4)	1,621	231	—
Average sales price (R\$/m2)(3)(5)	15,702	18,313	—

(1) Potential sales value is calculated by multiplying the number of units in a development by the expected sales price of the unit.

(2) Does not consider acquisitions of additional ownership interests in projects or cancelled projects.

(3) One square meter is equal to approximately 10.76 square feet. The unit's usable area in exchange for land pursuant to barter transactions is not included.

(4) The units delivered in exchange for land pursuant to barter transactions are not included.

(5) Average sales price per square meter was R\$9,184, R\$7,605 and R\$6,400 in 2021, 2020 and 2019, respectively, for Gafisa's ventures only.

Our developments for sale are divided into two broad categories: (1) residential buildings and (2) commercial buildings.

Overview of Residential Buildings

In the residential buildings category, we develop two main types of products: (1) luxury buildings targeted at higher-income customers and buildings targeted at middle-income customers; and (2) entry level buildings targeted at middle-low income customers. Quality residential buildings for middle- and upper-income customers are our core products and we have developed them since our inception. A significant portion of our residential developments is located in São Paulo and Rio de Janeiro. In 2006, we began our national expansion to pursue opportunities in residential buildings outside these cities. However in 2012, as a result of the difficulties to manage these projects and to achieve reasonable profits, we shifted our focus back to São Paulo and Rio de Janeiro.

Luxury and Middle-Income Buildings

Luxury buildings are a high margin niche. Units usually have over 150 square meters of private area, at least four bedrooms and more than three parking spaces. Typically, this product is fitted with modern, top-quality materials designed by brand-name manufacturers. The development usually includes swimming pools, gyms, visitor parking, and other amenities. Average price per square meter generally is higher than approximately R\$18,000. Luxury building developments are targeted to families with monthly household incomes in excess of approximately R\$40,000.

Buildings targeted at middle-income customers have accounted for the majority of our sales since our inception. Units usually have between 60 and 150 square meters of private area, between one and three bedrooms and up to three parking spaces. Buildings are usually developed in large tracts of land as part of multi-building developments and, to a lesser extent, in smaller lots in attractive neighborhoods. Average price per square meter ranges from approximately R\$10,000 to R\$18,000. Middle-income building developments are tailored to customers with monthly household incomes between approximately R\$15,000 and R\$40,000.

The table below sets forth our luxury and middle-income building developments launched between January 1, 2019 and December 31, 2021:

Project Description	Year Launched	Gafisa Participation (%)	Usable Area (m2) (1) (2)	Completion Year	Number of Units (2)	Units Sold (%) (As of December 31, 2021)
Invert Campo Belo	2021	100%	22,488	2024	361	23.5%
Tom Delfim Moreira	2021	100%	1,953	2024	6	31.5%
Tonino Lamborghini San Paolo	2021	100%	6,882	2025	107	8.0%
Flow By Gafisa	2021	100%	11,691	2024	420	20.6%
Vinci Moema	2021	100%	9,701	2025	164	17.7%
Invert Barra	2021	100%	18,347	2024	168	25.7%
Cyano	2020	100%	11,285	2023	25	41.1%
Normandie Moema	2020	100%	8,895	2023	64	71.7%
High Line Jardins	2020	100%	4,624	2023	68	46.8%
Chez Perdizes	2020	100%	3,257	2023	16	17.7%

(1) One square meter is equal to approximately 10.76 square feet.

(2) Values for 100% of the building development, except on projects with partial interest.

Entry Level Developments

Entry level housing consists of building and house units. Units usually have between 40 to 60 square meters of private area, one to three bedrooms, and are typically located outside the vehicle restriction area of São Paulo and near public transportation points. The average price per square meter ranges from R\$6,000 to R\$9,000. Entry level housing developments are tailored to customers with monthly household incomes between approximately R\$7,000 and R\$10,000.

The table below sets forth our entry level developments launched between January 1, 2019 and December 31, 2021:

Project Description	Year Launched	Gafisa Participation (%)	Usable Area (m2) (1) (2)	Completion Year	Number of Units (2)	Units Sold (%) (As of December 31, 2021)
Marajoara Club House	2021	100%	20,754	2024	395	21.5%
Parque Ecoville F3 – Barigui	2020	100%	6,586	2023	58	27.1%

(1) One square meter is equal to approximately 10.76 square feet.

(2) Values for 100% of the building development, except on projects with partial interest.

Completed developments with percentage of units sold less than 90%

The table below sets forth our completed developments as of December 31, 2021, with percentage of units sold less than 90%:

Project Description	As of December 31, 2021 Units Sold (%)
Up Office Berrini (1)	13.7%
Alta Vistta – Fase 1 (2)	22.4%
Alta Vistta – Fases 3 E 4 (3)	37.6%
MN15 Ibirapuera (4)	41.6%
Gafisa Desenvolvimento Urbano (5)	55.1%
Moov Estacao Bras (6)	55.8%
Alphamall (7)	80.3%
Life 360 (8)	82.8%
Botanique (9)	84.1%
J330 Jardins (10)	85.4%
Smart Santa Cecilia (11)	88.4%
Target Offices e Mall (12)	63.9%

(1) Up Office Berrini. This development was 100% completed at December 31, 2021 at which time 13.65% of the units had been sold. According to the Company’s business plan, this development’s selling forecast indicates the remaining units will be sold within the next 12-24 months.

(2) Alta Vistta F1. This development was 100% completed at December 31, 2021 at which time 22.40% of the units had been sold. According to the Company’s business plan, this development’s selling forecast indicates the remaining units will be sold within the next 12-24 months.

(3) Alta Vistta F3 e F4. This development was 100% completed at December 31, 2021 at which time 37.62% of the units had been sold. According to the Company’s business plan, this development’s selling forecast indicates the remaining units will be sold within the next 12-24 months.

(4) MN | 15. This development was 100% completed at December 31, 2021 at which time 41.60% of the units had been sold. According to the Company’s business plan, this development’s selling forecast indicates the remaining units will be sold within the next 12 months.

(5) Gafisa Desenvolvimento Urbano. This development was 100% completed at December 31, 2021 at which time 55.07% of the units had been sold. These units are mostly related to land lots and were acquired in 2019 from

Alphaville's operation. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold within the next 12-24 months.

- (6) Moov Estação Brás. This development was 100% completed at December 31, 2021 at which time 55.79% of the units had been sold. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold within the next 12-24 months.
- (7) Alphamall. This development was 100% completed at December 31, 2021 at which time 80.34% of the units had been sold. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold within the next 12 months.
- (8) Life 360. This development was 100% completed at December 31, 2021 at which time 82.82% of the units had been sold. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold within the next 12 months.
- (9) Botanique. This development was 100% completed at December 31, 2021 at which time 84.08% of the units had been sold. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold within the next 12-24 months.
- (10) J330. This development was 100% completed at December 31, 2021 at which time 85.39% of the units had been sold. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold within the next 12 months.
- (11) Smart Santa Cecília. This development was 100% completed at December 31, 2021 at which time 88.40% of the units had been sold. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold within the next 12 months.
- (12) Target Offices e Mall. This development was 100% completed at December 31, 2021 at which time 63.87% of the units had been sold. According to the Company's business plan, this development's selling forecast indicates the remaining units will be sold over a long time period. The relatively low speed at which the units of this development have been sold is mainly due to the challenging macroeconomic conditions in the city of Rio de Janeiro and its negative impact on the real estate market.

We have evaluated all of our developments and we have recorded reduction to net realizable value and write-offs to net realizable value for the following projects: Alpha Green, Alpha Land, Alphamall, Americas Avenue, Espaço Alpha, Golden Office, Sao Gate, Sao – Way, Target Offices & Mall, Smart Vila Madalena, Smart Santa Cecília, Moov Parque Maia, Moov Belém, Upcon Cinco, Icon Business e Mall, Gafisa Desenvolvimento Urbano, Parque Ecoville, single units of Olavo Bilac and single units of Reserva das Ruínas.

Some of these projects, such as Target Offices & Mall and Americas Avenue, were transferred to our properties management team at Gafisa Propriedades, for a more focused engagement of the issues related to them.

Land subdivisions

Land subdivisions consist of the land acquired from Alphaville Urbanismo S.A., in the divestment operation of our shares and is in line with our strategy of optimization and improvement of our portfolio. These lots are equipped with infrastructure for specific land parceling, such as electricity, water and sewage, paved streets and common leisure areas. Our subdivisions are usually located in wealthy suburban areas close to highways leading to major cities. A typical lot is between 250 and 5,000 square meters, most of it for residential use and a small part for commercial use. The average price per square meter ranges from approximately R\$ 200 to R\$ 800. We target clients with a monthly family income of more than approximately R\$ 10,000 for these subdivisions.

We are structuring partnerships with the main real estate companies in the locations of the developments for the commercialization of the lots.

The table below sets forth our entry level developments acquired between January 1, 2019 and December 31, 2021:

Project Description	Year Acquired	Gafisa Participation (%)	Usable Area (m2) (1) (2)	Number of Units (2)
Alphaville Castello Itu	2019	100%	6,151	3
Terras Alphaville Dourados	2019	100%	26,189	69
Terras Alphaville Gravataí	2019	100%	969	3
Terras Alphaville Linhares	2019	100%	3,333	5
Alphaville Litoral Norte 3 Salvador	2019	100%	7,270	8
Alphaville Pernambuco	2019	100%	6,578	13
Terras Alphaville Ponta Grossa	2019	100%	2,842	6
Alphaville Aracaju Sergipe	2019	100%	22,694	35

(1) One square meter is equal to approximately 10.76 square feet.

(2) Values for 100% of the building development, except on projects with partial interest.

Commercial Buildings

In 2019, 2020 and 2021, we did not launch any commercial buildings, although some of our residencial buildings had a commercial element attached to them.

Construction Services

We provide construction services to third parties on certain developments where we retain an equity interest. This practice allows us to benchmark our construction costs, facilitates our access to new constructions materials, techniques and service providers such as architects and sub-contractors, and provides larger economies of scale.

As of December 31, 2021, there is no real estate developments for third parties currently under construction, in which we also have an equity interest.

Sale of Units Through Our Brokerage Subsidiaries

In September 2006, we created a new subsidiary, Gafisa Vendas, to function as our internal sales division in the state of São Paulo. This subsidiary company is responsible for efforts in connection with: (1) launches — our internal sales force focuses on promoting launches of our developments; however, we also use outside brokers (mainly in Rio de Janeiro), thus creating what we believe to be a healthy competition between our sales force and outside brokers; (2) inventory — we have a team focused on selling units launched in prior years; and (3) web sales — we have a sales team dedicated to internet sales as an alternative source of revenues with lower costs.

Gafisa Propriedades

In 2020, we created a new business unit, Gafisa Propriedades (formerly Upcon S.A), which comprises real estate assets aimed to generate income, focused on management services for proprietary and third-party real estate. Gafisa Propriedades identifies and capitalizes on promising market opportunities, including real estate purchases, commercial property management (e.g. shopping centers), open-plan corporate offices (and accompanying infrastructure), and hotels. The business has more than 105,000 square meters of gross leasable area (GLA) and is focused on real estate assets aimed at generating income and opportunities for operational turnarounds.

Our Clients

Our clients mainly consist of development clients. Development clients are clients who purchase units in our developments. As of December 31, 2021, our development-client database was comprised of more than 87.000 individuals. We currently have approximately 12.000 active clients.

We also provide construction services to certain construction-services clients in connection with developments in which we retain an equity interest. As of December 31, 2021, there are no construction services clients currently under construction.

No individual client represents more than 5% of our revenues from residencial developments or construction services.

Our Operations

The stages of our development process are summarized in the diagrams below:



Land Acquisition

We use results from our extensive market research to guide our land reserves strategy and process. Our marketing and development teams monitor market fundamentals and trends. We have developed a sophisticated database to support our search for and analysis of new investment opportunities. Key decision factors used by our management for land acquisition and new developments include location, type of product to be developed, expected demand for the new developments, current inventory of units in the region and acquisition cost of the land.

Whenever we identify an attractive tract of land, we first conduct a study of the project to define the most appropriate use of the space. Afterwards, the basic design of the project enters the economic feasibility study stage, where we consider preliminary revenues and expenses associated with the project. This study will determine project profitability. We collect and analyze information on demand, competition, construction budget, sales policy and funding structure to ensure economic viability of the new development. We then initiate a legal due diligence of the property to identify liens, encumbrances and restrictions, potential solutions to such issues and the relevant costs. Before acquiring the land, we conduct a thorough due diligence process including an environmental review. Each decision to acquire land is analyzed and approved by our investment committee. See “Item 6. Directors, Senior Management and Employees—C. Board Practices” elsewhere in this annual report for further information on the activities of our committees and boards.

We seek to finance land acquisition through barter transactions, in which we grant the seller a certain number of units to be built on the land or a percentage of the proceeds from the sale of units in such development. As a result, we reduce our cash requirements and increase our returns. In the event we cannot do so or in order to obtain better terms or prices, we acquire land for cash, alone or in partnership with other developers. We purchase land both for immediate development and for inventory.

As a strategy defined by the end of 2011, the Company is selling landbank located in cities and places where there is no intention to run operations with new developments.

As of December 31, 2021, we had an inventory of 38 land parcels under Gafisa, in which we estimate we could develop a total of 12,434 units (residential and commercial) with a sales value of R\$12.3 billion, of which 6% represents land acquired through barter transactions. The table below sets forth the breakdown of our land holdings by location and by segment:

	Gafisa	
	Future Sales (% Gafisa) (1)	% Bartered
	(in millions of reais)	
São Paulo	2,960	11%
Rio de Janeiro	8,152	5%
Other states	1,171	0%
Total	12,283	6%

(1) Information reflects our interest.

Project Design

In order to meet evolving preferences of our customers, we invest considerable resources in creating an appropriate design and marketing strategy for each new development, which includes determining the size, style and price range of units. Our staff, including engineers and marketing and sales professionals, works with recognized independent architects on the planning and design of our developments. Their activities include designing the interior and exterior, drafting plans for the execution of the project, and choosing the finishing construction materials. A team responsible for preparing the business plan and budget and assessing the financial viability for each of our projects is also involved. Simultaneously with the planning and design of our developments, we seek to obtain all the necessary licenses and regulatory approvals from local authorities, which usually take three to twelve months in the case of our residential buildings and three years in the case of our residential communities.

Marketing and Sales

Our marketing efforts are coordinated by our internal staff. Our specialized team generally coordinates with several outsourced brokerage companies, monitoring such sales representatives in order to promote loyalty and ensure performance. Our marketing intelligence team is also responsible for gathering information on the needs and preferences of potential customers to provide guidance on our land acquisition and project design activities.

Gafisa Vendas was created as our internal sales division and it currently consists of approximately 651 independent Gafisa Vendas brokers, 22 sales coordinators, 28 sales managers and 4 sales directors.

The creation of Gafisa Vendas was intended to establish a strategic channel for us to access our clients and to reduce our dependence on outside brokers for marketing. Because the sales force at Gafisa Vendas is trained to sell our products exclusively, we believe that it is able to focus on the sale of our developments, articulate the unique features of our development, manage our current customers and capture new customers more effectively. Gafisa Vendas was initially established in São Paulo in 2006 and opened a branch in Rio de Janeiro in 2007.

In 2021, 2020, 2019, 2018 and 2017, Gafisa Vendas was responsible for approximately (i) 83%, 77%, 74%, 73.7% and 68.0%, respectively, of our sales in the state of São Paulo, and (ii) 60%, 4%, 60%, 64.9% and 63%, respectively, of our sales in the state of Rio de Janeiro.

We will continue to utilize independent real estate brokerage firms as we believe this provides a healthy competition between our internal sales force and outside brokers. Independent brokers provide us with a broad reach, access to a specialized and rich database of prospective customers, and flexibility to accommodate the needs of our diverse offering and clientele. In line with our results-oriented culture, we compensate brokers based on their profit contribution rather than on sales. Brokers are required to attend periodic specialized training sessions where they are updated on customer service and marketing techniques, competing developments, construction schedules, and marketing and advertising plans. We emphasize a highly transparent sales approach, as opposed to the traditional high-pressure techniques, in order to build customer loyalty and to develop a sense of trust between customers and us. At our showrooms, brokers explain the project and financing plans, answer questions and encourage customers to purchase or sign on to receive a visit or additional information.

Under our Gafisa brand, we typically initiate our marketing efforts 60 days before the launch of a development. We typically have a showroom on or near the construction site, which includes a model unit furnished with appliances and furniture. We leverage our reputation for quality, consistency, on-time delivery and professionalism

to increase sales velocity. We have been successful with this strategy, usually selling approximately 30% of the units before construction starts.

We market our developments through online platforms, newspapers, radio, television, direct mail advertising and by distributing leaflets in neighboring areas, as well as through telemarketing and websites.

Under Brazilian law, we may establish a term within and the conditions under which we are entitled to cancel the development. According to our regular purchase contracts, if we are not able to sell at least 60% of the units within 180 days of launching, we can cancel the development. Under those circumstances, we usually consider changing the project or selling the land, but, in any of those cases, we have to return the cash payment made by our customers adjusted for inflation but with no interest. Customers, however, are not entitled to other remedies. Over the last five years, we have only cancelled two developments.

Construction

Gafisa has been engaged in the construction business for over 50 years. Our experience spans across the entire construction chain. Before engaging in each new project, we develop sketches and research and develop projects and plans to create the most appropriate product possible. Our standardized construction techniques and unique control system are designed to optimize productivity and minimize raw material losses. Our monitoring tools are available on our intranet where all employees regularly review costs and key performance indicators of each development such as actual versus budget comparisons, volume consumption for each raw material, and construction schedule.

We use strict quality control methods. We have developed proprietary procedure manuals that describe in significant detail each task of each stage of the construction project. These manuals are also used for the training sessions that we require all of our workers to attend. In addition, we keep quarterly records of projects delivered.

The reviews focus on identifying problems in order to take corrective and preventive actions in projects underway and thus avoid costly repetition. We have adopted a quality management system that was certified for ISO 9001 by *Fundação Bureau Veritas*, from Universidade de São Paulo. In 2007, we received a certification from *Programa Brasileiro de Qualidade e Produtividade do Habitat* (PBQP-H), which is part of the Ministry of Cities. In addition, the Eldorado Business Tower building was certified as a Green Building, category Platinum, by the U.S. Green Building Council, which attests that it is environmentally sustainable, through the rational use of energy, natural lighting and pollution control and recycling. Eldorado Business Tower was the first building in Latin America to achieve this category.

We invest in technology. We believe that we have pioneered the adoption of advanced construction techniques in Brazil such as dry wall and plane pre-stressed slabs, which present numerous advantages over traditional techniques. We also optimize costs by synchronizing our projects' progress so as to coordinate the purchase of raw material and benefit from economies of scale. We have long-term arrangements with a number of suppliers which allow us to build our developments with quality, using brand name construction materials and equipment, and advanced technology. Moreover, our centralized procurement center enables us to achieve significant economies of scale in the purchase of materials and retention of services.

We do not own heavy construction equipment and we employ directly only a small fraction of the labor working on our sites. We generally act as a contractor, supervising construction while subcontracting more labor-intensive activities. Substantially all on-site construction is performed for a fixed price by independent subcontractors. We have policies in place in order to hire reputable, cost-oriented and reliable service providers that are in compliance with labor laws and have performed their work diligently and on time in the past. Hiring subcontractors instead of employing workers directly has some financial and logistical advantages. For instance, we do not need to incur fixed costs to maintain a specialized labor force even when they are not actively working at a construction site and we do not need to pay for frequent transfers of labor to different construction locations.

Our construction engineering group coordinates the activities of service providers and suppliers, monitors compliance with safety and zoning codes, and monitors completion of the project on a timely basis. We provide a five-year limited warranty covering structural defects in all our developments.

Risk Management

Our risk management procedures require that all of our projects be approved by our investment committee, which meets on a monthly basis, or more frequently on an as-needed basis, and consists of our chief executive officer and two members of our board of directors. Our investment committee carefully reviews the various studies conducted by us and described above. In addition, we have a board of officers, which meets monthly, and is in charge of overseeing and approving major decisions. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership” in this annual report.

Customer Financing

The table below sets forth the percentage of each type of customer financing we typically provide for each type of development as of December 31, 2021:

Sales Term	Luxury and Middle Income (average)	Entry-Level (average)
Mortgage lending (delivery)	85%	100%
Gafisa 36 months	15%	0%
Gafisa 60 months	0%	0%
Gafisa 120 months	0%	0%

Mortgages. In 2021, approximately 70% of our sales value was financed by bank mortgages, where the customer paid us approximately 25% to 60% of the sales price of the property during the period of construction, and upon delivery of the property paid the balance of the sales price through a bank mortgage. We analyze the credit history of each customer at the time of sale to see if the customer would qualify for a bank mortgage based on banks’ standard credit rating policies. Although there is no assurance that the customer will qualify for a mortgage at the time of delivery, our analyses have been fairly successful in predicting whether the customer would qualify for a mortgage. The following table sets forth the credit limits established by mortgage sources available in Brazil in 2021:

Credit Lines	Typical Interest rate	Maximum Home Value	Maximum Loan Value
Mortgage portfolio (<i>Carteira Hipotecária</i>) or CH	up to 9.99% annually + TR(1)	No limit	No limit
Housing Finance System (<i>Sistema Financeiro da Habitação</i>) or SFH	up to 7.99% annually + TR	R\$1,500,000.00	R\$1,500,000.00
Government Severance Indemnity Fund for Employees (<i>Fundo de Garantia do Tempo de Serviços</i>) or FGTS for <i>Programa Casa Verde e Amarela</i>	up to 7.16% annually + TR	R\$264,000.00	R\$264,000.00

(1) TR refers to the daily reference rate.

Financing by Gafisa during construction. We finance some of our own sales during the construction period, with a down payment of 20-30% and financing of the balance through monthly installments up to the delivery of the unit.

Financing by Gafisa after delivery. In addition, we offer financing plans to prospective customers using our own capital, where we finance purchases for up to 120 months after the completion of the construction. For completed units we require a down payment of 30% and financing of the remaining balance with up to 120 monthly installments. For units under construction we require a down payment of 10% and provide financing for the remaining balance of 25-35% with up to 30 monthly installments until the delivery of the unit and financing of the remaining 75-65%, respectively, with up to 120 additional monthly installments. All of our financing plans are guaranteed by a conditional sale of the unit, with the transfer of the full property rights of the unit to the customer upon the full payment of the outstanding installments.

We have developed a strict credit policy in order to minimize risks. We take the following steps whenever we conduct a credit review process:

- trained independent brokers interview each potential customer to collect personal and financial information and fill out a registration form;
- registration forms are delivered, along with a copy of the property deed, to us and, if the bank providing the financing requests, to an independent company specialized in real estate credit scoring;
- credit is automatically extended by us to the customer if his or her credit analysis is favorable. However, if the credit analysis report raises concerns, we will carefully review the issues and accept or reject the customer's application depending on the degree of risk. To the extent financing is provided by a bank, such financial institution will follow their own credit review procedures; and
- after approving the application, our staff accepts the down payment which is given as a deposit on the purchase of the unit.

Sales contracts. Our sales contracts generally provide for adjustment of the sales price according to the INCC during construction and at an annual interest rate of 12% plus IGP-M over the receivables balance after a stated date in our sales contracts. We have historically experienced a low rate of customer default on our sales. On December 31, 2021, our clients' default level, related to amounts overdue for over 30 days, was 14.2% of our accounts receivable for Gafisa.

In order to maintain low rates of customer default, we have adopted a conservative and robust credit and receivables management policy, pursuant to which: (1) we conduct database research on the socio-economic background of our prospective customers; (2) our agreements discourage default and cancellation of the purchase by imposing immediate penalty fees, interest and liquidated damages which are adjusted for inflation, and we retain approximately 25-50% (Gafisa) of the total amount paid to us plus expenses incurred by us, which in general represents all or a substantial portion of the amount that the defaulted clients have already paid us; and (3) we offer several options to our customers if they experience financial difficulties, such as offering them a greater number of installment payments or exchanging the unit bought for a less expensive one. When a default occurs, we endeavor to renegotiate the outstanding loan with our customers before taking any legal action.

We will only transfer title of the unit to a buyer after the release of the certificate of acceptance of occupancy by local authority and the full payment of all outstanding installments. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Launches and Contracted Sales—Contracted Sales" for a discussion of the sales value of contracts cancelled by our customers and penalties paid in connection with such cancellations.

The table below sets forth client default levels:

Customer default level	As of and for the year ended December 31,		
	2021	2020	2019
Gafisa	14.2%	14.9%	15.1%

Cancellation of sales contracts.

Until December 2018, sales contracts involving real estate development activities were irrevocable under Brazilian law. The buyer did not have the unilateral ability to terminate a contract once it was executed, nor did the buyer have the ability to require a refund of amounts previously paid unless Gafisa agreed. To the extent the customer was not in compliance with its obligations under a contract, Gafisa could, at its sole discretion, either force compliance through Brazilian courts, or agree to a "default" by the customer. In this case, if Gafisa agreed at its sole discretion to refund part of the amounts paid to the defaulting party, the penalty set forth in the contract would be normally applied.

In recent years, however, the Brazilian real estate market has seen an unprecedented level of noncompliance by customers, many of which went to court to ask for the unilateral judicial termination of sales contracts. This was

triggered by a number of factors, including a national economic crisis, high levels of unemployment and a crisis in the real estate market, leading to a distorted fluctuation in real estate prices.

In view of the excessive number of judicial proceedings filed to redeem consumer rights, Law No. 4,591 of December 16, 1964 was amended by Law No. 13,786 on December 12, 2018, to regulate the unilateral termination of real estate contracts and clarified the parameters of the commercial relationship between customer and contractor.

Pursuant to Law No. 13,786, upon termination of a real estate sale contract due to the default of a buyer's obligation, the buyer is entitled to a partial restitution of the amounts already paid to the developer. The penalty due by the buyer in these cases must not exceed:

(i) 25% of the amounts paid, if the development is not being constructed legally segregated from the developer's assets, as per Law No. 10,931 of August 2, 2004 ("Detached Assets"); or

(ii) 50% of the amounts paid, if the development is subject to Detached Assets.

In case the buyer finds a new buyer for the returned unit, the penalty fees can be avoided, provided the requirements defined by law are satisfied.

The real estate developer must refund the referred amounts in a single installment no later than (i) 30 days from the issuance of the occupancy permit by the relevant Municipality, if subject to Detached Assets; (ii) 180 days from the termination of the relevant agreement, if not subject to Detached Assets; or (iii) 30 days from the resale of the returned unit, if prior to the other terms.

In addition, Brazilian law also grants the developer the right to force the unit to be auctioned in case the buyer's proceeds from the auction are used to reimburse the buyer for the amounts already paid to the developer, deducting the amounts stipulated by the relevant legislation. When no third party is willing to acquire the unit in the auction, the ownership of the unit returns to the developer, which shall reimburse the buyer portion of the amounts already paid, also in accordance with the law.

The table below provides the number and sales value of contracts canceled by customers for the periods presented:

Year Segment	As of December 31, 2021		As of December 31, 2020		As of December 31, 2019	
	Number of contracts	Sales value (in thousands of reais)	Number of contracts	Sales value (in thousands of reais)	Number of contracts	Sales value (in thousands of reais)
Gafisa						
Contracted sales	1,320	754,771	905	516,903	832	292,087
Volume/Sales value of cancelations	(340)	(173,240)	(172)	(78,928)	(193)	(97,531)
Percentage	25.8%	23.0%	19.0%	15.3%	23.2%	33.0%
Volume/Sales value, net of cancelations	980	581,531	733	437,975	639	194,556
Total sales value net of cancelation	980	581,531	733	437,975	639	194,556

Receivables securitization

We release capital for new projects by seeking not to maintain receivables after our projects are completed. The securitization (mortgage-backed securities) market in Brazil is expanding. This expansion is helped significantly by recent development in Brazilian foreclosure laws.

With the growing availability of mortgages from commercial banks and the increasing liquidity of CRIs, we expect to further reduce our role as a financing provider to our customers. Our goal is to optimize our working capital by transferring the financing activities to securitization companies and banks.

Main Raw Materials and Suppliers

We purchase a wide variety of raw materials for our operations. Even though these raw materials have represented on average, over the last three years, approximately 45% of our total costs of development, aside from

land, the only raw material that represents more than approximately 5% of our total costs is steel. Prices of some raw materials have increased over the last three years at a rate higher than inflation. The index that measures the fluctuation of construction costs, the INCC, increased 29.1% during the three year period ended December 31, 2021, resulting in an increase in the construction costs of Gafisa over that period. During the three year period ended December 31, 2021 the IGP-M increased 55.7%. We have been working on the development of new construction techniques and the utilization of alternative materials in order to reduce costs and improve our construction process with advanced technology.

We contract with major suppliers for the materials used in the construction of the buildings. We receive general pricing proposals from various suppliers of raw materials and select the proposal with the best terms and conditions for each development. In addition to pricing, we select our suppliers by the quality of their materials. We set forth specific minimum quality requirements for each construction project, and the chosen supplier must meet this quality requirement. The materials for our developments are readily available from multiple sources and, accordingly, we do not rely on any one supplier for our raw materials.

Our five largest suppliers in terms of volume are Gerdau Aços Longos S.A., Polimix Concretos Ltda., Pormade Portas de Madeiras Decor Ltda., Valebeton Concreto Eireli and Thyssenkrupp Elevadores S.A. In general terms, we purchase products for our construction based on the scheduled requirements, and we are given approximately 30 days to pay. The products we purchase generally come with a five-year warranty. We do not have any exclusive arrangements with our suppliers. We work closely with suppliers, enabling them to schedule their production in order to meet our demand or notify us in advance in the event they anticipate delays. We have good relationships with our suppliers and have experienced no significant construction delays due to shortages of materials in recent years. We do not maintain inventories of construction materials.

We achieve significant economies of scale in our purchases because we:

- use standard construction techniques,
- engage in a large number of projects simultaneously, and
- have long-term relationships with our suppliers. We periodically evaluate our suppliers. In the event of problems, we generally replace the supplier or work closely with them to solve the problems.

Customer Service

In our industry, customer satisfaction is based in large part on our ability to respond promptly and courteously to buyers before, during and after the sale of our properties, including providing an owner's guide. These services are provided with the objective of educating customers on the progress of the construction and improving customers' experience with the purchase of our units. Other customer service efforts include:

- a dedicated outsourced call center with consultants and specialists trained to answer our customers' inquiries; and
- the development of the "Gafisa Viver Bem" web portal, through which our customers can, for example, follow the project's progress, alter their registration information and check their outstanding balances.

Viver Bem has always been an inspiration for Gafisa, and this has led the company to develop better spaces, idealize concepts and innovative projects. With that in mind, we developed the Gafisa Viver Bem Program, a complete platform of products and services, which is present throughout the entire customer journey, from the acquisition of the property to the post-delivery stage of the transaction. Gafisa Viver Bem comprises the following stages: Unit Customization, Renovation and Decoration services, Purchasing Club, Rental Management and Condominium Administration.

In the Viver Bem Personalização stage, the client can personalize his/her unit plan and finishing services of his/her unit, even before picking up the keys. Modifications are carried out during construction and with Gafisa's warranty. In the Viver Bem Reforma e Decoração Program, Gafisa develops personalized interior projects, executes, and manages the construction work in an integrated manner, with excellent finishing options, within the parameters of budgets, time and final result. Renovation and Decoration is offered to customers who are in the delivery stage of

the project or in the post-keys stage. In the exclusive shopping club, customers have access to the products of the best home appliance and decoration manufacturers, direct from the factory and without intermediaries.

Additionally, as part of our customer service program in our residential developments, we conduct pre-delivery inspections to promptly address any outstanding construction issues. We also conduct monitored inspections of our developments to allow buyers to gather more information from our technical personnel. In addition, we send a monthly status report on the construction of the unit. We also provide a five-year limited warranty covering structural defects, which is required by Brazilian law.

Competition

The real estate market in Brazil is highly fragmented and competitive with low barriers to entry. The main competitive factors include price, financing, design, quality, reputation, reliability, meeting delivery expectations, partnerships with developers and the availability and location of land. Certain of our competitors have greater financial resources than we do, which could provide them an advantage over us in the acquisition of land using cash. In addition, some of our competitors have better brand recognition in certain regions, which could give them a competitive advantage in increasing the velocity of their sales. Because of our geographic diversification, we believe that we have access to different markets within Brazil that have different demand drivers.

Because of the high fragmentation of the markets in which we operate, no single developer or construction company is likely to obtain a significant market share. With the exception of São Paulo and Rio de Janeiro, where we face competition from major publicly-traded competitors, in other regions we generally face competition from small and medium-sized local competitors that are not as well-capitalized. We expect additional entrants, including foreign companies in partnership with Brazilian entities, into the real estate industry in Brazil, particularly the São Paulo and Rio de Janeiro markets.

The table below sets forth the most recent data available on our market share in the São Paulo and Rio de Janeiro markets:

São Paulo (1) — Gafisa's Market Share

Year	Year ended December 31,		
	2021	2020	2019
	(Launches in R\$ million)		
Local market	44,945	28,763	31,442
Gafisa(2)	1,063	262	—
Gafisa's market share	2.4%	0.9%	—

Source: EMBRAESP and SECOVI.

(1) Metropolitan region.

(2) Gafisa interest.

Rio de Janeiro (1) — Gafisa's Market Share

Year	Year ended December 31,		
	2021	2020	2019
	(Launches in R\$ million)		
Local market	6,220	3,786	3,676
Gafisa(2)	379	326	—
Gafisa's market share	6.1%	8.6%	—

Source: ADEMI.

(1) Metropolitan region.

(2) Gafisa interest.

In 2019, we did not launch any development in Rio de Janeiro.

Seasonality

Although the Brazilian real estate market is not generally seasonal, there are a few months of the year when the market slows down (January, February and July) each year. These months coincide with school vacations and result in the postponement of investment decisions. We are impacted similarly as the rest of the market during such periods.

Subsidiaries

We carry out our real estate developments directly or through our subsidiaries or our jointly-controlled entities in partnership with third parties. Many of Gafisa's subsidiaries and joint-ventures are SPEs, many of which have been incorporated by us as joint ventures together with other real estate and construction companies in Brazil.

As of December 31, 2021, Gafisa had 162 direct and indirect subsidiaries, 26 jointly-controlled entities under operations and 4 entities in which it had minority stakes. The majority of such subsidiaries, jointly-controlled entities and entities in which Gafisa has a minority stake are incorporated as special purpose entities, are headquartered in Brazil and operate exclusively in the real estate sector.

Of our 162 SPEs or invested companies, 132 are wholly-owned by us, and we hold an interest of 50% or less in 30.

Intellectual Property

Trademarks

Our trademarks are filed or registered in Brazil with the Brazilian Institute of Industrial Property (*Instituto Nacional de Propriedade Industrial*), or the "INPI," which is the competent body for, among others, trademarks' and patents' registries in Brazil. Additionally, the trademark "Gafisa" is also registered before the competent agency for registering trademarks in the United States.

Currently, the registration process of a trademark takes approximately 24 months from the date of filing of the application until the definitive registration. From the date of filing of the application to the date of the definitive registration, the applicant has an expectation of right for the use of the trademark in connection with the products and services for which the trademark was applied.

Each trademark registration is effective for a 10-year period and is renewable for equal and successive periods. The renewal of a trademark registration is granted upon request accompanied by payment of renewal fees during the final year of the trademark's registration period or within the 6-month waiting period after its expiration. In case of non-payment, the registration is definitively archived by INPI, requiring the filing of a new application.

A trademark registration may be cancelled in the case of (1) the expiration of its renewable 10-year validity term; (2) the trademark owner's or holder's waiver, in whole or in part, of the rights granted by registration; (3) the forfeiture, or the applicant's or the holder's failure to use a registered trademark in connection with related goods or services for a period longer than five years; or (4) the failure to appoint a Brazilian resident with the power to represent the applicant or holder in administrative or judicial proceedings, in cases where the applicant or the holder resides abroad.

As of the date of this annual report, we had approximately 20 pending trademark applications and 130 trademarks registered in Brazil with the INPI.

Our most significant trademark is "Gafisa," which is duly registered with the INPI in the relevant market segment.

Domain Name

As of the date of this annual report, we, together with our subsidiaries, were the owners of approximately 221 domain names including our and our subsidiaries' principal websites. The term of each domain name registration is

usually one year and is renewable for equal and successive periods. An annual fee payment is necessary for the maintenance of the domain name registrations. Other than non-payment of the annual fee, domain name registration may be cancelled by: (1) express waiver of the owner; (2) irregularities in the data form as requested by the respective agency; (3) non-compliance with applicable regulations; (4) judicial order; or (5) in the case of foreign companies, non-compliance with the obligation to initiate the company's activities in Brazil. Our domain names will, unless renewed, expire between March 2022 and September 2023. We will seek to renew our domain names expiring in April 2022, after evaluating their continuing applicability.

Patents

We have no patents registered in our name.

Software Licenses

Most of the software we use in our daily business refers to common computer programs, such as Windows, SAP and AutoCAD. Additionally, we own all required licenses of use in connection with such software. The use of computer software without the acquisition of proper licenses is considered a felony subject to both criminal and civil liabilities, including the payment of fines and restrictions of future use of the applicable software.

Licenses

Under Brazilian laws, we are required to obtain a variety of licenses for each of our new developments. As of the date of this annual report, we have obtained all necessary licenses and permits to operate our business.

Insurance

We maintain insurance policies with leading Brazilian insurance companies, such as Allianz Seguros S.A., Chubb do Brasil Companhia de Seguro, AXA Seguros S.A., Swiss RE, Ezze Seguros, Newe Seguros, Liberty Seguros, Fator Seguradora, Ace Seguradora, Berkley Seguros, Tokio Marine Seguradora S.A., J Malucelli Seguradora S.A., Zurich Brasil Seguros, FairFax Brasil Seguros Corporativos and Pottencial Seguradora with coverage for, among others, (1) potential risks arising from the commencement of construction, including property damages, business interruption, engineering risks, fire, falls, collapse, lightning, and gas explosion; (2) construction errors; (3) performance bonds; and (4) losses arising from damages or defense costs associated with litigation resulting from misconduct of directors and officer. Such insurance policies contain customary specifications, limits and deductibles. Additionally, we do not maintain any insurance policy for our properties after construction is completed.

According to Brazilian Federal Law, it is mandatory that homebuilders have insurance policies in force with coverage for, among others, damages and losses related to civil liabilities and performance bonds. Failure or default in contracting any compulsory insurance required by applicable legislation is subject to a penalty amounting to the higher amount between (1) twice the premium price of the insurance that should have been contracted; and (2) ten percent of the insured property value. Additionally, no operating authorization or license (or the renewal of any existing license) shall be granted to companies subject to compulsory insurance in default of the aforementioned obligations.

Our management believes that the insurance coverage for our properties is adequate and that our insurance policies are customary for our industry in Brazil and adequate for applicable regulations.

Regulatory Framework

Brazilian Government and Real Estate Sector Regulations.

The real estate sector is directly regulated by the Brazilian government and is indirectly impacted by the government's regulations on the availability of credit. Regulations include development policies, zoning restrictions and environmental laws which can determine the availability of different products offered in the market. For example, city master plans and zoning laws restrict the types of real estate developments that can be constructed in a given area.

As a general rule, the NBCC requires that the transfer of title of real estate properties, as well as the assignment, transfer, change or waiver of rights on real estate properties, be carried out by means of a public deed, except in certain cases, such as when the Real Estate Finance System (*Sistema Financeiro Imobiliario*), or SFI, or the SFH, are involved. The intent of this rule is to increase the security of real estate property transfers.

According to applicable law, transfer of real estate title is only deemed effective upon the registration of the transfer with the relevant Real Estate Registry Office. The procedure for the execution of public deeds and also the respective registration with the Real Estate Registry Office (*Registro Imobiliário*) is regulated by the Brazilian Law of Public Registers (*Lei de Registros Públicos*), in particular Law No. 6,015 of December 13, 1973.

In addition, any assets assigned to directly generate income in Real Estate Investment Funds are subject to regulation by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*) “CVM,” specifically in the terms of Instruction No. 472 of October 31, 2008.

Real estate development

Real estate development activities are regulated by Federal Law No. 4,591 of December 16, 1964, as amended, or Law No. 4,591. The main duties of a developer are to: (1) obtain all required construction approvals and authorizations from the proper authorities; (2) register the development with the Real Estate Registry Office (without registration, the developed units cannot be sold); (3) indicate in the preliminary documents the deadline for the developer to withdraw from the development; (4) indicate in all advertisements and sales contracts the registration number of the development with the Real Estate Registry Office; (5) oversee the construction of the project established by the contract which must be in accordance with the approval granted by the authorities; (6) deliver to the final owner the completed units, in accordance with the contractual specifications, and transfer to the final owner the title of the unit by signing the final sale deed; (7) assume sole responsibility for the delivery of the developed units to the respective purchasers; (8) assume sole responsibility in the event the construction of the unit is not in accordance with the advertisements and sale contracts; and (9) provide construction blueprints and specifications along with the joint ownership agreement to the proper Real Estate Registry Office. The final owner is obligated, in turn, to pay the price related to the cost of the land and the construction.

The construction of the real estate units may be contracted and paid for by the developer or by the final owners of the units. Brazilian law provides for two pricing methods in real estate development: (1) construction under contract and (2) construction under a system of management. In construction under contract, the contracting parties will either set a fixed price, stipulated before the construction begins, or agree on an adjustable price pegged to an index determined by the contracting parties. In construction under a system of management, an estimated price is agreed upon by the contracting parties, but no fixed final price is provided at the beginning of the construction process. The actual amount that purchasers of the units pay depends on the monthly costs of the developer or contractor.

In addition, in order to increase the legal and economic confidence in the real estate development sector, Law No. 4,591 was recently amended by Law No. 13,786, enacted on December 12, 2018, providing for and regulating the possibility of unilateral dissolution or termination of purchase and sale agreements involving real estate development activities.

Urban land subdivisions

Urban land subdivisions consist of subdivisions of urban land parcels into building lots and the construction of new roads and other infrastructure, and are regulated by Law No. 6,766 of December 19, 1979 – the Brazilian Law of Urban Land Subdivision (*Lei de Parcelamento do Solo*), as amended, or Law No. 6,766. Law No. 6,766 governs urban land subdivisions and establishes, among other things, the planning and technical requirements for this form of land parceling and the obligations of the developers, and also provides for fines and sanctions in the event of violation of its provisions.

Under Law No. 6,766, land subdivisions are intended for the creation of lots in urban areas or urban expansion zones, as defined by the planning director or approved by municipal law, and must comply with Law No. 6,766.

For the construction of land subdivisions, the developer must proceed through the following steps: (1) prior to developing the land subdivision plan, it must request the municipality in which the development will be located to

issue directives on use policies specifically to the land, such as the delineation of lots, road and street systems and areas reserved for municipal or community properties; (2) pursuant to the directives issued by the municipality, it must develop a plan for the proposed land subdivision and present it to the municipality for approval, including the plans, designs, descriptions, and schedule for performance of the work, among other documents; and (3) after approval for the land subdivision project is obtained, it must be submitted for recording in the property registry of the appropriate Real Estate Registry Office within 180 days. The approval may be revoked and treated as expired if it is not submitted for recording within the 180-day period.

In addition to the approval of the project by the municipality in which the development will be located, the approval of other governmental bodies may be necessary in cases where the land subdivision: (1) is located in an area of special interest, such as a protected cultural, historical, landscape and archeological heritages site as defined by state or federal legislation; (2) is located in the boundary area of a city, belongs to more than one municipality, or is in a metropolitan region or urban agglomeration as defined in state or federal law; or (3) has an area greater than 1 million square meters. In the case of land subdivisions located in a municipality area that is within a metropolitan area, the examination and prior consent to the approval of such project will be subject to the metropolitan authority.

The legal requirements for the approval of the land subdivision by a municipality include: (1) the developer must preserve a percentage of the land used for residential communities as open spaces for public use and for municipal or community properties with the percentage determined by each municipal zoning code; (2) each lot must have a minimum area of 125 square meters and the distance between the building and the street must be at least five meters; (3) the developer must reserve 15 meters of land on either side of running or still water and of strips of public domain land for roads and highways; and (4) the allotment procedures must be coordinated with the official adjacent tracks, existing or projected, and harmonized with the local topography.

Law No. 6,766 also sets forth locations where subdivisions are not permitted, such as: (1) on wetlands and lands subject to flooding, until measures have been taken to assure water drainage; (2) on land that has been filled with material that is a public health hazard, unless previously cleaned up; (3) on land that has a slope equal to or greater than 30 degrees, unless the requirements of the appropriate authorities have been met; (4) on lands where geological conditions make buildings inadvisable; and (5) in ecological preserves or areas where pollution creates unacceptable sanitary conditions, until corrected.

In order to offer greater security to the property market, Law No. 6,766 prohibits the sale or promise of sale of any lot that is the result of a subdivision where the developer has not previously obtained approval by the appropriate municipality and the development has not been recorded with the respective Real Estate Registry Office. If any such lot is sold or contracted to be sold, the developer and any person or legal entity benefiting from such sale or promise of sale shall be jointly liable for the resulting damages to the purchaser and the public authorities.

Law No. 6,766 was recently amended by Law No. 13,786, enacted on December 12, 2018, which granted the buyer the right to restitution of the amounts already paid to a developer when the agreement is terminated due to the breach of the buyer's obligations as provided therein, increasing and/or deducting, whichever is applicable, the amounts originally stipulated thereby. The penalty due by the buyer must not exceed 10% of the value of the agreement adjusted for inflation, and the amounts must be reimbursed by the developer, who can make the payments in up to 12 installments, the first one being due no later than (i) 180 days from the date expected for the conclusion of the construction, or (ii) 12 months from the termination of the relevant agreement, if the construction has been concluded.

Assets for Appropriation

Law No. 10,931 of August 2, 2004, as amended, provides for certain protection of real estate assets. Accordingly, such protected assets are segregated from other properties, rights and obligations of the developer, including other assets previously appropriated, and such appropriated assets can only be used to guarantee debts and obligations related to the respective development. The appropriated assets are considered bankruptcy free and will not be affected in the event of bankruptcy or insolvency of the developer. In the event of a bankruptcy or insolvency of the developer, joint ownership of the construction may be instituted by a resolution of the purchasers of the units or by judicial decision. The joint owners of the construction will decide whether the project will proceed or the assets appropriated will be liquidated. Developers may also opt to submit a project to appropriation in order to benefit from a special tax system. Under this system, land and objects built on the land, financial investments in the

land, and any other assets and rights with respect to the land are considered to be protected for the benefit of the construction of that development and the delivery of the units to the final owners, and are thus separate from the remaining assets of the developer.

In addition, in order to encourage the use of the appropriation system, Laws No. 11,977 of July 7, 2009 (amended by Law No. 12,249 enacted on June 11, 2010, Law No. 12,424 enacted on June 16, 2011, Law No. 12,693 enacted on July 24, 2012, Law No. 12,722 enacted on October 3, 2012, Law No. 13,043 enacted on November 13, 2014, Law No. 13,097 enacted on January 19, 2015, Law No. 13,274 enacted on April 26, 2016, Law No. 13,465 enacted on July 11, 2017 and Law No. 13,590 enacted on January 4, 2018) and No. 12,844 of July 13, 2013, which granted tax benefits for the adoption of the system by reducing tax rates on appropriated assets from 7% to 4% and, in the case of the appropriated assets under the public housing program “*Minha Casa, Minha Vida*,” the rates were reduced from 7% to 1%, until December 31, 2018, by Law No. 13,097, enacted January 19, 2015. We have not yet utilized the appropriation system for any of our real estate developments. We prefer to use our subsidiaries and our jointly-controlled entities for each specific real estate development. Our subsidiaries and jointly-controlled entities allow us to borrow funds by segregating the credit risk taken on by the financial institutions.

Credit Policy Regulations

The real estate sector is highly dependent on the availability of credit in the market, and the Brazilian government’s credit policy significantly affects the availability of funds for real estate financing, thus influencing the supply of and demand for properties.

Housing Finance System, or “SFH”

Law No. 4,380 of August 21, 1964, as amended, created the SFH to promote the construction and ownership of private homes, especially for low income earners. Financing resources under the SFH’s control are provided by the Government Severance Indemnity Fund for Employees (*Fundo de Garantia do Tempo de Serviço*), or “FGTS,” and from savings account deposits. The FGTS, created by Law No. 5,107 of September 13, 1966 and regulated by Law No. 8,036 of May 11, 1990, imposes a mandatory 8% employee payroll deduction on all employees in Brazil. Employees maintain FGTS accounts, which are similar to pension funds, and are allowed, among other things, to use the funds deposited in the accounts for the acquisition of real estate property under certain circumstances, as set forth by applicable law. The CEF is the agency responsible for managing the funds deposited in the FGTS. In order to be eligible for the financing, the beneficiary must purchase a completed unit or unit under construction priced at up to R\$950,000 (price applicable to the States of Rio de Janeiro, São Paulo, Minas Gerais and Distrito Federal) or R\$800,000 (price applicable to other Brazilian States). In addition, the beneficiary shall (1) not own or be the committed purchaser of any residential real estate financed by the SFH within Brazil; (2) not own or be the committed purchaser of, any real estate property built or under construction in both his or her current city of residence and the city where the beneficiary conducts his or her main activities; (3) reside for at least one year in the city where the property is located; (4) pay the FGTS; and (5) be registered for at least three years with the FGTS regime. The unemployed also have access to the FGTS to purchase real estate property provided that he still has funds on the FGTS account (where the 8% payroll deduction was deposited while employed).

Financings that originate from savings account deposits in the entities comprising the Brazilian Saving and Loan System (*Sistema Brasileiro de Poupança e Empréstimo*), or “SBPE,” are regulated by the Central Bank. Such financings can be obtained through the SFH, which is strictly regulated by the Brazilian government, or through the mortgage portfolio system, where banks are free to set the financing conditions. SFH financing offers fixed interest rates lower than the market rates, capped at around 12% per year, and SFH financing contract terms vary, in general, between 15 and 30 years. The mortgage portfolio system financing offers market interest rates as determined by the financial institutions, generally varying between 18.5% and 12% per year.

CMN Resolution No. 3,932/2010 provides for the allocation of the funds deposited in savings accounts in the entities comprising SBPE and states that the following conditions must be met for SFH financing: (1) the maximum amount of the financing is 80% of the appraisal price of the property, as a general rule; (2) the maximum appraisal price for the financed unit is R\$950,000 (applicable to the States of Rio de Janeiro, São Paulo, Minas Gerais and Distrito Federal) or R\$800,000 (applicable to other Brazilian States); (3) the maximum actual cost to the borrower, which includes charges such as interest, fees and other financial costs, except insurance and other costs, may not

exceed 12% per year; and (4) the borrower is responsible for the potential outstanding balance verified at the end of the financing term, (such term might be extended by half of the initial term).

SFH financings need to be secured by at least one of the following: (1) a first mortgage over the unit that is being financed; or (2) a conditional sale over the unit that is being financed, as prescribed by Law No. 9,514 of November 20, 1997, as amended by Law No. 10,931 of August 2, 2004, Law No. 11,076 of December 30, 2004, Law No. 11,481 of May 31, 2007, Law No. 12,703 of August 07, 2012, Law No. 12,810 of May 15, 2013, Law No. 13,043 enacted on November 13, 2014, Law No. 13,097 enacted on January 19, 2015 and Law No. 13,465 enacted on July 11, 2017 (“Law no. 9,514”), (3) a first mortgage or conditional sale, as determined by Law No. 9,514, of other property owned by the borrower or by a third party or (4) other guarantees, as established by the financing agent. SFH funds are only released upon the formalization of one of these methods of guaranteeing the loan.

As of 2014, the federal government implemented changes to the regulations on financing and construction in order to promote growth in the real estate market. The implemented measures are, among others: (1) all the acts involving real estate will be entered on the property’s record in the land registry office, i.e., unregistered acts and actions enforceable against third parties in good faith, even if the unregistered act or action challenges ownership to the property; (2) the buyer of a real estate property will be able to give property as guarantee to finance another, or to purchase other assets with funds raised in savings accounts; (3) banks can issue Real Estate Covered Bonds (*Letras Imobiliárias Garantidas*, or “LIGs”), pursuant to CMN Resolution No. 4,598, enacted on August 29, 2017, which is exempt from income tax to raise more funds and borrow to finance the purchase of real estate; and (4) banks may grant payroll loans, in which the parcels will be charged to the worker’s salary in the private sector with more facilities, resulting in lower interests.

Mortgage portfolio

While a large portion of the funds in the deposits in saving accounts are allocated to the SFH, some of the funds are allocated to loans granted at market rates. CMN Resolution No. 3,932/10, as amended, established that at least 65% of these deposits should be used for real estate financing, with a minimum of 80% of the financing going to housing loans under the SFH and the remaining balance for loans granted at market rates which are usually higher than in SFH loans, including mortgage portfolio used by banks for the concession of housing loans.

In early 2005 the Brazilian government took a number of measures to better regulate the use of the funds raised in savings account deposits in order to promote growth of the real estate sector, these measures included: (1) the cancellation of payments to the Central Bank of funds not invested in real estate financing in January, February and March; (2) the creation of a real estate interbank deposit market to allow financial institutions with excessive investments in real estate to trade with financial institutions that have capacity for more real estate credits; (3) a review of the factors used in the calculation guidelines of the SFH in order to stimulate financing for the acquisition of new real estate properties at a low cost, applicable as of January 1, 2005; and (4) authorization for the SFH to provide financing to legal entities for the construction of development projects for their employees, provided that such entities follow all SFH guidelines.

In 2014, the Brazilian government adopted measures to facilitate the purchase of financed properties, as discussed in SFH above, and in 2016, the increase in the operating limits of the SFH to units with a maximum sales prices of R\$800,000 and R\$950,000 (applicable only to the States of Rio de Janeiro, São Paulo, Minas Gerais and the *Distrito Federal*). These changes have significantly increased the funds available for investments in the Brazilian real estate sector.

Real Estate Finance System, or “SFI”

The SFI was created by Law No. 9,514 to establish assignment, acquisition and securitization criteria for real estate credits. The system seeks to develop primary (loans) and secondary (trading of securities backed by receivables) markets for the financing of real estate properties by creating advantageous payment conditions and special protection of creditors’ rights. The SFI supervises real estate financing transactions carried out by savings banks, commercial banks, investment banks, real estate credit portfolio banks, housing loan associations, savings and loan associations, mortgage companies and other entities authorized by the CMN to provide such financing. The parties, under the following conditions, may freely negotiate SFI real estate credits: (1) the amount loaned and the related adjustments must be fully reimbursed; (2) interest must be paid at the rates established by the contract; (3) interest must be capitalized; and (4) borrowers must purchase life and permanent disability insurance.

Real estate sales, rental, or other real estate property financing in general, may be negotiated with non-financial institutions under the same conditions permitted by authorized entities under the SFI. In these cases, non-financial entities are authorized to charge capitalized interest rates greater than 12% per year.

The following types of guarantees are applicable to loans approved by the SFI: (1) mortgages; (2) fiduciary assignment of credit rights resulting from sales contracts; (3) guarantee of credit rights resulting from contracts of sale or promise of sale of property; and (4) conditional sale of real estate property.

Law No. 9,514 also reformed securitizations of real estate assets provisions, making them less expensive and more attractive. The securitization of credits in the context of the SFI is carried out through real estate securitization companies, non-financial institutions formed as joint stock companies whose objective is to acquire and securitize real estate credits. Funds by the securitizing companies may be raised through the issuance of debentures or notes, or the creation of a new type of CRI. According to applicable law, CRIs are nominative credit securities issued exclusively by securitizing companies, backed by real estate credits, freely negotiated, and payable in cash. CRIs tend to have, among others, the following characteristics: are issued in book-entry form, may have fixed or floating interest rates and can be paid in installments, may contain adjustment provisions, are registered and traded through centralized systems of custody and financial settlement of private securities and may be secured by the assets of the issuing company.

Casa Verde e Amarela program

On January 12, 2021, Federal Law No. 14,118 was published to create the “*Casa Verde e Amarela*” program, regulated by Decree No. 10,600 of January 14, 2021, as a result of the project to convert Provisional Measure 996, of August 25, 2020, with the purpose of promoting housing rights for families residing in urban areas with a monthly income of up to R\$7,000 and for families living in rural areas with an annual income of up to R\$84,000, in each case to increase economic development, jobs generation and income and quality of life for the urban and rural population.

Municipal Legislation

Municipal planning is regulated by articles 182 and 183 of the Federal Constitution and by Law 10,257 of July 10, 2001 (*Estatuto da Cidade*), as amended, or Law 10,257. Law 10,257 provides, among other things, for the establishment of (1) rules for the parceling, use and occupation of urban tracts of land in each municipality for the collective welfare and environmental balance of the community; and (2) a master plan, which shall be reviewed every 10 years. The master plan is the guiding tool used to plan developments in the urban areas of each municipality and is used as a reference by all public and private agents acting within the municipality. It establishes the strategic goals and general guidelines for urban construction, the objectives and guidelines for differentiated areas of planning and the instruments for their deployment.

We set out below certain details of the laws governing the municipal planning of the two major cities in which we operate, São Paulo and Rio de Janeiro:

São Paulo municipality

City laws govern the zoning, construction, parceling, use and occupation of land in the municipality of São Paulo. They set forth technical and urban planning requirements for parceling, and provide that the division, subdivision or segregation of urban tracts of land be subject to the prior approval of the São Paulo municipal government. Moreover, the zoning laws describe the types of permissible uses for the land and their respective characteristics, by dividing São Paulo into areas of use with fixed locations, limits and boundaries. They also provide for fines and sanctions for noncompliance.

On May 9, 2017, Municipal Law 16402 was published, replacing Municipal Law 11,228 of June 25, 1992, approving the Code of Works and Construction, regulated by Decree 57,776 of July 07, 2017, which governs administrative and executive producers and sets forth rules for the planning, licensing, execution, maintenance and use of public works and construction within properties in the municipality of São Paulo, and provides for sanctions and fines applicable in cases of non-compliance with these rules.

On July 31, 2014, Municipal Law 16,050 was published, replacing Municipal Law 13,430 of September 13, 2002, approving the master plan and creating the Planning System of the municipality of São Paulo and regulating the new master plan of the municipality. The new master plan provides a series of guidelines for the development and growth of the city of São Paulo for the next 10 years, in order to (i) encourage the use of public and non-motorized forms of transport; (ii) reduce the housing deficit; (iii) improve the access of residential areas to commercial areas of the city; and (iv) encourage the development of urban areas already equipped with public transportation infrastructure, among other guidelines.

On March 22, 2016, Municipal Law 16,402 was published, replacing Municipal Law 13,885 of August 25, 2004, regulating the new rules regarding the parceling, use and occupation of land in the municipality of São Paulo.

Rio de Janeiro municipality

Decree 322 of March 3, 1976, as amended, of the Municipality of Rio de Janeiro, and Decree “E” 3,800 of April 20, 1970, as amended, of the then State of Guanabara, jointly created the municipality’s Zoning Regulation, Land Parceling Regulation and Construction Regulation. These regulations control the use of the municipality land, including urban zoning, use of properties, development of construction sites and conditions for the use of each zone in the municipality. The Ten-year master plan of the municipality, approved pursuant to Supplementary Law No. 111 of January 1, 2011, establishes rules and procedures related to urban policy of the municipality, determines guidelines, provides instruments for its execution and defines area policies and their related programs, aiming at meeting the social needs of the city.

On January 14, 2019, Municipal Law No. 198 was published, replacing the former Code of Works and Construction of the Municipality of Rio de Janeiro. The new Code has only 40 articles, replacing the over 500 provided for in the former code, and its principal goal is to modernize and simplify the rules for developers. The simplification of the licensing process allows for more flexible urbanization parameters. Among the important changes brought about by Law No. 198, we highlight the following:

(i) Minimum Size: The new rule allows for properties with a minimum size of 25 square meters (or 82 square feet), except in the boroughs of Barra da Tijuca, Recreio dos Bandeirantes, Vargem Grande, Vargem Pequena and Ilha do Governador. According to the old rules, the minimum useable area of the apartments varied from 28 square meters (91 square feet) in the Central and Northern regions and 60 square meters (196 square feet) in the Southern Region;

(ii) Parking: It is no longer required for a building built within a radius of 800 meters (2,624 feet) from an underground, train, BRT and/or VLT station to have at least one parking space for each one of its individual units. The requirement now is one parking space for every four apartments;

(iii) Playground: It is no longer required for a building to have a playground;

(iv) Marquees: Marquees, which have been forbidden since 2007, are once again allowed in the city’s building designs;

(v) Elevators: Elevators are now required only in buildings with more than five stories;

(vi) Cultural Heritage Buildings: Cultural Heritage Buildings may have their use changed, pursuant to the compliance with the rules enforced by the preservation regulatory bodies;

(vii) Balconies: No limits on the construction of a balcony were established in the new code. Sealing off balconies is still allowed, provided that the legal requirements are met;

(viii) Mezzanines: Non-residential units may have a mezzanine that occupies 100% of its useable area pursuant to payment of a fee to City Hall;

(ix) Condo Villages: It is once again permitted to build condo villages in town, which may have up to 36 units. According to the old rules, these used to be allowed only in the boroughs of Campo Grande and Tijuca. The code also determines that the upkeep of the village street, its entrance and common services are the obligation of its occupants;

(x) Bike Racks: It is now required of residential buildings to have a designated place for storing bicycles; and

(xi) Retrofit: The rules for the calculation of the Total Built Area, parking spaces and adaptation of the building in the retrofitting of existing buildings have been made more flexible.

Environmental Issues

We are subject to a variety of Brazilian federal, state and local laws and regulations concerning the protection of the environment, as well as urban regulations and zoning restrictions, as described below. Applicable environmental laws may vary according to the development's location, the site's environmental conditions and the present and former uses of the site. Compliance with these environmental laws may result in delays, cause us to incur in substantial costs, and prohibit or severely restrict project development. Before we purchase any real estate, we conduct investigations of all necessary and applicable environmental issues, including the possible existence of hazardous or toxic materials, as well as any inadequately disposed waste substances. During the investigations we also identify the existence of water wells and protected vegetation, observing the proximity of the real estate property to permanent preservation areas. We generally condition the real estate property acquisitions on obtaining the required regulatory approvals prior to closing.

We have adopted certain practices to further our commitment to environmental protection and landscape development. Through our Selective Collection Project, we have partnered in environmental education initiatives with private and governmental entities, including non-governmental organizations. We provide training to all of our outsourced workers (before we begin work on any particular project), that focuses on the importance of preserving the environment and how to effectively collect, store and control materials for recycling. Alphaville was given the "ECO Award" in 2006 and 2007 (by the American Chamber of Commerce), the "Top Ambiental Award" (Top Environmental Award) in 2007 and 2008 (by the Brazilian Association of Marketing and Sales Agents, in recognition for its environmentally responsible practices) and the "Top Social Award" in 2008 and 2009 (by the Brazilian Association of Marketing and Sales Agents, in recognition for its socially responsible practices). Our Eldorado Business Tower building is the first building in Latin American, to be pre-certified by the U.S. Green Building Council as a Leed CS 2.0 Platinum building for leadership in energy and environmental design.

Environmental licenses and authorizations

Brazilian environmental policy requires environmental licenses and permits for the construction and operation of real estate projects. Environmental licensing is required for both initial construction and alteration in existing developments, and the licenses must be periodically renewed. The Brazilian Institute of Environment and Renewable Natural Resources (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*), or the IBAMA, is responsible for granting such licenses for projects developed in two states or in federal conservation units. In other cases, state or municipal environmental agencies are responsible for granting such environmental licenses, depending on the extent of environmental impacts caused by certain projects.

The environmental licensing process is comprised of three stages: preliminary license, installation license and operational license. The preliminary license, issued during the preliminary planning phase of the project, authorizes the location and basic development, and establishes the conditions and technical requirements to be observed in further stages of development. The installation license authorizes the facility's construction. The operating license authorizes the commencement and continuation of operational activities. Operating licenses are subject to compulsory renewal depending on their validity. The licensing of activities that may significantly impact the environment, as determined by the competent environmental agency and according to the Environmental Impact Assessment and its related Report ("EIA/RIMA"), requires environmental offset payments, to be invested in conservation units (e.g. national parks, biological reserves etc.), pursuant to Article 36 of Law No. 9,985/00. The value of the environmental offset is established by the environmental agency conducting the licensing proceeding, according to the "ecosystem impact level" of the proposed activity, pursuant to Article 31-A of Federal Decree No. 6,848/09.

The installation, operation or alteration of projects without proper and valid environmental licensing or the non-compliance with the conditions or technical requirements of the respective environmental licenses, may subject the violator to administrative sanctions that may range from fines (R\$500 to R\$10 million), as well as the suspension of activities and, depending on the specific circumstances, criminal liability (of individuals and/or companies), pursuant to Federal Law No. 9,605/98 and civil liability (in case environmental damage occurs).

The construction, maintenance and sale of our projects may be hampered or halted by delays in the issuance of applicable licenses or even by failure to obtaining such licenses.

The construction of real estate developments often requires land moving activities, and in many cases, the cutting down of trees. In addition to environmental licenses and permits, Brazilian legislation requires specific environmental authorizations for the development of projects, based on the characteristics of the project, its location and the natural features inherent to the area. The development of projects that require the cutting of trees or removing vegetation must receive specific authorizations from environmental agencies. Companies that apply for an authorization for vegetation removal are required to perform the reforestation of other areas as a compensatory measure, such as reforestation or to repair the affected areas, which may imply additional expenses. Brazilian legislation also requires special protections for certain specific types of flora and areas with special ecological purpose, imposing additional legal requirements to removal of such vegetation.

The removal of vegetation without proper and valid authorization, or non-compliance with the authorization requirements, may subject the transgressor to civil liability (in case environmental damage occurs), administrative sanctions (such as fines) and, according to specific circumstances, criminal liability (of individuals and/or companies), pursuant to Federal Law No. 9,605/98.

The licensing of projects with relevant environmental impacts located in a conservation unit or within its buffer zone will depend on prior authorization from the conservation unit's managing office.

In addition, the development of projects that require water abstraction from bodies of water or groundwater, as well as the discharge of effluents into water bodies, are subject to specific water use grants, to be issued by the relevant authorities. Water use grants are subject to certain conditions and technical requirements, including maximum capacity requirements and effluent treatment standards, and are subject to automatic renewal.

Moreover, some of our projects require the transfer of wildlife to other areas, which is subject to specific authorizations issued by the state environmental agencies. To catch, handle and transfer wildlife without the proper authorization may result in administrative sanctions of up to R\$5,000.00 per animal, pursuant to Federal Decree 6,514/08.

Waste disposal

Brazilian legislation relies on several standards and procedures for waste management. All waste must be properly stored, treated, transported and disposed of, in order to avoid the occurrence of environmental damages – and as a result, environmental liability.

The Brazilian “National Waste Management Policy” (Federal Law No. 12,305/10) and CONAMA Resolution 307/2002 specifically regulate the handling of solid waste generated by the construction sector. As part of their licensing procedure, companies are required to present and have a solid waste management plan approved by competent environmental agency and must comply with the conditions and obligations set forth in such plan. Failure to comply with such obligations may lead to civil (obligation to repair/indemnify in case of pollution), administrative (e.g. fines, suspension of activities etc.) and, according to specific circumstances, criminal liability.

Regarding civil liability, because Brazilian legislation imposes strict, joint and several liability for environmental damages, companies may be held liable for any environmental damages that may arise as a result of its activities, including waste generated thereof, which must be properly stored, treated, transported and disposed of. Likewise, the hiring of third parties for management of waste generated from our activities does not exempt us from civil environmental liability.

Contaminated areas

We develop and construct projects in several states within Brazil. Each state has its Environmental Secretary and/or Environmental Agency. The São Paulo State Secretary of Environment (*Secretaria de Estado do Meio Ambiente de São Paulo*), or the “SMA,” and the State Environmental Agency of São Paulo (*Companhia Ambiental do Estado de São Paulo*), or “CETESB,” are the principal environmental regulatory entities of the State of São Paulo, and they have adopted procedures with regard to the management of contaminated areas, including the creation of environmental standards to preserve the quality of land and underground water, as well as procedures to

be complied with if contamination is confirmed. The standards established by CETESB are used as reference by most Brazilian states that have no specific regulation on contaminated land management.

In addition, the Rio de Janeiro State Secretary of Environment (*Secretaria de Estado do Meio Ambiente e Desenvolvimento Urbano do Rio de Janeiro*) and the Rio de Janeiro State Environmental Agency, or “INEA,” also maintain their own quality standards, in combination with those established by the National Environmental Council (*Conselho Nacional do Meio Ambiente*), or “CONAMA.” Other states have similar requirements.

If contaminated areas are identified in the development of our projects, we must provide proper disclosure to environmental authorities and registration before real estate property records. Given the strict liability regime, we may be required to proceed with the remedial actions deemed necessary by environmental agencies in order to comply with technical standards set forth for each kind of project, even if we have not caused the contamination, and may result in delays for the project development’s completion. Prior approval from environmental agencies before engaging in remedial actions may be necessary. All emergency actions to prevent and mitigate risks to the environment and public health, if required, must be adopted promptly and at our expense.

Non-compliance with the guidelines established by the environmental and health entities may result in criminal, as well as administrative penalties. Moreover, the owners and holders of properties may be required to pay for costs relating to the clean-up of any contaminated soil or groundwater located in their properties, even if they did not cause the contamination.

If there are contaminated areas in the properties where our projects will be developed, this must be disclosed to our clients.

Environmental liability

Article 225 of the Brazilian Federal Constitution, provides that “activities that are harmful to the environment shall subject violators, whether individuals or companies, to criminal and administrative sanctions, regardless of the obligation to repair the damage caused.” Therefore, the Brazilian Federal Constitution provided for environmental liability in three distinct fields: civil, administrative and criminal. As an example, payment of an administrative fine does not offer exemption from the duty to make reparations or indemnify for damages that might be caused by harmful conduct, nor does it offer exemption from possible criminal charges prompted by the event.

Civil environmental liability in Brazil is considered by case law as *propter rem*, that is, liability attaches to the real estate property. Therefore, whoever buys or holds environmentally damaged land will succeed in the liability for the clean-up or recovery and for reparation of potential damage to third parties. Although this liability can be contractually allocated between the parties, it cannot be opposed either administratively or before third parties, meaning the concept of a *bona fide* prospective purchaser does not exist in civil environmental liability in Brazil.

In addition, Federal Law No. 6.938/81 establishes strict liability for the recovery of environmental damages or, if not possible, compensation or indemnity for such damages, with joint and several liability established among all those directly or indirectly contributing to environmental degradation, regardless of the degree of participation in the damage. Each of those involved may be held liable for the full amount of the damages. Moreover, pursuant to Article 4 of Federal Law 9.605/1998, Brazilian environmental legislation determines that the corporate veil may be pierced whenever the veil is considered to be an obstacle to recovery for environmental damages. As a result, the controlling legal entity can be found liable despite a limited liability legal status.

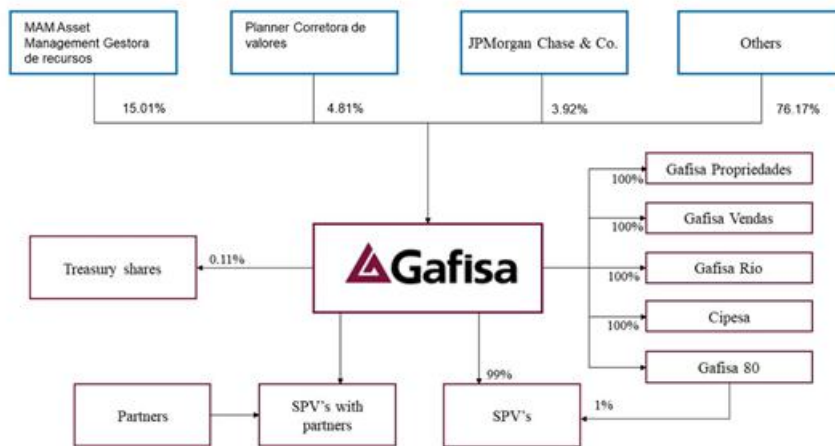
At the administrative level, environmental liability may be assigned through administrative sanctions imposed by the competent environmental entities, pursuant to Law No. 9.605/98 which “rules on the criminal and administrative sanctions deriving from conduct and activities that are harmful to the environment” and pursuant to Federal Decree No. 6.514/08. These sanctions may include, among others: (1) fines of up to R\$50 million, tailored to the economic capacity and track record of the offender, in addition to the severity of the facts and past performance, with the possibility of these fines being imposed at double or triple rates for repeated offenses; (2) suspension or interdiction of the activities of the respective enterprise; and (3) withdrawal of tax incentives and benefits. Administrative liability falls on the person engaged in the conduct described as an administrative offense.

Criminal liability is personal, arising directly from the unlawful conduct of the agent, with the crimes necessarily being specifically addressed in the law. Brazilian law allows criminal liability to be assigned to

individual persons as well as corporate entities. When liability is assigned to the latter, the individual persons taking the decision that resulted in the criminal conduct (such as directors, officers, administrators, board members, members of technical entities, auditors, managers, agents or representatives) may also be penalized to the extent of their culpability.

C. Organizational Structure

The following chart shows our organizational structure for our principal subsidiaries, all of them incorporated in Brazil:



For more information on our remaining subsidiaries and jointly-controlled entities, see “—B. Business Overview—Subsidiaries.”

D. Property and Equipment

We lease our headquarters located at Av. Pres. Juscelino Kubitschek, No. 1830, Block 2, 3rd and 13rd Floor, 04543-900 – São Paulo, SP – Brazil. We also lease our branch office for customer services located at Av. República do Líbano, No. 1214, 04501-001– São Paulo, SP – Brazil. In Rio de Janeiro, we lease our branch office located at st. Praia do Botafogo, No. 370, 2nd Floor, 22250-904– Rio de Janeiro, RJ – Brazil.

Currently, we lease approximately 3,616 square meters. We believe our current facilities are adequate for the full development of our operations.

As of December 31, 2021, our property and equipment recorded on our balance sheet mainly consisted of sales stands, facilities, model apartments, computer equipment, vehicles and leasehold improvements, among others, the balance of which was R\$44.0 million.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the notes thereto. The following discussion contains forward-looking

statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements because of various factors, including those set forth in “Item 3. Key Information—D. Risk factors.”

A. Operating Results

The financial statements for the years ended December 31, 2021, 2020, 2019, 2018 and 2017 were prepared in accordance with the accounting practices adopted in Brazil, which comprise the rules of the Brazilian Securities Commission (CVM), and the standards, interpretations and guidelines of the Accounting Standards Pronouncements Committee (CPC), and are in compliance with the International Financial Reporting Standards (IFRS) adopted in Brazil, including the guidance contained in Circular Letter CVM/SNC/SEP 02/2018, of December 12, 2018, which establishes the accounting procedures for recognition, measurement and disclosure of certain types of transactions arising from contracts for purchase and sale of real estate unit not yet completed in real estate development entities. The Brazilian GAAP applied by us is not in compliance with IFRS as issued by IASB.

In December 2016, following the conclusion of our analysis of certain strategic options, our management decided to sell 50% of Tenda’s total capital stock, and transfer the remaining 50% of Tenda’s total capital stock to our shareholders in connection with a reduction in our total capital stock. Accordingly, on December 14, 2016, we entered into an SPA with Jaguar pursuant to which we agreed to sell Tenda shares representing up to 30% of the total capital stock of Tenda, at a price equal to R\$8.13 per share.

The spin-off of the Tenda business unit was consummated on May 4, 2017, following: (i) a reduction of the capital stock of Tenda (without the cancellation of shares), pursuant to which Gafisa, as sole shareholder at that time, received R\$100 million (adjusted by the SELIC); (ii) a reduction of the capital stock of Gafisa, resulting in the distribution to Gafisa shareholders of shares corresponding to 50% of the capital stock of Tenda; (iii) the conclusion of the preemptive rights exercise pursuant to which Gafisa shareholders acquired up to 50% of the total share capital of Tenda, at the price per share set forth in the SPA with Jaguar and for a total amount of R\$219.5 million, with no shares being acquired by Jaguar; and (iv) the satisfaction of other conditions precedent for the consummation of the spin-off. In addition, on May 4, 2017, the Tenda shares were listed on the B3 and began to publicly trade.

As a result of this transaction, the results of operations of Tenda have been presented as discontinued operations under Brazilian GAAP in the Company’s 2017, 2016, and 2015 consolidated statements of operations, and the Company recorded an impairment loss in the amount of R\$610.1 million for the year ended December 31, 2016, related to the measurement of disposal group held for sale at the lower of its carrying value and the fair value less cost to sell, taking into account the price of R\$8.13 per share described above. Additionally, for the period ended May 4, 2017, under Brazilian GAAP, the fair value of discontinued operations was adjusted in the amount of R\$215.4 million, considering the weighted average price per share at R\$12.12 and the amount of R\$107.7 million related to the obligation to sell Tenda shares at a price equal to R\$8.13 per share, which was reflected in the profit or loss of discontinued operations, in order to reflect the difference between the fair value of the group of assets held for sale and the effective selling price.

See “Item 4. Information on the Company—A. History and Development of the Company—Historical Background and Recent Developments.” Our chief executive officer, who is responsible for allocating resources among these businesses and monitoring their progress, uses economic present value data, which is derived from a combination of historical operating results and forecasted operating results, to assess segment information primarily on the basis of different business segments.

Overview

We generate our revenues mainly from the development and sale of real estate developments. We recognize revenues from the sale of real estate developments over the course of their construction periods, based on a financial measure of completion and not at the time that the sales agreements are executed. To a lesser extent, we also generate revenues from real estate services such as construction, technical and real estate management we render to third parties. We structure some of our projects through either our subsidiaries or jointly-controlled entities organized as special purpose vehicles.

Brazilian Economic Environment

We believe that our results of operations and financial performance are and will continue to be affected by the following macroeconomic trends and factors:

All of our operations are located in Brazil. As a result, our revenues and profitability are affected by political and economic developments in Brazil and the effect that these factors have on the availability of credit, disposable income, employment rates and average wages in Brazil. Our operations, and the industry in general, are particularly sensitive to changes in economic conditions.

Brazil is the largest economy in Latin America, as measured by gross domestic product, or GDP. The following table shows data for real GDP, inflation and interest rates in Brazil and the U.S. dollar/*real* exchange rate at the dates and for the periods indicated.

	Year ended December 31,		
	2021	2020	2019
	(%, unless otherwise stated)		
Real growth in GDP	4.6	(3.9)	1.1
Inflation rate (INPC)(1)	10.2	5.5	4.5
Inflation rate (IGP—M)(2)	17.8	23.1	7.3
National Construction Cost Index (INCC)(3)	14.0	8.7	4.2
TJLP rate(4)	5.2	4.6	5.6
CDI rate(5)	7.6	2.8	4.7
Appreciation (devaluation) of the real vs. US\$	(7.2)	(28.9)	(4.0)
Exchange rate (closing) — US\$1.00	R\$ 5.571	R\$ 5.197	R\$ 4.031
Exchange rate (average)(6) — US\$1.00	R\$ 5.397	R\$ 5.158	R\$ 3.944

(1) INPC: consumer price index measured by the IBGE.

(2) General Market Price Index (*Índice Geral de Preços-Mercado*) measured by the FGV.

(3) National Index of Construction Cost (*Índice Nacional de Custo da Construção*) measured by the FGV.

(4) Represents the interest rate used by BNDES for long-term financing (end of period).

(5) Represents an average of interbank overnight rates in Brazil (accumulated for period-end month, annualized).

(6) Average exchange rate for the last day of each month in the period indicated.

Brazilian Real Estate Sector

The Brazilian real estate sector is characterized by cyclical performance influenced by various macroeconomic factors. For example, demand for housing, the availability of financing and growth in population and incomes are, among others, factors that influence the performance of the real estate market.

In addition, since 2006, the Brazilian government has enacted incentives in the real estate sector, including the following:

- Provisional Measure No. 321 enacted on September 12, 2006, later converted into Law No. 11,434 enacted on December 28, 2006 and amended by Law No. 12,599 enacted on March 23, 2012, gave banks the option to charge fixed interest rates on mortgages;
- Law No. 10,820 enacted on December 17, 2003, amended by Law No. 10,953 enacted on September 27, 2004, regulated by Decree No. 5,892 enacted on September 12, 2006, as amended by Decree No. 4,840 enacted on September 17, 2003, as amended by Law No. 13,097 enacted on January 19, 2015, allowed payroll deductible mortgage loans to employees of both public and private entities;
- Decree No. 6,006 enacted on December 28, 2006, replaced by Decree No. 7,660 enacted on December 23, 2011, implemented a 50% tax cut on Tax on Manufactured Products (*Imposto sobre Produtos Industrializados*), or IPI, levied on the acquisition of important construction products, including certain

types of tubes, ceilings, walls, doors, toilets and other materials. In 2009, other decrees eliminated the IPI levied on the acquisition of similar products, but were implemented for a limited term only and were set to expire in March 2010, but were extended until December 31, 2012;

- Provisional Measure No. 656 enacted on October 7, 2014, converted into Law No. 13,097 enacted on January 19, 2015 (“Law No. 13,097”), which establishes mechanisms for protecting purchasers and recipients of *in rem* rights which enter into legal transactions based on the information contained in the real estate records. In addition, deals with payroll loans, establishing the concentration of acts in the real estate property registration and creates the LIG.
- Normative Instructions No. 30 and No. 31 enacted on December 30, 2015, which establish new interests rates and loan limit subsidies for the 2nd and 3rd brackets of the “National Individual Loan Program” segment of the FGTS.
- CMN Resolution No. 4,598/2017, which regulates the issuance of LIGs by financial institutions, establishing its general characteristics, procedures and applicable requirements, including with regards to underlying assets backing such securities, as well as other guidelines applicable to the LIG trustee and to LIG holders’ meetings.
- Law No. 13,777 enacted on November 20, 2018, established a new form of condominium— a “multi-property” condominium. Multi-property allows the co-owners of a property to each use it for a pre-determined period of time as its single owner. Each “time fraction” is indivisible and bound to the right of use of the property for periods of no less than 7 days, which can be fixed and determined or change from year to year.
- Law No. 13,786 enacted on December 12, 2018, which regulates the dissolution or termination of purchase and sale agreements involving real estate development activities, in order to foster legal and economic confidence in the real estate development sector.
- Municipal Law No. 198 enacted on January 14, 2019, which replaced the former Code of Works and Construction of the municipality of Rio de Janeiro. The new Code has only 40 articles, replacing the over 500 provided for in the former code, and its principal goal is to modernize and simplify the rules for developers. The simplification of the licensing process allows for more flexible urbanization parameters.

Impairment of non-financial assets

We annually review the carrying amount of assets, with the objective of evaluating events or changes in the economic, operational or technological circumstances that may indicate a decrease or loss in the recoverable amount of such assets. Should such evidence exist, and the carrying amount exceeds the recoverable amount, a provision for impairment loss is recognized in the statement of operations by adjusting the carrying amount to the recoverable amount. A test for impairment of intangible assets with indefinite useful lives and goodwill is performed at least annually or when circumstances indicate a decrease in the carrying amount. As of December 31, 2017 and 2018, the Company recorded an impairment loss related to the goodwill on the remeasurement of the investment in AUSA in the amounts of R\$127.4 million and R\$112.8 million, respectively. On December 27, 2019, we sold our remaining stake in Alphaville and the remaining goodwill balance was written down in the amount of R\$161.1 million. The recoverable amount of an asset or of a certain cash-generating unit is defined as the greater of its value in use and its fair value less costs to sell. When estimating the value in use of an asset, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates. Cash flows are derived from the budget for the following five years, and do not include restructuring activities for which the Company has not yet committed or future significant investments that will improve the asset basis of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used under the discounted cash flow method, as well as the estimated future cash inflows and the growth rate used. The fair value less costs to sell is determined, whenever possible, based on a binding sale agreement in an arm’s length transaction between knowledgeable and willing parties, adjusted for expenses attributable to the sale of the asset, or, in the absence of a binding sale agreement, based on the market price in an active market, or on a recent transaction with similar assets.

Properties for sale

Our properties for sale are stated at construction cost, which cannot exceed its net realizable value. In the case of real estate developments in progress, the portion in inventory corresponds to the cost incurred for units that have not yet been sold.

The cost of properties for sale includes expenditures incurred in the acquisition of the land and in construction (including foundation, structure, finishing and the respective costs of construction materials), costs of own and outsourced labor, and financial costs directly related to the ventures.

Land is recorded at acquisition cost. See “Item 4. Information on the Company—B. Business Overview—Our Real Estate Activities—Land Acquisition.” Land can be acquired for cash, in installments, through barter for units that are completed or in construction of other ventures, or through barter for receivables from future sales of ventures. The cost of land related to bartered units comprises the estimated sale price in cash, this fair value being recorded as contra-entry to the advances from customers-barter.

The interest on loans and financing directly related to ventures financed by the National Housing System (SFH) and other credit facilities which funds are used to finance the construction and acquisition of land are capitalized over the development and construction stage, and recognized in the statement of operations in the proportion to the units sold.

We have the policy of annually conducting tests on our landbank, comparing its carrying amount and its recoverable amount, and on the units in construction and completed units, comparing the unit construction cost with the sale value of units in inventory. The assumptions that usually underlie the calculation of the recoverable value of assets are based on expected cash flows, and economic viability studies of real estate ventures that show the recoverability of assets or its market value, all discounted to present value.

The classification of land into current or non-current assets is carried out by the Management based on the schedule of the real estate venture launches. Management periodically reviews the estimates of real estate venture launches.

In accordance with our internal policy, each individual project launched has been internally evaluated taking into consideration the following: (1) assumptions for market, sales forecast, economics and operating conditions; (2) cash flow analysis using the discounted cash flow method; (3) approval by an investment committee; and (4) inclusion in the business plan regarding the timetable and backlog for development releases. This process is part of our corporate governance practices. We update the assumptions on an annual basis and consider the continuing viability for each project for impairment test purposes.

Transactions with share-based payment

We measure the cost of transactions with employees to be settled with shares based on the fair value of equity instruments on the grant date. The estimate of the fair value of share-based payments requires the determination of the most adequate pricing model to granted equity instruments, which depends on the grant terms and conditions. It also requires the determination of the most adequate data for the pricing model, including the expected option life, volatility and dividend income, and the corresponding assumptions.

Provisions for legal claims

We recognize a provision for tax, labor and civil claims. The assessment of the probability of a loss includes the evaluation of the available evidence, the hierarchy of Laws, existing case law, the latest court decisions and their significance in the judicial system, as well as the opinion of external legal counsel. The provisions are reviewed and adjusted to take into account the changes in circumstances, such as the applicable expiration term, findings of tax inspections, or additional exposures found based on new court issues or decisions. The settlement of transactions involving these estimates may result in amounts different from those estimated in view of the inaccuracies inherent in the process of estimating them. The Company reviews its estimates and assumptions on a monthly basis.

Current income tax and social contribution

Current income tax is the expected tax payable or receivable to be offset in relation to taxable profit or loss for the year. To calculate the current income tax and social contribution on net profits, we adopt the regime set forth by Law No. 12,973 enacted on May 13, 2014 and in force as of January 1, 2015. The new regime is based on the Brazilian accounting standards introduced by Laws No. 16,638/2007 and No. 11,941/2009, from the tax basis of such taxes, thus revoking the Brazilian Transitory Tax Regime, or “RTT.”

Taxes on income in Brazil comprise income tax (25%) and social contribution on net profits (9%), for entities on the standard profit regime, for which the composite statutory rate is 34%. Deferred taxes for these entities are recognized as at the balance sheet date for all temporary tax differences between the tax bases of assets and liabilities, and their carrying amounts.

As permitted by tax legislation, certain subsidiaries opted for the presumed profit regime, a method under which taxable profit is calculated as a percentage of gross sales. For these companies, income tax is calculated on presumed profits of 8% of gross revenues and social contribution on presumed profits of 12% on gross revenues, to which income tax and social contribution rates of 25% and 9%, respectively, are applied.

As permitted by tax legislation, the development of certain ventures are subject to the “*afetação*” regime, whereby the land and its features where a real estate will be developed, as well as other binding assets and rights, are separated from the assets of the developer and comprise the “*patrimônio de afetação*” (Detached Assets) of the corresponding development and which real estate units will be delivered to the buyers. In addition, certain subsidiaries elected the irrevocable option for the Special Taxation Regime (RET), adopting the “*patrimônio de afetação*,” according to which the income tax, social contribution on net profits, PIS and COFINS are calculated at 4% on monthly gross revenues.

On May 13, 2014, Provisional Measure No. 627 was converted into Law No. 12,973/14, revoking the RTT and bringing significant changes to Brazilian tax legislation. The new rules came into effect on January 1, 2015, with an option to adhere to the new rules from January 1, 2014. During 2014, we analyzed the potential impact of the new rules on our consolidated financial statements and internal control structure. Based on our analysis, we concluded that the new rules would not have a material impact on how we account for taxes in 2014 and we therefore opted not to adopt them from January 1, 2014. We have adhered to the new rules since January 1, 2015.

Deferred income tax and social contribution

Deferred tax is recognized in relation to tax losses and temporary differences between the carrying amount of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. It is recognized to the extent that it is probable that future taxable income will be available to be used to offset deferred tax assets, based on profit projections made using internal assumptions and considering future economic scenarios that estimate their full or partial use. The recognized amounts are periodically reviewed and the impacts of realization or settlement are reflected in compliance with tax legislation provisions. Tax credits on accumulated tax losses do not have an expiration date, however, they can only be offset against up to 30% of the taxable profit for each year. Companies that opt for the presumed profit tax regime do not record tax losses and do not have temporary differences, and for this reason, deferred taxes are not recognized.

To the extent that the realization of deferred tax assets is not considered to be probable, this amount is not recorded. We record deferred tax on a net basis, determined by legal entity and same jurisdiction. For entities with cumulative tax losses for the last three years, the Company and its subsidiaries recognized deferred tax assets and liabilities based on the following assumptions:

- 100% of deferred tax liabilities on temporary differences;
- Deferred tax assets on temporary differences that have realization terms similar to deferred tax liabilities, and relate to the same legal entity, are recorded up to the limit of the deferred tax liabilities; and

- In situations where recent losses indicate that future taxable income is uncertain, deferred tax assets are not recognized on deductible temporary differences in excess of deferred tax liabilities recorded on taxable temporary difference liabilities nor is an asset recognized for the carry forward of unused tax losses.

Measurement of deferred tax asset

Our projections assume that a significant portion of our business will be conducted in our principal holding companies, and this enables the recovery of a substantial portion of our accumulated tax losses.

However, several external factors, beyond our control, may affect such tax calculations, in addition to possible requirements to segregate ventures in their own development entities (SPEs, for example) to a greater extent than we intend. There is also the possibility that taxation rulings relating to new ventures or even ventures that have already been developed within the principal holding companies, may require the exclusion of such businesses and for such businesses to file their own tax returns separate from that of the Company.

A reduction in the concentration of projects in holding companies with tax losses carried forward may, therefore, compromise the expected recovery of losses carried forward, which is the reason we partially recognized a deferred income tax asset.

Fair value of financial instruments

When the fair value of the financial assets and liabilities presented in the balance sheet cannot be obtained in the active market, it is determined using valuation techniques, including the discounted cash flow method. The data for such methods is based on those available in the market, when possible; however, when such data is not available in the market, a certain level of judgment is required to establish the fair value. This judgment includes considerations on the data used, such as liquidity risk, credit risk, and volatility. Changes in the assumptions about these factors may affect the presented fair value of financial instruments.

Estimated cost of construction

Total estimated costs, mainly comprising the incurred and future costs for completing the construction works, were reviewed in the preparation of these financial statements, and changes to estimates are possible. The percentage of completion, which is the method for revenue recognition, is measured in view of the incurred cost in relation to the total estimated cost of the respective project.

Real estate development and sales

The Company applied CPC 47 – Revenue from Contracts with Customers from January 1, 2018, including the guidance contained in Circular Letter CVM/SNC/SEP 02/2018, of December 12, 2018, which establishes the accounting procedures for recognition, measurement and disclosure of certain types of transactions arising from contracts for purchase and sale of real estate unit not yet completed in real estate development entities.

According to CPC 47, the recognition of revenue from contracts with customers became subject to a new regulation, based on transfer of control over promised goods or service, which can be at a point in time or over time, according to the satisfaction or not of the “contractual performance obligations.” Revenue is measured in an amount that reflects the consideration the entity expects to be entitled to and is based on a five-step model as follows: (1) identification of contract; (2) identification of performance obligations; (3) determination of transaction price; (4) allocation of transaction price to performance obligations; and (5) revenue recognition.

The Company records the accounting effects of contracts only when: (i) the parties to the contract have approved the contract; (ii) the Company can identify each party’s rights and the established payment terms; (iii) the contract has commercial substance; and (iv) the Company has determined that the collection of consideration to which the Company is entitled is probable.

Revenues, as well as costs and expenses directly relating to real estate development units sold and not yet finished, are allocated to the statement of operations over the construction period and the following procedures are adopted:

(a) For the sales of completed units, revenues are recorded when the sale is completed and the transfer of control, regardless of the receipt from the customer of the contracted amount;

(b) For the sales of units under construction, the following applies:

- The incurred cost, including the cost of land, and other directly related expenditure, that correspond to the units sold is fully recognized in the consolidated statement of operations;
- Sales revenues are recognized in profit or loss, using the percentage-of-completion method for each venture, this percentage being measured in view of the incurred cost in relation to the total estimated cost of the respective ventures;
- Revenue recognized in excess of actual payments received from customers is recorded as either a current or non-current asset in "Trade accounts receivable." Any payment received in connection with the sales of units that exceeds the amount of revenue recognized is recorded as "Payables for purchase of land and advances from customers";
- Interest and inflation-indexation charges on accounts receivable as from the time the units are delivered, as well as the adjustment to present value of accounts receivable, are recognized in profit or loss on a pro rata basis using the effective interest method;
- The financial charges on accounts payable for acquisition of land and those directly associated with the financing of construction are recorded in properties for sale and recorded in the incurred cost of finished units until their completion, and follow the same recognition criteria as for the recognition of the cost of real estate units sold while under construction;
- Taxes levied and deferred on the difference between real estate development revenues and the cumulative revenue subject to tax are calculated and recognized when this difference in revenue is recognized; and
- Advertising and publicity expenses are recorded in the consolidated statement of profit or loss as incurred.

Construction services

Revenues from real estate services are recognized as services are rendered and consist primarily of amounts received in connection with construction management activities for third parties, and technical advisory services, mainly related to developments where we retain an equity interest.

Barter transactions

Barter transactions have the objective of receiving land from third parties and are settled with the delivery of real estate units or transfer of portions of the revenue from the sale of real estate units of ventures. The value of the land acquired is determined based on the fair value, as a component of inventory of properties for sale, with a corresponding entry to advances from customers' liabilities. Revenues and costs incurred from barter transactions are included in profit or loss over the course of construction period of ventures, as described in item (b) above.

Allowance for expected credit losses

We annually review the assumptions used in establishing an allowance for expected credit losses, in view of the revision of historical data of its current operation and improvement of measurement estimates.

We record an allowance for expected credit losses for all sales contracts of real estate units, and the amounts are accrued as a contra-entry to the recognition of the respective development revenue, based on data history of its current operations and estimates. Such analysis is individually made for each sales contract, in line with CPC 48 – Financial Instruments, item 5.5.171).

Disposal group held for sale and profit or loss from discontinued operations

The Company classifies a disposal group as held for sale if its carrying value is recovered by the sale transaction. The asset or group of assets held for sale are available for immediate sale at current market conditions, subject only to applicable customary terms for the sale of such assets held for sale, resulting in a high sale probability.

For a sale to be highly probable, management must be committed to the sale of the asset, and must initiate an active search to identify a buyer and complete the sale. In addition, the asset held for sale shall also be effectively marketed for sale at a price that is reasonable in relation to its current fair value and, the sale must be completed within one year of the classification date, unless events beyond the control of the Company result in an extension of such period.

The asset held for sale is measured at the lower of its carrying value and the fair value less cost to sell. In case the carrying value is higher than the fair value, an impairment loss is recognized in statement of profit or loss for the year. Any reversal or gain will only be recorded within the limit of the recognized loss. As of December 31, 2016, the Company recorded an impairment loss related to Tenda's discontinued operations in the amount of R\$610.1 million. For the period ended May 4, 2017, the Company carried out the remeasurement of the fair value of the disposal group held for sale, related to Tenda, considering the weighted average value per share for exercising preemptive rights traded over the period between March 17, 2017 and March 31, 2017, as measurement basis, leading to the price of R\$12.12 per share, and, accordingly, valuing Tenda at R\$754.5 million (R\$539.0 million in 2016).

The assets and liabilities of the group of discontinued assets are shown in single line items in our assets and liabilities. The profit or loss of discontinued operations is presented as a single amount in the statement of profit or loss, contemplating the total post-tax profit or loss of such operations less any impairment-related loss.

Launches and Contracted Sales*Launches*

The table below presents detailed information on our launches for the periods presented, including developments launched by our jointly-controlled entities in partnership with third parties:

	As of and for the year ended December 31,		
	2021	2020	2019
Launches (in millions of reais)	1,442	634	—
Number of projects launched	7	5	—
Number of units launched(1)	1,621	231	—
Launched usable area (m2)(2)	91,816	34,648	—
Percentage of Gafisa investment	100%	100%	—

(1) The units delivered in exchange for land pursuant to barter arrangements are not included.

(2) One square meter is equal to approximately 10.76 square feet.

In 2021, we launched under the Gafisa brand 7 residential developments with a total potential sales value of R\$1,442 million, 5 of which were in the state of São Paulo and 2 of which was in the state of Rio de Janeiro. During the year, approximately 71% of our launches in terms of potential sales value was generated from launches in the state of São Paulo and 28% in the state of Rio de Janeiro.

In 2020, we launched under the Gafisa brand 5 residential developments with a total potential sales value of R\$634 million, 3 of which were in the state of São Paulo and one of which was in the state of Rio de Janeiro. During the year, approximately 25% of our launches in terms of potential sales value was generated from launches in the state of São Paulo and 48% in the state of Rio de Janeiro.

In 2019, we did not launch any residential developments.

Gafisa segment

In 2021, Gafisa launches totaled R\$1,442 million, a 127% increase compared with 2020. Contracted sales for 2021 totaled R\$755 million, up 36% from 2020. Sales of units launched over the year accounted for 18,5%, while sales of inventories accounted for the remaining 81,5%.

In 2020, Gafisa launches totaled R\$634 million, compared to no launches in 2019. Contracted sales for 2020 totaled R\$555 million, an increase of 185% from 2019. Sales of units launched over the year accounted for 31.1%, while sales of inventories accounted for the remaining 68.9%.

In 2019, we did not launch any residential developments.

Contracted sales for 2019 totaled R\$ 195.7 million, a decrease of 75.9% from 2018. This amount is 100% related to sales of inventories. The lack of new project launches for the year directly affected sales performance.

In 2021, Gafisa delivered 7 ventures/stages and 1,439 units, accounting for R\$612 million in Potential Sales Volume.

The market value of Gafisa segment inventories reached R\$2.3 billion at the end of 2021, compared to R\$ 1.12 billion at the end of 2020 and R\$881.7 million at the end of 2019.

Contracted sales

The following table shows the composition of our contracted sales by the type of development, according to units sold during the same year that they were launched and the units sold in the years after they were launched, as well as their respective percentages in relation to total sales for the periods presented:

Type of development	As of and for the year ended December 31,		
	2021	2020	2019
	(in millions of reais, unless otherwise stated)		
Luxury middle-income buildings	479.9	337.8	109.3
Entry-level developments	90.6	85.4	94.5
Commercial	11.1	131.9	(8.1)
Total contracted sales(1)	581.5	555.1	195.7
Sale of units launched in the year	266.3	172.6	—
Percentage of total contracted sales	35.3%	31.1%	—
Sale of units launched during prior years	488.5	382.5	—

(1) Amount net of sales cancellation.

The following table shows our and our main subsidiaries' contracted sales for the periods presented:

Contracted sales(1)	As of and for the year ended December 31,		
	2021 (2)	2020 (2)	2019
	(in millions of reais, unless otherwise stated)		
Gafisa	581.5	555.1	195.7
Total contracted sales	581.5	555.1	195.7

(1) Amount net of sales cancellation.

(2) Includes sales of commercial units to Gafisa Propriedades.

In 2021, we sold 18.5% of the launched units, which combined with the sales of units launched during prior periods, resulted in total contracted sales of R\$266.3 million, an increase of approximately 54.3% compared to 2020.

In 2020, we sold 31.1% of the launched units, which combined with the sales of units launched during prior periods, resulted in total contracted sales of R\$172.6 million.

In 2019, we did not launch any developments.

We provide a limited amount of post-construction client financing. Our default rate was 14.2%, 14.9% and 15.1% as of December 31, 2021, 2020 and 2019, respectively.

The table below shows the penalties charged to customers that have defaulted and had their contracts cancelled for the periods presented:

	As of and for the year ended December 31,		
	2021	2020	2019
	<i>(in millions of reais)</i>		
Gafisa	6.5	1.3	3.2

The following table sets forth our contracted sales expected to be recognized, as well as the amount corresponding to the expected cost of units sold, and the expected margin, all of them to be recognized in future periods, for the periods presented:

	As of and for the year ended December 31,		
	2021	2020	2019
	<i>(in millions of reais, unless otherwise stated)</i>		
Sales to be recognized	347.8	346.3	437.7
Net sales to be recognized(1)	335.3	333.7	421.7
Cost of units sold to be recognized(2)	(208.3)	(228.3)	(271.1)
Expected gross margin—yet to be recognized(3)	126.414	109.4	150.6
Expected margin percentage	37.7%	32.8%	35.7%

(1) Excludes indirect PIS and COFINS taxes of 3.65%. This information includes ventures that are subject to restriction due to a contractual clause, which defines the legal period of 180 days in which the Company can cancel a development.

(2) The estimated gross profit shown does not consider the tax effects or the present value adjustment, and the costs of lands, financial charges and guarantees, which will be carried out to the extent they are realized.

(3) Based on management's estimates.

Gross Operating Revenues

Our revenues are derived mainly from the development and sale of real estate and, to a much lesser extent, the rendering of construction services to third parties on certain developments in the Gafisa segment where we retain an equity interest.

Real estate development and sales

Real estate development revenues, including inflation adjustments and interest from credit sales, comprise revenues from the sales of units in the residential buildings we develop, and to a lesser extent, the sales of lots and commercial buildings.

Construction services rendered

Our revenues generated by real estate services consist substantially of amounts received in connection with construction management activities for third parties, technical management and real estate management, related to developments in the Gafisa segment where we retain an equity interest. As of December 31, 2021, 1.7% of our net operating revenues were derived from constructions services rendered.

Operating Costs

Our operating costs consist of real estate development costs and, to a lesser extent, costs of services rendered.

Real estate development costs

Real estate development costs consist of costs of land, construction (which includes costs for a broad variety of raw materials and labor), capitalized interest (financial costs) from project specific financing, projects, foundations, structuring and furnishing, as well as costs for outsourced labor. The items making up our costs, as a percentage of our total cost were as set forth for the periods presented.

	For the year ended December 31,		
	2021	2020	2019
Land	32.70%	2.49%	14.15%
Construction costs	57.71%	83.60%	70.11%
Financial costs	6.87%	11.34%	13.54%
Development costs	2.72%	2.57%	2.20%
Total	100.0%	100.0%	100.0%

One of our principal real estate development costs is the cost of land. Over the last five years, land represented, on average, 22.8% of our total cost of development. However, this is an extremely volatile component, varying according to characteristics of the land, the region where the land is located, the type of development to be launched and market conditions. Land can be acquired for cash, through the exchange of units once the building is constructed, through financial swaps (whereby a portion of sales is given to the owner of land as a form of financing for the land), or through a combination of the three options.

No single raw material alone represents a significant portion of our total costs of development, but over the last five fiscal years, raw materials represented, on average, 35% of our total cost of development. The index that measures construction cost variation, the INCC, increased by 10.1%, 8.8% and 4.2% in 2021, 2020 and 2019, respectively. Although some of the principal raw materials, such as steel, have experienced significant price increases well above the level of inflation over the last four years, we have reduced our raw materials costs by developing and using new construction techniques and materials.

Over the last five years, we have incurred most of our construction costs from the 1st to the 18th month of construction of a development, as shown in the table below:

Period of construction	Percentage of costs incurred
1st to 6th month	12%
7th to 12th month	22%
13th to 18th month	31%
19th to 24th month	17%
25th to 30th month	18%

Real estate services

Our costs of real estate services consist of direct and indirect labor fees and outsourced services.

Operating Expenses

Our operating expenses include selling, general and administrative expenses, depreciation and amortization expenses and revenues and revaluation of investment in affiliates.

Selling expenses

Selling expenses include advertising, promotion, brokerage fees and similar expenses.

General and administrative expenses

General and administrative expenses principally include the following:

- employee compensation and related expenses;
- fees for outsourced services, such as legal, auditing, consulting and others;
- management fees and expenses;
- stock option plan expenses;
- overhead corporate expenses;
- expenses related to legal claims and commitments; and
- legal expenses related to public notaries and commercial registers, among others.

Depreciation and amortization

Depreciation expenses consist of depreciation of our property and equipment.

Financial Income and Expenses

Financial income includes income from financial investments. Interest revenues are recognized on effective interest method. Financial expenses generally consist of interest payable on loans, financings and debentures and are also recognized on effective interest method.

Taxes on Income

In general, taxes on income in Brazil consist of federal income tax (25%) and social contribution on net profits (9%), for a composite statutory tax rate of 34%. We calculate income tax and social contribution in accordance with the “taxable profit” regime. Our subsidiaries and jointly-controlled entities, however, with annual billings lower than a specified threshold, may calculate their respective income and social contribution taxes through either this “taxable profit” regime or through the “presumed profit” regime, depending on our strategic tax planning. For the companies that opt for the “presumed profit” regime, the income tax basis is calculated as 8% of gross revenues and the social contribution basis is calculated as 12% of gross revenues, to which income tax and social contribution rates of 25% and 9%, respectively, are applied.

As permitted by tax legislation, the development of certain ventures are subject to the “*afetação*” regime, whereby the land and its features where real estate will be developed, as well as other binding assets and rights, are separated from the assets of the developer and comprise the “*patrimônio de afetação*” (Detached Assets) of the corresponding development and whose real estate units will be delivered to the buyers. In addition, certain subsidiaries made the irrevocable option for the Special Taxation Regime (RET), adopting the “*patrimônio de afetação*,” according to which the income tax, social contribution on net profits, PIS and COFINS are calculated at 4% monthly on gross revenues.

Net income (loss) from discontinued operations

The net income (loss) from discontinued operations represents the results of operations of Tenda for the period ended May 4, 2017, as well as the results of operations for this entity for the comparative periods. This line item also contains the impairment (loss) reversal related to the measurement of disposal group held for sale at the lower of its carrying value and the fair value less cost to sell.

The income (loss) of discontinued operations is presented as a single amount in statement of operations, which includes the total after-tax-income of these operations, less any impairment-related loss.

Results of Operations

The following discussion of our results of operations is based on our consolidated financial statements prepared in accordance with Brazilian GAAP. References to increases or decreases in any given period relate to the corresponding preceding period, unless otherwise indicated.

As explained in Note 8.2 to our consolidated financial statements for the year ended December 31, 2019, the results of operations of Tenda have been presented as discontinued operations under Brazilian GAAP in the Company's 2017 consolidated statements of operations.

Results of Operations for the Years Ended December 31, 2021 and 2020

Net operating revenue

Net operating revenue for the year ended December 31, 2021, recognized by the percentage of completion revenue recognition method, was R\$818.3 million, a decrease of 7.4% from R\$884.0 million for the year ended December 31, 2020, mainly due to the decrease in revenue recognition from barter transactions from R\$183.7 million in 2020, to R\$90.0 million in 2021, representing a decrease of 51%. In 2020, the amount of R\$156.2 million was related to barter transactions from our Cyano development in Rio de Janeiro – excluding this amount, there was an increase in net operating revenue of 12.4% in 2021, mainly due to (i) higher volume of new launches during the year, (ii) the increase in revenue recognition from construction projects and their improved performance and (iii) higher volume of sales.

The gross revenue generated from the sale of property and barter transactions, net of the cancellation provision (reversal) totaled R\$854.1 million for the year ended December 31, 2021, a decrease of R\$81 million or 8.7% compared with the same period in 2020 of R\$935.0 million. This decrease was mainly due to revenue recognition from barter transactions from our Cyano development. The tax deductions from gross revenue reached R\$35.8 million in 2021 from R\$51.0 million in 2020, representing a decrease of 29.9%, which was mainly impacted by the higher volume of revenue recognition in the previous year.

During 2021, inflation as measured by the INCC, the main Brazilian indicator for civil construction costs, was 10.1%. This resulted in an increase in our construction costs and consequently, the prices of our units for some projects, notably those launched and delivered in 2020 and 2021. This increase was offset by (i) monthly increases in the sale prices of our inventory units, and (ii) monthly upward adjustments of outstanding balances on our units sold, in order to reflect inflationary increases.

Operating costs

Operating costs in 2021 totaled R\$609.7 million, a 14.8% decrease compared to R\$715.3 million in 2020, as a result of a decrease in operating costs related to barter transactions from our Cyano development. This decrease was partially offset by a higher volume of new launches and sales and our improved project construction performance.

Gross profit

Gross profit in 2021 totaled R\$208.6 million, representing an increase of approximately 23.6% from gross profit of R\$168.8 million in 2020. This increase was mainly due to higher volume of launches and an increase in project sales with better operating performance.

In 2021, the gross margin generated from our activities increased to 25.5% compared to 19.1% in 2020. This increase was due to the higher volume of new launches and sales and their more efficient performance.

Selling expenses

Selling expenses in 2021 totaled R\$44.2 million, representing an increase of 52.4% compared to R\$29.0 million in 2020. This increase was mainly due to the higher volume of launches and sales in 2021. Selling expenses in 2021 represented 5.4% of our net operating revenue compared to 3.3% in 2020.

General and administrative expenses, not including depreciation and amortization expenses

General and administrative expenses were R\$114.5 million in 2021, a 26.5% increase compared to R\$90.5 million in 2020. This increase was mainly due to an increase in salaries and payroll charges as a result of an increase in our number of employees.

Depreciation and amortization

Depreciation and amortization in 2021 was R\$20.9 million, an increase of 152.3% when compared to the R\$8.3 million recorded in 2020. This increase was mainly due to the higher volume of new launches in 2021 as well as investments in sales stands.

Other income and expenses, net

Net other income totaled R\$154.3 million in 2021, compared to a net expense of R\$44.2 million in 2020. This increase was mainly due to a gain from our Costa do Pero acquisition in the amount of R\$175.4 million. This increase was partially offset by an increase in lawsuit related expenses, which totaled R\$ 60.5 million in 2021, compared to R\$43.8 million in 2020.

Financial income and expenses, net

Net financial expenses totaled R\$44.6 million in 2021, compared to net financial expenses of R\$73.0 million in 2020. The decrease was mainly due to (i) an increase in income related to the fair value valuation of investment fund quotas in the amount of R\$42.9 million and (ii) a decrease in interest expenses as a result of the repayment of historical indebtedness and the renegotiation of payment terms for current indebtedness during the period.

Taxes on income

Income tax and social contribution totaled an expense of R\$85.0 million in 2021 compared to R\$7.6 million in 2020. This increase was mainly due to the deferred tax liability of R\$59.6 million related to the gain from our Costa do Pero acquisition. Additionally, the provision for income tax and social contribution had a negative impact of R\$13.6 million in 2021, compared to R\$7.6 million in 2020 due to a higher volume of launches and sales.

Net income attributable to non-controlling interest

Net income attributable to non-controlling interests decreased from a net loss of R\$0.5 million in 2020 to a net loss of R\$0.2 million in 2021.

Net income (loss) attributable to owners of Gafisa

Net income attributable to owners of Gafisa was of R\$90.2 million in 2021, compared to a net loss of R\$73.2 million in 2020. This variation was mainly due to (i) higher volume of new launches and sales and their improved operating performance and (ii) the Costa do Pero acquisition, which resulted in a gain of R\$175.4 million.

Results of Operations for the Years Ended December 31, 2020 and 2019

Net operating revenue

Net operating revenue for the year ended December 31, 2020, recognized by the percentage of completion revenue recognition method, was R\$884.0 million, an increase of 120.8% from R\$400.4 million for the year ended December 31, 2019, mainly due to (i) higher volume of new launches during the year, (ii) the increase in revenue recognition from construction projects and their improved performance and (iii) higher volume of sales.

The gross revenue generated from the sale of property and barter transactions, net of the cancellation provision (reversal) totaled R\$935.0 million for the year ended December 31, 2020, an increase of R\$497.7 million or 113.8% compared with the same period in 2019 of R\$437.3 million. The tax deductions from gross revenue reached R\$51.0 million in 2020 from R\$36.8 million in 2019, representing an increase of 38.4%, which was mainly impacted by the higher volume of new launches and sales during the year.

During 2020, inflation as measured by the INCC, the main Brazilian indicator for civil construction costs, was 8.8%. This resulted in an increase in our construction costs and consequently, the prices of our units for some projects, notably those launched and delivered in 2019 and 2020. This increase was offset by (i) monthly increases in the sale prices of our inventory units, and (ii) monthly upward adjustments of outstanding balances on our units sold, in order to reflect inflationary increases.

Operating costs

Operating costs in 2020 totaled R\$715.3 million, a 153.0% increase compared to R\$282.6 million in 2019, as a result of the higher volume of new launches and sales and a reversal of impairment adjustments in our landbank and inventory in the amount of R\$11.3 million, compared to R\$27.1 million in 2019.

Gross profit

Gross profit in 2020 totaled R\$168.8 million, representing an increase of approximately 43.3% from gross profit of R\$117.7 million in 2019. This increase was mainly due to (i) higher volume of launches and sales and (ii) a decrease in dissolutions (cancellation of sales).

In 2020, the gross margin generated from our activities decreased to 19.1% compared to 29.4% in 2019. This decrease was due to the challenging macroeconomic conditions in Brazil and their adverse impact on the price of our units.

Selling expenses

Selling expenses in 2020 totaled R\$29.0 million, representing a increase of 94.7% compared to R\$14.8 million in 2019. This increase was mainly due to the higher volume of launches and sales in 2020. Selling expenses in 2020 represented 3.3% of our net operating revenue compared to 3.7% in 2019.

General and administrative expenses, not including depreciation and amortization expenses

General and administrative expenses were R\$90.5 million in 2020, a 67.2% increase from the R\$54.1 million recorded in 2019. However, recurring general and administrative expenses increased from R\$50.8 million in 2019 to R\$56.3 million in 2020. This increase is mainly due to salaries and payroll charges and increase of our staff.

Depreciation and amortization

Depreciation and amortization in 2020 was R\$8.3 million, a decrease of 41.6% when compared to the R\$14.1 million recorded in 2019. This decrease was mainly due to the lack of new launches in 2019 and concentration of our new launches in the fourth quarter of 2020 as well as investments in sales stands.

Other income and expenses, net

Net other expenses totaled R\$44.2 million in 2020, compared to R\$31.6 million in 2019. This increase is mainly due to lawsuits related expenses of R\$43.8 million. In 2019, the amount of R\$31.6 million was related due (i) the result of the divestment in Alphaville Urbanismo in the amount of an expense of R\$78.0 million, (ii) an income of R\$66.4 million related to the outcome of the arbitration decision related to venture construction contracts with partners and (iii) a lawsuits related expense of R\$20.6 million.

Financial income and expenses, net

Net financial expenses totaled R\$73.0 million in 2020, compared to net financial expenses of R\$59.6 million in 2019. The increase is mainly due to a increase in interest expenses as a result of a increase in our levels of indebtedness during the period.

Taxes on income

Income tax and social contribution totaled an expense of R\$7.6 million in 2020 compared to a positive impact of R\$35.3 million in 2019. This decrease was mainly due to a net tax credit of R\$49.2 million from the write down of goodwill related to the divestment in AUSA and the gain from the acquisition of GDU Loteamentos in the business combination operation recorded in 2019. Accordingly, the provision for current income tax and social contribution had a negative impact of R\$7.6 million in 2020, compared to R\$2.0 million in 2019 due to higher volume of sales and new launches in 2020.

Net income attributable to non-controlling interest

Net income attributable to non-controlling interests increased from a net loss of R\$0.4 million in 2019 to a net loss of R\$0.5 million in 2020.

Net income (loss) attributable to owners of Gafisa

Net loss attributable to owners of Gafisa was of R\$73.2 million in 2020, compared to a net loss of R\$26.0 million in 2019. This variation was mainly due to (i) the challenging macroeconomic conditions in Brazil and their adverse impact on the price of our units and (ii) non recurring items that totaled an expense of R\$58.4 million as a result of the Company's comprehensive restructuring process.

Business Segments

Following the consummation of the Tenda spin-off on May 4, 2017 and the completion of the discontinuation of Tenda's operations (see Note 8.2 to our consolidated financial statements for the year ended December 31, 2019), the Company operates one business segment. Accordingly, our management, who is responsible for monitoring our business progress, used data derived from our consolidated financial statements to make decisions. Therefore, in line with CPC 22 – Operating Segments, the Company understands that there were no reportable business segments to be disclosed in the years ended December 31, 2019 and 2018. See "Item 4. Information on the Company—A. History and Development of the Company—Historical Background and Recent Developments."

Beginning as from the year ended December 31, 2020 and including the year ended December 31, 2021, our management began analyzing data to make decisions based on three reportable business segments in which we operate: Gafisa, for luxury and middle-income projects in Brazil, except Rio de Janeiro, Gafisa Rio, for luxury and middle-income ventures in the state of Rio de Janeiro, and Gafisa Propriedades, focused on the management of our own and third-party real estate properties.

For comparative purposes, we provide below a measure of historical results and other related information for each reporting segment as of December 31, 2021 and December 31, 2020. The information below is derived from our statutory accounting records which are maintained in accordance with Brazilian GAAP. No individual customer represented more than 10% of our net operating revenue in the year ended December 31, 2021.

	As of December 31,							
	2021				2020			
	Gafisa	Gafisa Rio	Gafisa Propriedades	Total	Gafisa	Gafisa Rio	Gafisa Propriedades	Total
	(in millions of reais, unless otherwise indicated)							
Net operating revenue	701.0	75.6	41.7	818.3	625.6	258.5	—	884.0
Operating costs	(512.0)	(55.8)	(41.8)	(609.7)	(519.0)	(196.3)	—	(715.3)
Gross profit (loss)	189.0	19.8	(0.1)	208.6	105.6	62.2	—	168.8
Gross margin	27.0%	26.2%	(0.2)%	25.5%	16.9%	24.1%	—	19.1%
Net income (loss)	(26.3)	3.1	113.4	90.2	(123.5)	50.3	—	(73.2)

Gafisa

Net operating revenue

Net operating revenue for the year ended December 31, 2021, recognized by the percentage of completion revenue recognition method, was R\$701.0 million, an increase of 12.1% from R\$625.6 million for the year ended December 31, 2020, mainly due to (i) higher volume of new launches during the year, (ii) the increase in revenue recognition from construction projects and their improved performance and (iii) higher volume of sales.

Operating costs

Operating costs in 2021 totaled R\$512.0 million, a 1.3% decrease compared to R\$519.0 million in 2020. This decrease was partially offset by a higher volume of new launches and sales and our improved project construction performance.

Gross profit

Gross profit in 2021 totaled R\$189.0 million, representing an increase of approximately 79.0% from gross profit of R\$105.6 million in 2020. This increase was mainly due to higher volume of launches and an increase in project sales with better operating performance.

In 2021, the gross margin generated from our activities increased to 27.0% compared to 16.9% in 2020. This increase was due to the higher volume of new launches and sales and their more efficient performance.

Gafisa Rio

Net operating revenue

Net operating revenue for the year ended December 31, 2021 was R\$75.6 million, a decrease of 70.8% from R\$258.5 million for the year ended December 31, 2020, mainly due to the decrease in revenue recognition related to barter transactions from R\$156.2 million in 2020, to R\$8.4 million in 2021, representing a decrease of 94.6%. In 2020, the amount of revenue from barter transactions was from our Cyano development in Rio de Janeiro, which was launched in the fourth quarter of 2020.

Operating costs

Operating costs in 2021 totaled R\$(55.8) million, a 71.6% decrease compared to R\$(196.3) million for the year ended December 31, 2020, due to the decrease in operating costs related to barter transactions from our Cyano development. This decrease was partially offset by a higher volume of new launches and sales and our improved project construction performance.

Gross profit

Gross profit in 2021 totaled R\$19.8 million, representing a decrease of 68.2% from gross profit of R\$62.2 million for the year ended December 31, 2020. This decrease was mainly due to the relevance of sales figures and revenue recognition from our Cyano development, which was launched in the last quarter of 2020.

In 2021, the gross margin generated from our activities increased to 26.2% compared to 24.1% in 2020. This increase was due to the higher volume of new launches and sales and their more efficient performance.

Gafisa Propriedades

Net operating revenue

Net operating revenue for the year ended December 31, 2021 was R\$41.7 million, compared to no amount of revenue recognized for the year ended December 31, 2020, mainly due to sales of units which were reclassified from investment property to properties for sale.

Operating costs

Operating costs in 2021 totaled R\$(41.8) million, compared to no amount of operating costs for the year ended December 31, 2020, due to sales of units that were reclassified from investment property to properties for sale.

Gross profit (loss)

Gross loss in 2021 totaled R\$0.1 million, compared to no amount of gross profit for the year ended December 31, 2020.

In 2021, the negative gross margin generated from our activities was 0.2% due to increased costs allocated to the units sold.

B. Liquidity and Capital Resources

Our transactions are financed mainly through the contracting of real estate financing and securitization of receivables. When necessary and in accordance with market demands, we carry out long-term financing for the sale of our developments. In order to turn over our capital and accelerate its return, we try to transfer to banks and sell to the market the receivables portfolio of our units.

In 2021, 2020 and 2019, we did not carry out any receivables sales with recourse.

Construction financing lines of credit are available and we have fulfilled substantially all of our construction financing needs for 2021, 2020 and 2019 at consolidated rates similar to the CDI rate. In order to mitigate the effects of the 2008 global credit crisis, the Brazilian government has announced additional lines of credit to assist the construction industry and its customers, including R\$6 billion from the FGTS (a Government Severance Indemnity Fund for Employees). In 2009, we approved the issue of two series of debentures for Gafisa and Tenda in the total amount of R\$1.2 billion. In addition, local financial institutions are financing up to 80% of construction costs, through the Brazilian Saving and Loan System (*Sistema Brasileiro de Poupança e Empréstimo* — SBPE) indexed to TR (*Taxa Referencial*) and a fixed rate spread.

During 2021, our customers' ability to obtain bank mortgage loans continued to improve, with interest rates in the range of 7.99% to 10.75%+TR, depending on family income and credit score.

The following table shows the balance of our receivables from clients for the development and sale of properties for the periods presented:

	As of December 31,		
	2021	2020	2019
	(in millions of reais)		
Real estate development receivables:			
Current	425.5	487.1	442.5
Long-term	116.2	217.2	103.0
Total	541.7	704.3	545.5
Receivables to be recognized on our balance sheet according to percentage of completion method:			
Current	—	—	—
Long-term	342.6	346.3	437.6
Total	342.6	346.3	437.6
Total receivables from clients – portion recognized plus portion not recognized	884.3	1,050.6	995.0

The total balance of receivables on the balance sheet has the following maturity profile:

	As of December 31,
	2021
	(in millions of reais)
Maturity	
Overdue	182.0
2022	488.5
2023	99.5
2024	65.7
2025	19.8
2026 onwards	28.8
Total	884.3

Loans made to our clients are generally adjusted on a monthly basis as follows: (1) during construction, by the INCC in São Paulo, Rio de Janeiro and other Brazilian cities; and (2) after delivery set forth in the contract, by the IGP-M plus 12% per annum in all markets.

We limit our exposure to credit risk by selling to a broad customer base and by continuously analyzing the credit of our clients. As of March 31, 2022, our clients' default level was 15.0 of our accounts receivable for Gafisa. We annually review the assumptions used in establishing an allowance for expected credit losses and cancelled contracts, in view of the revision of historical data of its current operation and improvement of measurement estimates. The Company records an allowance for expected credit losses with a factor applied over the accounts receivables not impaired based on credit loss experiences for each real estate development and cancelled contracts for customers when a cash inflow risk is identified. Contracts are monitored to identify the moment when these conditions are mitigated. This allowance is calculated based on the percentage of the construction work completion, a methodology adopted for recognizing income for the year. The allowance for expected credit losses and cancelled contracts totaled R\$77.1 million as of December 31, 2021 and is considered sufficient by our management to cover incurred losses on the realization of accounts receivable.

Cash Flows

Operating activities

In 2021, net cash used from operating activities totaled R\$279.9 million, compared to R\$452.9 million in 2020. In 2020, net cash generated from operating activities totaled R\$452.9 million, compared to R\$44.0 million in 2019. This decrease is mainly composed of (i) a R\$314 million increase in goodwill related to new acquisitions during 2021 and a R\$94.1 million increase in suppliers; (ii) a R\$47.1 million increase in payables for purchase of properties and advances from customers and a R\$48.6 million decrease in related party transactions; (iii) expenses in the net amount of R\$33.8 million which did not affect our cash and cash equivalents, of which R\$27.7 million relates to a reversal of impairment adjustments in our landbank and inventory.

Investing activities

Net cash used in investing activities, including the acquisition of assets, equipment and new investments was R\$284 million in 2021, compared to R\$237.9 million in 2020. This variation is mainly due to the increase in short term investments in the amount of R\$228 million, related to the capital increases in 2021.

Net cash used in investing activities, including the acquisition of assets, equipment and new investments was R\$237.9 million in 2020, compared to cash generated from investing activities of R\$300.6 million in 2019.

Financing activities

Net cash generated from financing activities in 2021 totaled R\$570.4 million, compared to the net cash generated from financing activities in 2020 of R\$693.8 million. The lower cash generated in 2021 compared to 2020 was mainly attributable to (i) increase in loans and financing in the amount of R\$763 million and a decrease in amortization of loans and financing in the amount of R\$194.4 million.

Net cash generated from financing activities in 2020 totaled R\$693.8 million, compared to the net cash generated from financing activities in 2019 of R\$236.7 million. The higher cash generated in 2020 compared to 2019 was mainly attributable to (i) the R\$477.9 million capital increases in 2020 (ii) a reduction on increase and amortization of loans and financing. Pledged mortgage receivables and short-term investments.

As of December 31, 2021, substantially all of our mortgage receivables totaling R\$926.3 million are pledged. In addition, R\$159 million of our short-term investments and collaterals are restricted as they have been pledged.

Off-balance sheet arrangements

As of December 31, 2021, we did not have any off-balance sheet arrangements.

Capital Expenditures

In 2021, we invested R\$41.7 million in machinery and equipment, information technology equipment, software, sales stands, project planning and information technology projects. Our main investments during the period were related to sales stands, which amounted to R\$32.7 million.

In 2020, we invested R\$16.7 million in machinery and equipment, information technology equipment, software, sales stands, project planning and information technology projects. Our main investments during the period were related to sales stands, which amounted to R\$8.7 million.

In 2019, we invested R\$3.6 million in machinery and equipment, information technology equipment, software, project planning and information technology projects.

Our capital expenditures are all made in Brazil and are usually funded by local debt capital markets. We currently do not have any significant capital expenditures in progress.

Indebtedness

When we consider appropriate, we have incurred indebtedness within SFH, which offers lower interest rates than the private market. When our customers obtain a mortgage, we use the proceeds to redeem our SFH indebtedness. We intend to continue our strategy of maintaining low levels of debt comprised mainly of transactions within SFH or long-term transactions.

As of December 31, 2021, we had outstanding debt in the total amount of R\$1,322.1 million, an increase of 40.5% as compared to December 31, 2020. As of December 31, 2021, our indebtedness principally consisted of: (1) debentures totaling R\$447.0 million, (2) working capital loans totaling R\$541.1 million, and (3) other loans (mainly SFH) totaling R\$334.1 million. As of December 31, 2021, we had an equity debt in the total amount of R\$242.8 million related to the acquisitions of Costa Perú and Campo Grande.

As of December 31, 2020, we had outstanding debt in the total amount of R\$940.9 million, an increase of 28.8% as compared to December 31, 2019. As of December 31, 2020, our indebtedness principally consisted of: (1) debentures totaling R\$270.4 million, (2) working capital loans totaling R\$281.2 million, and (3) other loans (mainly SFH) totaling R\$389.3 million.

	Maturity as of December 31, 2021				
	Total	2022	2023	2024	2025 and thereafter
	(in millions of reais)				
Debentures (Projects)	360.7	9.5	—	186.9	164.3
Housing Finance System (SFH)	283.3	225.3	14.0	—	44.0
Real State Finance System (SFI)	50.8	8.1	7.8	7.8	27.1
Bank credit notes (Projects)	516.1	141.8	39.8	63.8	270.7
Project debt total	1,210.9	384.7	61.6	258.5	506.1
Debentures (Working Capital)	86.4	12.8	9.3	—	64.3
Other Working Capital	24.9	24.9	—	—	—
Working Capital debt total	111.3	37.7	9.3	—	64.3
Equity debentures	242.8	—	—	242.8	-
Total	1,565.0	422.4	70.9	501.3	570.4

On March 28, 2017, we issued a CCB in a total amount of R\$47 million due in 2021. The CCB is guaranteed by real estate receivables.

On November 30, 2017, we issued a CCB in the amount of R\$40 million due in 2021. The CCB is guaranteed by real estate receivables.

In September 2018, we issued a CCB in the amount of R\$40 million due in 2021. The CCB is guaranteed by real estate receivables.

In April 2019, we issued a CCB in the amount of R\$10 million due in 2022. The CCB is guaranteed by real estate receivables.

In December 2020, we issued a CCB in the amount of R\$195 million due in 2025. The CCB is guaranteed by real estate receivables.

During 2021, we entered into CCB transactions in the total amount of R\$553.0 million, maturing between January 2022 and June 2025. The CCBs are guaranteed by real estate receivables.

The actual ratios and minimum and maximum amounts stipulated by restrictive covenants related to these CCBs at December 31, 2021 are as follows:

	<u>At December 31, 2021</u>
Loans and Financing	
Total accounts receivable (2) plus inventory required to be below zero or 2.0 times over venture debt (3)	9.69 times
Total account receivable plus inventory of completed units required to be below zero or 2.0 times over net debt (1) less venture debt (3)	(4.42) times
Total debt, less venture debt, less cash and cash equivalents and short-term investments, cannot exceed 75% of equity plus non-controlling interests	13.12%
Total receivable (2) plus unappropriated income plus total inventory of completed units required to be 1.5 time over the net debt plus payable for purchase of properties plus unappropriated cost	1.92 times

(1) Net debt refers to total debt less cash and cash equivalents.

(2) Total accounts receivables, whenever mentioned, refers to the amount reflected in the Balance Sheet plus the amount to be recognized according to the PoC and not yet shown in the Balance Sheet.

(3) Venture debt and general guarantee debt refer to SFH debts, defined as the sum of all disbursed borrowing contracts which funds were provided by SFH, as well as the debt related to the seventh placement.

Debenture program

In November 2017, we issued two series of non-convertible debentures totaling R\$120 million on a private placement basis. The first series of debentures totaling R\$90 million is secured by (i) first-priority mortgages over select real estate ventures of the Company and (ii) fiduciary assignments of real estate receivables generated by such select real estate ventures. In November 2017, the debenture holders assigned their fiduciary rights in the real estate receivables to a real estate securitization special purpose entity, which issued CRIs backed by such real estate receivables. The second series of debentures totaling R\$30 million, and guaranteed by a fiduciary guarantee, has not been placed with investors as of the date of this annual report. The proceeds of the debentures will be used to fund the development of the aforementioned real estate ventures only.

In May 2018, we issued non-convertible debentures, with a general guarantee, as a single series in the total amount of R\$76 million, with final maturity in July 2020. The proceeds from the placement will be used in the development of select real estate ventures and their guarantees are represented by the conditional sale of real estate receivables and the purchase of completion bond related to a specific venture. The face value of the private placement will accrue interest equal to the cumulative variation of the Interbank Deposit (DI) plus 3.75% per annum.

In July 2018, we issued non-convertible debentures, with a general guarantee, as a single series in the total amount of R\$90 million, with a final maturity in June 2022. The proceeds from the placement will be used in the development of select real estate ventures and their guarantees are represented by the conditional sale of real estate receivables. The face value of the private placement will accrue interest equal to the cumulative variation of the Interbank Deposit (DI) plus 3% per annum.

In April 2019, we issued non-convertible debentures, with a general guarantee, as a single series in the total amount of R\$40 million, with a final maturity in October 2020. The proceeds from the placement will be used in the development of the “Gafisa Square Ipiranga” and “Moov Espaço Cerâmica” real estate ventures, and their

guarantees are represented by the fiduciary assignment of real estate receivables and conditional sale of units. The face value of the private placement will accrue interest equal to the cumulative variation of the Interbank Deposit (DI) plus 5% per annum.

In July 2020, in the context of the acquisition of the totality of UPCON's shares, we issued debentures convertible into ordinary actions, with a general guarantee, in two series in the total amount of R\$33.8 million, with a final maturity in July 2021. These debentures were converted into common shares in September 2021. The face value of the private placement will accrue interest equal to the cumulative variation of Interbank Deposit (IGPM) plus 0.50% per annum. In September 2020, we issued non-convertible debentures, with a general guarantee, as a single series in the total amount of R\$190 million, with a final maturity in September 2024. The proceeds from the placement will be used in the development of the "Belvedere Lorian Boulevard," "Moov Estação Brás," "Upside Paraiso," "Scena Tatuapé," "Parque Ecoville," "Moov Belém" and "Moov Parque Maia" real estate ventures, and their guarantees are represented by the fiduciary assignment of real estate receivables and conditional sale of units. The face value of the private placement will accrue interest equal to the cumulative variation of the Interbank Deposit (DI) plus 6% per annum.

In October 2020, we issued two series of convertible debentures in the aggregate amount of R\$117.6 million. The first series of debentures totaling R\$42 million, with a general guarantee, was converted in November 2020, in the context of the acquisition of interest in four ventures of Calçada S.A. The second series of debentures totaling R\$25.6 million, with a general guarantee, was placed in December 2020, and was converted in May 2021. The face value of the private placement will accrue interest equal to the cumulative variation of the Interbank Deposit (100% of DI) per annum.

In March 2021, we issued two series of non-convertible debentures in the aggregate amount of R\$165 million, maturing in August 2028. The proceeds from the issuance will be used to develop the "Hotel Fasano" real estate project, and are guaranteed by the fiduciary assignment of real estate receivables and conditional sale of units. The face value of the private placement will accrue interest equal to the cumulative variation of inflation (IPCA) plus 6.25% per annum.

In December 2021, we issued non-convertible debentures, with a general guarantee, as a single series in the total amount of R\$85 million, maturing in November 2027. The proceeds from the issuance will be used in the development of selected real estate projects, and are guaranteed by the fiduciary assignment of real estate receivables and conditional sale of units. The face value of the private placement will accrue interest equal to the cumulative variation of the Interbank Deposit (DI) plus 4.5% per annum.

In December 2021, we issued two series of convertible debentures, with a general guarantee, in the total amount of R\$247.5 million, maturing in December 2024, in connection with the acquisitions of the Costa do Peró and Campo Grande real estate projects. The face value of the private placement will accrue interest per annum equal to the cumulative variation of the Interbank Deposit (100% of DI).

We have various covenants relating to our debentures issuances described above. These mainly consist of (i) cross default provisions, whereby outstanding indebtedness will become immediately due and payable in the event that the Company or its subsidiaries do not comply with their obligations under any other credit facility for a value in excess of the amounts set forth therein; (ii) restrictions on transfer of control and merger and acquisition transactions; (iii) limitations on our ability to incur debt; (iv) limitations on creating liens on assets; (v) limitations on the distribution of dividends if we are under default; and (vi) the following ratios and limits to be calculated on a quarterly basis. The table below sets forth these ratios and limits as amended.

The actual ratios and minimum and maximum amounts stipulated by these restrictive covenants at December 31, 2021 are as follows:

	At December 31, 2021
Total accounts receivable (2) plus inventory required to be below zero or 2.0 times over net debt (4) less venture debt (3)	13.02 times
Total debt less venture debt (3), less cash and cash equivalents and short-term investments (1), cannot exceed 75% of equity plus non-controlling interests	13.12%

(1) Cash and cash equivalents and short-term investments refer to cash and cash equivalents and marketable securities.

(2) Total accounts receivables, whenever mentioned, refers to the amount reflected in the Balance Sheet plus the amount to be recognized according to the PoC and not yet shown in the Balance Sheet.

(3) Venture debt and general guarantee debt refer to SFH debts, defined as the sum of all disbursed borrowing contracts which funds were provided by SFH, as well as the debt related to the seventh placement.

(4) Net debt refers to total debt less cash and cash equivalents

We expect to comply with the covenants in the agreements governing our outstanding indebtedness which may limit our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions. See “Item 3. Key Information—D. Risk Factors—Our level of indebtedness could have an adverse effect on our financial health, diminish our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or the real estate industry.”

As of December 31, 2021, the Company and its subsidiaries were in compliance with the contractual covenants provided for in our debentures and our credit instruments.

Financing through the Housing Finance System (SFH)

Most of our financing is incurred directly or through our subsidiaries or jointly-controlled entities from the principal banks that operate within SFH. As of December 31, 2021, the interest rates on these loans generally varied between 7.0% and 14.2% per annum, plus TR, and the loans generally mature through March 2022 and July 2026. This financing is secured by mortgages on property and by security interests on the receivables from clients. As of December 31, 2021, we had 9 loan agreements in effect, with a balance of R\$334.1 million. At the same date we had no amount in aggregate principal amount of financing agreements with SFH, to be released through the date of completion as construction of the corresponding development’s progress.

On March 26, 2020, we completed the renegotiation of our financial liabilities with Banco do Brasil S.A. in the total amount of R\$138.4 million. As part of the renegotiation, the final maturity of such financial liabilities was extended to June 2025 and we reduced the cost of servicing them, giving us the time we need to sell the units in inventory tied to this debt. The completion of this renegotiation strengthens our capital structure and our credit relationship with Banco do Brasil and the financial markets in general.

Securitization deals and Fund — FIDC

On June 27, 2011, the Company and its subsidiaries entered into a CCI transaction relating to a portfolio comprising select residential real estate receivables from Gafisa and its subsidiaries. The assigned portfolio of receivables amounts to R\$203.9 million (R\$185.2 million – Gafisa’s interest) in exchange for cash, at the transfer date, discounted to present value, for R\$171.7 million (R\$155.9 million – Gafisa’s interest), recorded under “Obligations assumed on assignment of receivables.”

On December 22, 2011, Gafisa and its subsidiaries entered into a CCI transaction relating to a portfolio comprising select residential real estate receivables from Gafisa and its subsidiaries. The assigned portfolio of receivables amounts to R\$72.4 million in exchange for cash at the transfer date, discounted to present value, by R\$60.1 million, classified as “Obligations with assignment of receivables.”

On July 6, 2012, Gafisa and its subsidiaries entered into a CCI transaction relating to a portfolio comprising select residential real estate receivables from Gafisa and its subsidiaries. The assigned portfolio of receivables amounts to R\$18.2 million in exchange for cash at the transfer date, discounted to present value, for R\$11.5 million.

On December 27, 2012, Gafisa and its subsidiaries enter into a CCI transaction relating to a portfolio comprising select residential real estate receivables from Gafisa and its subsidiaries. The assigned portfolio of receivables amounts to R\$72.0 million in exchange for cash at the transfer date, discounted to present value, by R\$61.6 million.

On November 29, 2013, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$24.2 million in exchange of cash at the transfer date, discounted to present value, by R\$19.6 million.

On November 25, 2014, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$15.2 million in exchange of cash at the transfer date, discounted to present value, by R\$12.4 million.

On December 3, 2015, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$32.2 million in exchange of cash at the transfer date, discounted to present value, by R\$24.5 million.

On March 4, 2016, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$36.4 million in exchange for cash at the transfer date, discounted to present value, for R\$27.3 million.

On May 09, 2016, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$23.0 million in exchange for cash at the transfer date, discounted to present value, for R\$17.5 million.

On August 16, 2016, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$21.4 million in exchange for cash at the transfer date, discounted to present value, for R\$14.9 million.

On December 21, 2016, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$27.0 million in exchange for cash at the transfer date, discounted to present value, for R\$19.5 million.

On March 28, 2017, a selected portfolio of sales receivables from Gafisa and its subsidiaries was transferred to investors. The assigned portfolio amounts to R\$30.2 million in exchange for cash at the transfer date, discounted to present value, for R\$23.0 million.

In 2021, 2020 and 2019, we did not perform any transfer of sales receivables from Gafisa and its subsidiaries to investors.

Pursuant to Article 125 of the Brazilian Civil Code, the CCI-Investor carries general guarantees represented by statutory liens on real estate units, effective as soon as the conditional restrictions included in the registration are lifted, as reflected in the real estate deed on (i) the assignment of receivables from the assignors to SPEs, as provided for in Article 167, item II, (21) of Law No. 6,015, of December 31, 1973; and (ii) the issue of CCI-Investor by SPEs, as provided for in Article 18, paragraph 5 of Law No. 10,931/04.

We will be compensated for, among other things, the reconciliation of the receipt of receivables, guarantee the CCIs, and the collection of past due receivables. The transaction structure provides for the substitution of us as collection agent in the event of non-fulfillment of the responsibilities described in the collection service contract.

Working Capital

We believe that our current working capital is sufficient for our present requirements and that our sources of funds from financing activities are sufficient to meet the financing of our activities and cover our need for funds for at least the next twelve months.

In 2019, our Board of Directors ratified the following capital increases:

- On June 24, 2019: subscription and payment of 26,273,962 new common shares, of which 12,170,035 shares were subscribed at the price of R\$5.12 and 14,103,927 shares were subscribed at the price of R\$4.96, totaling R\$62.3 million and R\$69.9 million, respectively.

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- On October 23, 2019: subscription and payment of 48,968,124 new common shares, of which 45,554,148 shares were subscribed at the price of R\$5.58 and 3,413,976 shares were subscribed at the price of R\$5.42, totaling R\$254.2 million and R\$18.5 million, respectively.

On April 30, 2020, the shareholders approved at the extraordinary shareholders' meeting the capital absorption of the Company's retained losses in the amount of R\$2,585,033 thousand.

In 2020, the Company's Board of Directors ratified the following capital increases:

- On August 7, 2020: subscription and payment of 75,610,000 new common shares at the price of R\$4.10, totaling R\$310 million.
- On September 25, 2020: subscription and payment of 95,121,951 new common shares at the price of R\$4.10, totaling R\$390 million.
- On November 16, 2020: subscription and payment of 9,944,150 new common shares at the price of R\$4.22, totaling R\$42 million.

In 2021, the Company's Board of Directors ratified the following capital increases:

- On May 24, 2021: subscription and payment of 8,876,083 new common shares at the price of R\$3.49, totaling R\$37.299 million.
- On September 28, 2021: subscription and payment of 27,892,638 new common shares at the price of R\$4.59, totaling R\$128 million.

Accordingly, as of December 31, 2021, the Company's authorized and paid capital amounted to R\$1,248.5 million (R\$1,083.2 million in 2020), represented by 337,445,727 (300,676,101 in 2020) registered common shares, with no par value, of which 296,221 (341,570 in 2020) were held in treasury.

U.S. GAAP Reconciliation

We prepare our consolidated financial statements in accordance with Brazilian GAAP, which differs in significant respects from U.S. GAAP. Our net income attributable to owners of Gafisa, in accordance with Brazilian GAAP, was a net income of R\$90.2 in 2021, and a net loss R\$73.2 million and R\$26.0 million in 2020 and 2019, respectively. Under U.S. GAAP, our net profit was R\$50.4 million in 2021, and net loss of R\$26.1 million and R\$60.7 million in 2020 and 2019, respectively.

Our equity, in accordance with Brazilian GAAP, was R\$1,815.2, R\$1,549.5 million and R\$882.8 million as of December 31, 2021, 2020 and 2019, respectively. Under U.S. GAAP, we recorded total equity of R\$1,536.3, R\$1,309.6 million and R\$595.4 million as of December 31, 2021, 2020 and 2019, respectively.

The following items generated the most significant differences between Brazilian GAAP and U.S. GAAP in determining net income and shareholders' equity:

- revenue recognition; and
- effects of deferred taxes on the difference above.

For a discussion of the principal differences between Brazilian GAAP and U.S. GAAP as they relate to our financial statements and a reconciliation of net income and equity see Note 32 to our consolidated financial statements included elsewhere in this annual report and "Item 3.A. Key Information—Selected Financial Data."

New Accounting Pronouncements, Interpretations and Guidance

Pronouncements (new or revised) and interpretation applicable to years beginning January 1, 2021

The Company adopted all of the pronouncements (new or revised) and interpretations issued by the CPC applicable to its operations which were effective as of December 31, 2021.

The following standards are in effect beginning on January 1, 2021:

- Amendments to CPC 38, CPC 40 (R1) and CPC 48: Interest Rate Benchmark Reform – provide exemptions that apply to all hedging relationships directly affected by the interest rate benchmark reform. A hedging relationship is directly affected if such reform gives rise to uncertainties about the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument. These amendments do not have impact on the financial statements of the Company, once the latter does not have interest rate hedging relationships.
- Amendments to CPC 26 (R1) and CPC 23: Definition of material – provide a new definition of material that states that the “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of financial statements. A misstated information is material if it could be reasonably expected to influence decisions taken by primary users. These amendments did not have any impact on the financial statements, nor are expected to have any future impact on the Company.
- Revision of CPC 00 (R2): Conceptual Framework for Financial Reporting – provide updated definitions and criteria for recognition of assets and liabilities, and clarifies some important concepts. These amendments did not have impact on the Company’s financial statements.
- Amendments to CPC 06 (R2): COVID-19-related Rent Concessions – provides lessees with concessions in the application of the CPC 06 (R2) provisions about the modification of lease contract, by recognizing the concessions occurring as direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-related rent concession granted by the lessor is a lease modification. This amendment did not have any impact on the Company’s financial statements. There is no other standard, amendment or issued interpretation that is not yet adopted that could, in the opinion of our management, have a significant impact on our financial statements upon adoption.

Recently Adopted and Issued U.S. GAAP Accounting Standards

Please refer to Note 32(c) to our consolidated financial information for a description of recently adopted U.S. GAAP accounting standards and recently issued U.S. GAAP accounting standards.

C. Research and Development, Patents and Licenses, etc.

We have a research and development department for new products, processes and methodologies focused on reducing the construction cycle. Our research and development expenditures in 2021, 2020 and 2019 were immaterial. See also “Item 4. Information on the Company—B. Business Overview—Construction.”

In 2021 we invested in innovation through startups — from operations to product development, and started to take steps to develop into a full-service real estate platform. In total, we have identified 500 startups, maintained connections with 200 startups, and implemented more than 20 related projects.

D. Trend Information

Elsewhere in this annual report, including under “Item 3. Key Information—D. Risk Factors” and “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Brazilian Real Estate Sector,” we discuss trends, uncertainties, demands, commitments or events which could have a material effect upon our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that could cause reported financial information to not necessarily be indicative of future operating results or financial condition.

In addition, while we believe the long-term prospects for the Brazilian housing market have not changed over the past five years, we recognized that we needed to adjust how we have approached the demand for high growth and diversification in the market in order to achieve sustainable, profitable growth. In the Brazilian housing market,

demand has outstripped supply on all fronts, from units and availability of skilled labor, to reliable and experienced suppliers and building partners, to financing, and to the ability to rapidly issue permits and obtain the necessary approvals to deliver units.

In December 2016, following the conclusion of our analysis of certain strategic options, our management decided to sell 50% of Tenda's total capital stock, and transfer the remaining 50% of Tenda's total capital stock to our shareholders in connection with a reduction in our total capital stock. Accordingly, on December 14, 2016, we entered into an SPA with Jaguar Real Estate Partners LP ("Jaguar") pursuant to which we offered to sell Tenda shares representing up to 30% of the total capital stock of Tenda, at a price equal to R\$8.13 per share.

The spin-off of the Tenda business unit was consummated on May 4, 2017, following: (i) a reduction of the capital stock of Tenda (without the cancellation of shares), pursuant to which Gafisa, as sole shareholder at that time, received R\$100 million (adjusted by the SELIC); (ii) a reduction of the capital stock of Gafisa, resulting in the distribution to Gafisa shareholders of shares corresponding to 50% of the capital stock of Tenda; (iii) the conclusion of the preemptive rights exercise pursuant to which Gafisa shareholders acquired up to 50% of the total share capital of Tenda, at the price per share set forth in the SPA with Jaguar and for a total amount of R\$219.5 million, with no shares being acquired by Jaguar; and (iv) the satisfaction of other conditions precedent for the consummation of the spin-off. In addition, on May 4, 2017, the Tenda shares were listed on the B3 and began to publicly trade.

On September 25, 2018, GWI convened an Extraordinary Shareholders' Meeting for the purpose of dismissing members of the Board of Directors and electing new members through a multiple-vote process. GWI approved the dismissal of the entire Board of Directors and elected directors for five of the seven vacant seats. See "Item 6. Directors, Senior Management and Employees—C. Board Practices," for further information about our Board of Directors. Within three days of the dismissal and election of the new Board of Directors, the Company's executive board was removed from office.

On November 26, 2018, our Board of Directors approved the voluntary delisting of our ADSs from the NYSE and a proposal to maintain our ADR facility as a Level 1 ADR program to enable investors to retain their ADSs. On December 7, 2018, we filed a Form 25 with the SEC to effect the delisting of the ADSs, and sent a copy to the NYSE on the same day. The last day of trading on NYSE for our ADSs was December 14, 2018, and our ADSs were delisted from the NYSE on December 17, 2018. Our ADSs remain eligible for trading in the over-the-counter markets in the United States, and our common shares will continue to be listed and admitted to trading in the Novo Mercado segment of the B3. In addition to the information we are required to report under applicable Brazilian regulations, we intend to continue publishing English translations of our annual report, interim results and communications on our investor relations website at (www.ri.gafisa.com.br), in accordance with Rule 12g3-2(b) under the Exchange Act.

During February, March and April 2019, the members of the Company's Board of Directors elected in late 2018 resigned, with the exception of Pedro Carvalho de Mello, and new members were elected to replace them. As of the date of this annual report, following the Annual General Meeting held on April 15, 2019, Gafisa's Board of Directors is composed of the following members: (i) Leo Julian Simpson (nominated as chairman of the Board of Directors on April 15, 2019), (ii) Antonio Carlos Romanoski, (iii) Demian Fiocca, (iv) Eduardo Larangeira Jácome, (v) Nelson Sequeiros Rodriguez Tanure, (vi) Roberto Luz Portella and (vii) Thomas Cornelius Azevedo Reichenheim, all nominated on April 15, 2019.

On April 15, 2019, at the Annual General Meeting, the shareholders resolved to suspend the shareholder rights of GWI Asset Management S.A. and the other members of the GWI Group due to GWI Group's non-compliance with the Company's Bylaws as they relate to the Tender Offer request. In addition, it was resolved to increase the limit of authorized capital of the Company from 71,031,876 ordinary shares to 120,000,000 ordinary shares. This increase in the Company's authorized capital enables us to issue new shares in a sufficient amount to accommodate the financial restructuring of the Company.

On April 15, 2019, following the General Meeting, in order to raise funds for investments, the newly appointed Board of Directors approved a capital increase of 26,273,962 new common shares. These newly issued common shares were offered privately to the Company's shareholders, and were issued at the reference price of R\$ 6.02 per common share (which was determined following an audit conducted by a specialized firm). The Board of Directors

also appointed Roberto Luz Portella as Chief Executive Officer, Chief Financial Officer and Investor Relations Officer and Eduardo Larangeira Jácome as Operational Executive Officer.

On August 15, 2019, the Board of Directors approved another capital increase of 48,968,124 new common shares. These newly issued common shares were offered privately to the Company's shareholders at B3 S.A. – Brasil, Bolsa, Balcão (former BM&FBovespa), and were issued at the reference price of R\$ 6.57 per common share (which was determined following an audit conducted by a specialized firm). Following the preemptive rights exercise period and subsequent subscriptions periods, we issued and sold 45,554,148 and 3,413,976, respectively, new common shares of the Company for a total amount of R\$254.2 million and R\$18.5 million, respectively, all in registered, book-entry form, and with no par value, at a price per share equal to R\$5.58 and R\$5.42, respectively. Accordingly, on October 23, 2019, our board of director approved a capital increase in the amount of R\$272.7 million. As of the date of this annual report, the share capital of the Company totaled R\$2,926.3 million, represented by 120,000,000 common shares, all in registered, book-entry form, and with no par value.

On August 30, 2019 the Board of Directors appointed André Luis Ackermann as Chief Financial Officer, and Eduardo Larangeira Jácome tendered his resignation to the position of Management Officer, effective as of September 30, 2019. Eduardo Larangeira Jácome remains as a member of the Restructuring Committee until December 31, 2019 and a member of the Company's Board of Directors.

Also, on September 20, 2019, Roberto Luz Portella resigned from his position as Chief Executive Officer and Investor Relations Officer. Following his resignation, on September 23, 2019, the Board of Directors appointed André Luis Ackermann as Investor Relations Officer cumulating with his former responsibilities as Chief Financial Officer.

On December 27, 2019, we concluded the sale of our remaining 21.20% stake in Alphaville for R\$100 million, which was paid through the offsetting of certain credits and the delivery of assets. This transaction is in line with the Company's strategy to optimize and improve the Company's portfolio and capital allocation, aiming at creating value for our shareholders.

At a Board of Directors meeting held on February 2, 2020, Mr. Roberto Luz Portella tendered his resignation as a member of the Company's Board of Directors. At the same meeting, Mr. João Antônio Lopes Filho was elected as the new member of the Company's Board of Directors.

On March 2, 2020, with the aim to strengthen our executive team, our Board of Directors approved a new organizational structure and elected the following three new Executive Officers: (i) Guilherme Augusto Soares Benevides as Chief Operations Officer and Vice-president of Operations; (ii) Fábio Freitas Romano as Assistant Vice-president of Operations; and (iii) Ian Monteiro de Andrade as Chief Financial Officer and Investor Relations Officer and Vice-president of Management and Finance.

On March 27, 2020, our Board of Directors approved the establishment of the Company's share buyback program with the objective of generating value for the Company's shareholders, that was confirmed by the General Shareholders Meeting held on April 30, 2020. Shares purchased by the Company as part of the buyback program will be held in treasury, and may subsequently be canceled, sold and/or used in connection with the exercise of stock options granted by the Company. The maximum number of shares the Company may acquire under this program is 10,327,558 common shares, pursuant to Article 8 of CVM Instruction No. 567/15. This buyback program ends on May 4, 2021. Under our current shares repurchase program, any acquisition by us of our own shares must be made on a stock exchange and cannot be made by means of a private transaction. See "Item 10. Additional Information—B. Memorandum and Bylaws—Purchases by us of our own Shares," for further information.

On March 2, 2020, the Administrative Council for Economic Defense (CADE) approved, without restriction, the merger of UPCON into the Company. On April 30, 2020 all required approvals were obtained, and UPCON became a wholly-owned subsidiary of Gafisa.

On April 30, 2020, the shareholders approved at the extraordinary shareholders' meeting the capital absorption of the Company's retained losses in the amount of R\$2,585,033 thousand. Additionally, the Company's Board of Directors ratified a capital increase: (1) on August 7, 2020 through the subscription and payment of 75,610,000 new common shares at the price of R\$4.10, totaling R\$310 million, and (2) on September 25, 2020 through the subscription and payment of 95,121,951 new common shares at the price of R\$4.10, totaling R\$390 million.

Since March 2020, the COVID-19 pandemic has spread across Brazil and other countries, and governments have implemented a series of measures including travel restrictions and quarantines to contain COVID-19, which has adversely affected the real estate industry in the regions where we operate.

During 2021, we were better equipped to manage the challenges of COVID-19 compared to 2020. A combination of our strategy and the relaxation of restrictions in some regions of Brazil resulted in a gradual increase in launches and sales volumes. However, there is some uncertainty regarding the duration and likelihood of further government interventions or increases in restrictions, as well as the economic effects on financial markets, which may further delay the recovery of the real estate industry and negatively impact it. As of the date of this annual report, we have not suffered a significant increase in customer default or a reduction in sales volume and the construction of our projects continue to be on schedule. Accordingly, considering the scenario of uncertainty as to when the COVID-19 pandemic will end and normal economic activity will resume, as well as the negative impacts the COVID-19 pandemic will have on Brazil's economy, including on the cost of construction inputs, management has, as of the date of this annual report, evaluated the effects of COVID-19 on our business, including on our projections of profit or loss and cash generation based on our best estimates, and has concluded that there is no need to recognize additional loss allowance, and that there is no material adverse effect on our operations. Given the uncertainty surrounding COVID-19, we continue to monitor ongoing developments to continually update our projections and analysis on any effect on our financial information.

For the year ended December 31, 2020, we opted to defer the payment of federal taxes related to March, April and May 2020 to a later date pursuant to Ordinances No. 139, 150 and 245. Pursuant to Provisional Measure 927, dated March 22, 2020, we also opted to defer employer FGTS deposits for March, April and May 2020, to be deposited in six monthly installments starting in July 2020. In addition, pursuant to Provisional Measure 936, dated March 31, 2020, converted into Law 14,020/2020, we reduced salaries by 25% with a proportional reduction in working hours for a certain group of employees over a 90-day period. Furthermore, there was a voluntary 50% reduction in the fees of the members of our Board of Director over a 180-day period.

Moreover, we experienced volatility in the price of our publicly traded stock as a result of the global concern for the COVID-19 pandemic and its developments.

In addition, in March 2022, André Luis Ackermann resigned from his position as statutory officer.

E. Critical Accounting Estimates

The preparation of financial statements in accordance with Brazilian GAAP requires management to make judgments, estimates and adopts assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent liabilities, at the balance sheet date. Assets and liabilities subject to estimates and assumptions include the useful life of property plant and equipment, impairment of assets, deferred tax assets, provision for uncertainty tax positions, labor and civil risks, and the measurement of the estimated cost of ventures and financial instruments. Estimates are used for, among other things, impairment of non-financial assets, transactions with share-based payment, provisions for tax, labor and civil risks, fair value of financial instruments, estimated costs of ventures, realization of deferred income tax and other similar provisions. Although we believe that our judgments and estimates are based on reasonable assumptions, as they are subject to several risks and uncertainties and are made in light of information available to us, our actual results may differ from these judgments and estimates.

See Note 2.2 to our consolidated financial statements, included elsewhere in this annual report for further information on these and other accounting policies we adopt.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management Board of Directors

The table below shows the names, positions, and terms of office of the members of our board of directors, as of December 31, 2021:

Name	Age	Position	Election Date	Term of Office(1)
Leo Julian Simpson (2)	66	Chairman	April 15, 2019	Annual Shareholders' General Meeting in 2021
Antonio Carlos Romanoski (2)	76	Director	April 15, 2019	Annual Shareholders' General Meeting in 2021
Thomas Cornelius Azevedo Reichenheim (2)	75	Director	April 15, 2019	Annual Shareholders' General Meeting in 2021
Nelson Sequeiros Rodriguez Tanure (2)	70	Director	April 15, 2019	Annual Shareholders' General Meeting in 2021
João Antonio Lopes Filho	58	Director	April 30, 2020	Annual Shareholders' General Meeting in 2021
Eduardo Larangeira Jácome	66	Director	April 15, 2019	Annual Shareholders' General Meeting in 2021
Gilberto Benevides	70	Director	April 30, 2020	Annual Shareholders' General Meeting in 2021
Nelson de Queiroz Sequeiros Tanure	36	Director	August 10, 2020	Annual Shareholders' General Meeting in 2021

(1) Under Brazilian corporate law, an annual general shareholders' meeting must take place within the first four months of the calendar year.

(2) Independent member pursuant to Brazilian Law. According to Brazilian Law, a director is considered independent when: (1) he/she has no relationship with the company, except for holding shares; (2) he/she is not a controlling shareholder, spouse or relative of the controlling shareholder, has not been in the past three years linked to any company or entity related to the controlling shareholder; (3) he/she has not been in the past three years an employee nor an executive of the company, of the controlling shareholder or of any subsidiary of the company; (4) he/she is not a supplier or buyer, direct or indirect, of the company where the arrangement exceeds a certain amount; (5) he/she is not an employee or manager of any company which renders services to the company or which uses services or products from the company; (6) he/she is not a spouse or relative of any member of the company's management; and (7) he/she does not receive any compensation from the company, except for the compensation related to its position as a board member.

Our directors are not subject to mandatory retirement due to age.

The following is a summary of the business experience and principal outside business interests of the current members of our board of directors.

Antonio Carlos Romanoski. Mr. Antonio Carlos Romanoski held several positions at the Electric Power Company of Paraná - COPEL for 17 years, including Manager of Finance and Human Resources, Administrative Officer, Chief Financial Officer and member of the Board of Directors. He also served as Superintendent (resident) overseeing the construction of the Salto Osório and Foz do Areia Power Plants. He was also responsible for attracting foreign financing from international agencies. Mr. Romanoski also worked for 15 years at Refrigeração Paraná S.A., the second largest manufacturer of Domestic Appliances in Brazil, where he held the positions of Chief Financial Officer, General Director and Market Relations Officer. He oversaw the merger and acquisition process of Industries Pereira Lopez and led the restructuring process of the Prosdócimo Organizations, overseeing the merger and incorporation of 14 companies. He coordinated the logistics of the sale of the company to Electrolux do Brasil S.A., where he then served as Chief Executive Officer for three years and as Member of the Board of Directors. He supported the merger of Refripar with Electrolux S.A., creating Electrolux do Brasil, as well as the merger of the Electrolux / Prosdócimo brands. In addition, Mr. Romanoski served as president of the Atlas of Home Appliances industry, where he has remained a member of the Board of Directors since 1988. Mr. Romanoski served as Member of the Board of Directors of TEKA - Tecelagem Kuenrich S.A. in 2003 and 2004, and in the same period, he was a member of the Board of Directors of Ferropar - Ferrovia Paraná S.A. He has been a shareholder of CEFI - Center of Excellence in Finance since 1994, which provides business advice with specialization in mergers, acquisitions, family businesses and financial structuring. He coordinated the following projects, among others: City Hall of Curitiba - Financial restructuring and capitalization - Inepar S / A Indústria e Construção - Restructuring of the Group and creation of the Holding Company - De Lara Transportes - Evaluation of the company and advisor in the sale to ALL - Sonae Emplanta - Advisory on fundraising for Shopping Center - Copel - Member of the Consortium

for the privatization of the company - HSBC - Training of 2,000 managers and directors in the EVA concept - Souza Cruz - Advice on investment project in the State of Paraná - Unimed Rio - Restructuring and market adequacy. He is also a shareholder of Romanoski & Associados.

Nelson Sequeiros Rodriguez Tanure. Mr. Nelson Sequeiros Rodriguez Tanure is Chief Executive Officer of Docas Investimentos S.A. He has been an investor of PETRO RIO S.A. since 2013, and he acquired Editora Pesos S.A. in 2006. He entered into a usufruct agreement for the Jornal do Brasil, Gazeta Mercantil and Forbes magazine brands in 2001. Mr. Tanure acquired control of Docas S.A. and of its subsidiaries Boavista S.A. and Boavista Trading in 1999, and he incorporated ISHIBRAS, forming the company Indústrias Verolme-Ishibras S.A. in 1994. He served as Chairman of the Board of Directors of SADE VIGESA S.A. (a union of South American Engineering and Villares equipment) in 1991, and he acquired EMAQ VEROLME ESTALEIROS S.A. (a merger of EMAQ Engenharia e Máquinas S.A. and Verolme Shipyard) in 1989. In 1983, he founded Representação e Comércio Internacional Ltda., a Brazilian trading and holding company which is the controlling shareholder of Serviços de Engenharia e Equipamentos S.A. and Engenharia e Máquinas S.A. He holds a degree in Business Administration from the Federal University of Bahia in 1975, and he graduated from the Institut des Hautes Etudes de Development Economique et Social - Université Paris I in 1976. He holds a specialization from the Owner / President Management Program at Harvard Business School.

Leo Julian Simpson. Mr. Leo Julian Simpson began his career as a financial lawyer at Rickerbys & Pardoes, working in property development of industrial and recreational facilities in England. In 1986, he expanded these skills at Shimizu Corporation, Japan's largest finance and leisure entrepreneur in Europe and Asia. In 1987, he began working at McKenna & Co. documenting and financing international infrastructure projects in the telecommunications, energy and transportation sectors, including in the construction of airports and power plants in the United Kingdom. In addition, Mr. Simpson provided legal advice supporting the creation of companies such as National Grid, France Telecom, Sprint Corporation and Intelig Telecomunicações in Brazil. He became commercial director and then president of Intelig Telecomunicações, a position he held until the company was sold by Brazilian investors to TIM. Mr. Simpson graduated with a degree in law from Bristol University in England in 1977.

Eduardo Langeira Jácome. Mr. Jácome has served as Officer and Director of Gafisa S.A. since March 15, 2019 and April 15, 2019, respectively. He graduated in Business Administration from the School of Political and Economic Sciences of Rio de Janeiro. He has 45 years of experience in Business Management and Human Resources, 35 of which have been in executive positions. He worked for 23 years at IBM, three years at Coca Cola Andina, five years at Telemar / Oi, four years at Cia. Brasileira de Multimídia and one year at HRT / PetroRio. He has held planning, implementation and management positions at People & Business Solutions (2006), Global Sports Network (2010) and PBS Technology (2015). He is a member (2018-2020) of the Executive Board of MercoSerra, the Development Agency of Serra Carioca, which is a private entity created to support the economic development of the region formed by Nova Friburgo, Petrópolis and Teresópolis. Mr. Jácome serves as Member of the Fiscal Council (2018-2020) of ACIANF - Commercial, Industrial and Agricultural Association of Nova Friburgo, and in 2016, he was approved as an Associate Member of the Brazilian Institute of Corporate Governance (IBGC).

João Antonio Lopes Filho. Mr. João Antonio Lopes Filho was the founding partner of Portcapital and manager of the Aespoespacial Fund. He was a partner at Banco Fator S.A. from 1994 to 2008, responsible for the Corporate Finance, Mergers and Acquisitions, Capital Markets and Private Equity division. He was responsible for the Venture Capital Fund between 1999-2006 (Santa Catarina Emerging Companies Fund). He was a member of the Board of Directors of Trafo Equipamentos Elétricos SA from 2003 to 2007. He was Managing Partner of Trevisan Auditores Independentes, having developed the Mergers, Acquisitions and Privatizations Advisory Area and coordinated the Human Resources, Productivity, Quality Advisory Areas and Training. He was an auditor at Price Waterhouse, having participated in audits at large banks and multinational companies. He holds a degree in Economic Sciences from Universidade Mackenzie and Fund Manager at CVM.

Thomas Cornelius Azevedo Reichenheim. Mr. Thomas Cornelius Azevedo Reichenheim is the former Director of several companies, notably Auxiliary Bank, Auxiliary Investment Bank, Auxiliar Seguradora, La Fonte Fechaduras and LFTel S.A. He is also the owner of Carisma Comercial Ltda. of T.R Portfolios Ltda. where he advises on the creation of capital and financial institutions. Mr. Reichenheim graduated with a degree in Business Administration from the Fundação Getúlio Vargas, in 1972, and in Law from Faculdades Metropolitanas Unidas, in 1972.

Gilberto Benevides Mr. Gilberto Benevides has more than 40 years' experience in the construction and real estate sector. He worked at Company S.A. from 1984 to 2008, including between 2006 and 2008 when Company S.A. was a publicly traded company, and was part of the management team of Company S.A. from 2008 to 2010. Since 2010, he has served as an officer for UPCON Incorporadora S.A. He graduated with a degree in Civil Engineering from Mackenzie University, and a post-graduate degree in Business Management from Mackenzie University.

Nelson Queiroz Sequeiros Tanure. Mr. Nelson Queiroz Tanure worked at PETRO RIO S.A. as non-statutory officer since 2014. Mr. Nelson has extensive experience in industries such as oil and gas and infrastructure. He graduated in economics from IBMEC, and completed Bachelor's Degree in economics in Boston College.

The table below shows the names, positions, and terms of office of our executive officers, as of the date of this annual report:

Name	Age	Position	Election Date	Term of Office
Guilherme Augusto Soares Benevides	40	Chief Operational Officer (Principal Executive Officer)	March 2, 2020	May 16, 2022
Guilherme Luis Pesenti e Silva	38	Statutory Director	January 28, 2020	January 28, 2023
Luiz Fernando Ortiz	44	Statutory Director	January 28, 2020	January 28, 2023
Fabio Freitas Romano	47	Statutory Director	March 2, 2020	March 2, 2023
Sheyla Castro Resende	36	Statutory Director	May 24, 2021	March 2, 2023

The business address of each of our executive officers is Av. Pres. Juscelino Kubitschek, No. 1830, Block 2, 3rd Floor, 04543-900 – São Paulo, SP – Brazil.

The following is a summary of the business experience and principal outside business interests of the current executive officers.

Guilherme Augusto Soares Benevides. Mr. Benevides started his career in the real estate sector at the age of 17. Before becoming an entrepreneur, he worked in the marketing and sales areas at Archote and Fernandez Mera and participated in the development of Imovelweb, the first digital platform on the market. As a businessman, he was the founder and CEO of Upcon Incorporadora S/A for 15 years. He also founded and chaired Upcar Parking, SetUp and Upcon Brokers. Recently, he was an investor and board member of the startup HomeGuru. Mr. Benevides graduated in Advertising and Marketing from Universidade Paulista.

Guilherme Luis Pesenti e Silva. With over 10 years' experience in M&A and business development, Mr. Presenti has led projects and transactions in different industries in Brazil and abroad. Mr. Presenti was Head of M&A and Business Development at Petro Rio S.A. (from 2016 to 2019), M&A Senior Manager at Burger King Europe GmbH (Zug, Switzerland) (from 2014 to 2016) and M&A Coordinator at Votorantim Cimentos S.A. (from 2009 to 2012). Mr. Presenti holds a bachelor's degree in economics and management from Università Cattolica del Sacro Cuore (Milan, Italy – 2008) and an MBA from INSEAD (Fontainebleau, France – 2013).

Luiz Fernando Ortiz. Mr. Ortiz has 21 years' experience in the real estate sector and joined Gafisa in 2011 for the acquisition of more than BRL 2 billion in PSV in business. Since 2014, he has been in charge of business development, responsible for launching approximately BRL 3 billion of PSV in residential projects. Currently, Mr. Ortiz is the Real Estate Development Director in charge of managing Gafisa's portfolio in the State of São Paulo. Mr. Ortiz has a degree in civil engineering from Instituto Mauá de Tecnologia and holds an MBA certificate in Real Estate from University of São Paulo and an MBA in business from Fundação Getúlio Vargas.

Fabio Freitas Romano. Mr. Romano's professional career began in 1997, as an intern at Company S.A., where he reached the position of Director of Incorporations. Before becoming Upcon's Managing Partner in 2011, he also participated on the Executive Board of large companies, including Gafisa and Yuny. Mr. Romano has participated in more than 140 projects throughout Brazil. Mr. Romano holds a bachelor's degree in civil engineering from Universidade Mackenzie and holds an MBA in Real Estate Market from the University of São Paulo.

Sheyla Castro Resende. Ms. Resende started her career at Gafisa as a trainee in 2010, and has held several positions in different areas since then. Since 2019, she has been a non-statutory Director of Management & HR, with direct involvement in the restructuring of the Company, and became Vice President of Management & HR in 2021. She graduated in Civil Engineering in 2009 from the Federal University of Juiz de Fora/MG, and has completed post-graduate and extension courses from Fundação Getúlio Vargas, Instituto Falconi, Business School São Paulo and EAP.

Our Relationship with our Executive Officers and Directors

As of December 31, 2021, our board of officers in the aggregate held 4.64% of our share capital and our board of directors in the aggregate held a 0.81% direct or indirect interest in our share capital. As of December 31, 2021, there were no material agreements entered into by us with any members of our board of directors or with any member of our board of officers, other than those pertaining to their roles within the Company. As of December 31, 2021, none of our executive officers held interests in our subsidiaries as directors and/or executive officers. In none of these cases, as of the referenced date, were the interests held material.

As of December 31, 2020, our board of officers in the aggregate held 0.91% of our share capital and our board of directors in the aggregate held a 2.39% direct or indirect interest in our share capital. As of December 31, 2020, there were no material agreements entered into by us with any members of our board of directors or with any member of our board of officers, other than those pertaining to their roles within the Company. As of December 31, 2020, none of our executive officers held interests in our subsidiaries as directors and/or executive officers. In none of these cases, as of the referenced date, were the interests held material.

As of December 31, 2019, our board of officers in the aggregate held 0.0137% of our share capital and our board of directors in the aggregate held a 0.0107% direct or indirect interest in our share capital. As of December 31, 2019, there were no material agreements entered into by us with any members of our board of directors or with any member of our board of officers, other than those pertaining to their roles within the Company. As of December 31, 2019, some of our executive officers held interests in our subsidiaries as directors and/or executive officers. In none of these cases, as of the referenced date, were the interests held material.

B. Compensation**For each of 2021, 2020 and 2019**

Under Brazilian corporate law, the company's shareholders are responsible for establishing the aggregate amount paid to members of the board of directors, the executive officers and the members of the fiscal council. Once the shareholders establish an aggregate amount of compensation, the members of the board of directors are then responsible for setting individual compensation levels.

For each of 2021, 2020 and 2019, the aggregate compensation we paid to the members of the board of directors was R\$0.9 million, R\$1.0 million and R\$0.9 million, respectively.

For each of 2021 and 2019, the aggregate compensation we paid to the members of the fiscal council was R\$240 thousand and R\$112 thousand, respectively. In 2020, the fiscal council was not installed.

For each of 2021, 2020 and 2019, the aggregate compensation we paid to the executive officers was R\$4.4 million, R\$5.0 million (net of bonuses for Gafisa executive officers) and R\$7.0 million (net of bonuses for Gafisa executive officers), respectively, which includes, unless otherwise indicated, fixed compensation, annual bonus amounts and the costs related to Stock Options Programs.

Approximately 58% (40% 2020) of the total compensation paid to Gafisa officers is variable. For the year ended December 31, 2021, the total amount paid related to short-term bonuses was equivalent to 20%.

For each of 2021, 2020 and 2019, the individual compensation we paid to members of our board of directors (fixed compensation), fiscal council (fixed compensation) and officers (fixed compensation, short-term bonus and costs related to Stock Options Programs) is set forth in the tables below.

Gafisa

	2021	Board of Directors	Fiscal Council	Executive Officers
Number of members(1)		8	3	8
Annual highest individual compensation (in R\$)		120.000	80.000	600.000
Annual lowest individual compensation (in R\$)(2)		120.000	80.000	308.000
Annual average individual compensation (in R\$)		120.000	80.000	531.291

(1) Based on the average number of members during the period.

(2) Annual lowest individual compensation includes only the members of board of directors, fiscal council and executive officers and does not include members who are also executive officers (if a member is an executive officer, he or she is paid as an executive officer).

	2020	Board of Directors	Fiscal Council	Executive Officers
Number of members(1)		8	—	7
Annual highest individual compensation (in R\$)		95,000	—	562,834
Annual lowest individual compensation (in R\$)(2)		13,333	—	287,532
Annual average individual compensation (in R\$)		63,375		330,404

(1) Based on the average number of members during the period.

(2) Annual lowest individual compensation includes only the members of board of directors, fiscal council and executive officers and does not include members who are also executive officers (if a member is an executive officer, he or she is paid as an executive officer).

	2019	Board of Directors	Fiscal Council	Executive Officers
Number of members(1)		10	3	6
Annual highest individual compensation (in R\$)		105,067	39,200	700,000
Annual lowest individual compensation (in R\$)(2)		36,667	24,000	225,000
Annual average individual compensation (in R\$)		85,333	30,200	333,000

(1) Based on the average number of members during the period.

(2) Annual lowest individual compensation includes only the members of board of directors, fiscal council and executive officers and does not include members who are also executive officers (if a member is an executive officer, he or she is paid as an executive officer).

C. Board Practices

General Information

We are managed by a board of directors consisting of at least five and up to nine directors and at least two and up to eight executive officers. Our directors are elected for a two-year term and our executive officers are elected for a three-year term. Reelection of officers and directors is permitted. We also have (i) a fiscal council, which under Brazilian Law is not a permanent body, although currently installed, (ii) permanent advisory committees created in accordance with our bylaws, namely: an audit committee and a corporate governance and compensation committee and (iii) executive committees established by the Board of Directors, namely: an investment executive committee, a finance executive committee, and an ethics executive committee. See “—A. Directors and Senior Management Board of Directors.”

Board of Directors

Our board of directors is our decision-making body responsible for formulating general guidelines and policies for our business, including our long term strategies. Among other things, our board of directors is responsible for appointing and supervising our executive officers.

Our board of directors meets at least once every two months and at any other time when a meeting is called by its chairman or by at least two other effective members. The decisions of our board of directors are taken by the majority vote of those members present at the respective meeting and constituting a quorum of at least four members. In the event of a tie vote, the chairman of our board of directors has, in addition to his personal vote, the right to cast a tie-breaking vote. In addition, pursuant to Brazilian corporate law, a member of our board of directors is prevented from voting in any shareholders’ or board of directors’ meeting, or from acting in any business or transaction, in which he may have a conflict of interest with our company.

Under Brazilian corporate law, a company’s board of directors must have at least three members. Our bylaws provide for a board of directors of up to nine members, from which at least 20% or two members, whichever is greater, shall be independent members, as determined by the Listing Rules of the *Novo Mercado*. Our directors are elected at our annual general shareholders’ meeting for a two-year term of office, with reelection permitted, and are subject to removal at any time by our shareholders at a shareholders’ general meeting. Although the Listing Rules of the *Novo Mercado* require at least 20% or two independent members, our board of directors currently has seven independent members, out of a total of eight members.

Article 141 of Brazilian corporate law provides that shareholders with at least 10% of a company’s total capital stock may request the adoption of the multiple voting procedure for the election of the board of directors, even where there is no provision for this in the company’s bylaws. The multiple voting procedure grants each share as many votes as the number of board members, and allows shareholders to allocate either all of their votes to a single candidate or to distribute their votes among several candidates.

All the voting proceedings discussed in the previous paragraphs currently apply to our company.

As prescribed by CVM Instruction No. 282, of June 26, 1998, the minimum voting capital percentage required for the adoption of the multiple voting procedure in publicly-held companies may be reduced as a result of the amount of its capital stock. The referred minimum percentage may vary from 5% to 10% depending on the amount

of our capital stock, as prescribed in the aforementioned CVM Instruction No. 282, of June 26, 1998. Based on the current amount of our capital stock, shareholders representing 5% of our total capital stock may request the adoption of the multiple voting procedure in order to elect the members to our board of directors. If the adoption of the multiple voting procedure is not requested, directors are elected by a majority vote of our shareholders, and such shareholders who, individually or collectively, represent at least 10% of our shares, are entitled to appoint, in a separate vote, a director and its alternate.

The Listing Rules of the *Novo Mercado* also provide that all members of our board of directors and our board of officers must comply with the arbitration clause in the bylaws before taking office.

Executive Officers

Under Brazilian corporate law, a company's board of executive officers must have at least two members, and each of such members must be a resident in Brazil. Furthermore, no more than one-third of our directors may serve as members of our board of officers at any given time. In addition, under the Listing Rules of the *Novo Mercado*, the chief executive officer of our company shall not serve as the chairman of the board of directors.

Our executive officers are our legal representatives and are primarily responsible for managing our day-to-day operations and implementing the general policies and guidelines set forth in our shareholders' general meetings and by our board of directors. Our bylaws require that our board of officers be composed of at least two members and a maximum of eight members. The members of our board of officers are appointed by our board of directors for a term of three-years, and may be reelected or removed by our board of directors at any time. Our bylaws and our board of directors determine the role of our executive officers. Currently, we have a board of officers comprised of five members: Guilherme Augusto Soares Benevides, Guilherme Luis Pesenti e Silva, Luiz Fernando Ortiz Fabio Freitas Romano and Sheyla Castro Resende.

The CFO/IRO and the COO submit the business plan, annual budget, investment plans and new expansion plans for Gafisa and our subsidiaries to the approval of the board of directors. They enact these plans and develop our strategy and operational plan, including the manner in which we will execute the resolutions approved at the shareholders' meeting and by the board of directors. Together with the other officers, they also supervise and coordinate our activities. The officer in charge of investor relations supplies our financial information to investors, the CVM and the B3, and is also responsible for keeping an updated register based on the applicable regulations.

Fiscal Council

Under Brazilian corporate law, the fiscal council is a corporate body independent from the management of the company and its external auditors. The company fiscal council is not a permanent body, and whenever installed, must consist of no less than three and no more than five members. The primary responsibility of the fiscal council is to review management's activities and the company's financial statements and to report its findings to the shareholders of the company. The fiscal council is not equivalent to an audit committee as contemplated by the Securities Exchange Act, as amended. Under Brazilian corporate law, a fiscal council must be established at a shareholders' general meeting upon request of shareholders representing at least 10% of the shares with voting rights, or 5% of the shares with no voting rights, and its members shall remain in office until the annual general shareholders' meeting of the year following their election. Each member of the fiscal council is entitled to receive compensation in an amount equal to at least 10% of the average amount paid to each executive officer (excluding benefits and profit sharing).

As prescribed by CVM Instruction No. 324, of January 19, 2000, the minimum voting capital percentage required to request the fiscal council to be installed may be reduced as a result of the amount of the company's capital stock. Based on the current amount of our capital stock, shareholders representing 2% of our voting capital stock may request the fiscal council to be installed. The referred minimum percentage may vary from 2% to 8% depending on the amount of our capital stock, as prescribed in the aforementioned CVM instruction.

Individuals who are also employees or members of the administrative bodies of our company, of companies controlled by us, or of companies forming a group of companies with us (pursuant to Chapter XXI of Brazilian corporate law), as well as spouses or parents of our management, cannot serve on the fiscal council.

Our by-laws provide for a non-permanent fiscal council composed of at least three and up to five members, which can be formed and have its members elected at the shareholders' general meeting, as requested by the shareholders, in the events set forth by Brazilian corporate law. When in operation, the compensation of our fiscal council is set at the shareholders' general meeting that elects it.

On April 30, 2021, our shareholders decided to install the Fiscal Council, and to appoint Elias de Matos Brito, Ronaldo dos Santos Machado, Luiz West as members, with the respective alternates being Viviane Leite Ventura, João Batista Irenede Menezes e Anderson dos Santos Amorim.

We have also established a permanent statutory audit committee. See “—Audit Committee.”

Audit Committee

Our bylaws provide for an Audit Committee that convenes regularly, as often as it determines is appropriate to carry out its responsibilities. The Audit Committee must be comprised of at least three members, all of which must be independent members. The Audit Committee is currently composed of Gilberto Braga, Pedro Carvalho de Mello and Thomas Cornelius Azevedo Reichenheim. Our board of directors has determined Gilberto Braga and Pedro Carvalho de Mello are each independent for the purpose of Rule 10A-3 of the Exchange Act. Our board of directors has determined that Gilberto Braga is an audit committee financial expert within the meaning of the regulations promulgated by the United States Securities and Exchange Commission.

This committee has responsibility for, among others, planning and reviewing our annual and quarterly reports and accounts with the involvement of our auditors, focusing particularly on compliance with legal requirements and accounting standards, and ensuring that an effective system of internal financial controls is maintained, as set forth in the Company's by-laws. The ultimate responsibility for reviewing and approving our annual and quarterly reports and accounts remains with our directors.

Corporate Governance and Compensation Committee

Our bylaws provide for a Corporate Governance and Compensation Committee that convenes regularly, as often as it determines is appropriate to carry out its responsibilities. The Corporate Governance and Compensation Committee must be comprised of at least three members, all of which must be independent. The Corporate Governance and Compensation Committee is currently comprised of Antonio Carlos Romanoski, Nelson Sequeiros Rodriguez Tanure, and Thomas Cornelius Azevedo Reichenheim. This committee, among other things, considers and periodically reports on matters relating to the size, identification, selection and qualification of the board of directors, executive officers and candidates nominated for the board of directors and its committees, is responsible for overseeing compliance with the corporate governance principles applicable to us under our bylaws and other policies, as well as for proposing improvements and changes to such applicable principles; reviews and makes recommendations to our directors regarding its compensation policies and all forms of compensation to be provided to our executive officers and other employees.

D. Employees

As of December 31, 2021, we had 400 employees at Gafisa across the following states:

States	Gafisa Number of Employees
Curitiba	2
Rio de Janeiro	45
São Paulo	353
Total	400

The table below shows the number of employees for the periods presented, within the macro areas of the company:

Period	Operations	Administration & Finance	Business Development	Sales	Total
2021	159	171	29	41	400
2020	136	109	11	21	277
2019	98	90	8	19	215
2018	234	127	26	35	422
2017	242	213	60	131	646

Our administrative employees carry out management, finance, information technology, legal and human resources activities among others. Our construction site employees focus on management and oversight of our construction workers, the majority being outsourced. The outsourced professionals are hired by the contractors to carry out various tasks on the construction sites. As of the date of this annual report, we estimate that approximately 971 outsourced professionals are providing services to Gafisa across Brazil, all in the Southeast region of Brazil.

We offer training programs to our employees, subcontractors and outsourced employees. All of our professionals involved in the construction of our developments are trained prior to the beginning of their work and are supervised directly by our engineers.

The majority of our employees and outsourced professionals of the State of São Paulo are enrolled with the Civil Construction Industries Workers' Union (SINTRACON). As a rule, the Civil Construction of Large Building Industry in the State of São Paulo (SINDUSCON-SP) annually negotiates with SINTRACON collective bargaining agreements applicable to our employees. The most recent collective bargaining agreement for our employees and outsourced professionals in the State of São Paulo was executed in May 2021, establishing a salary adjustment of 7.59% as of May 2021. This collective bargaining agreement became effective in May 2021 and will expire in April 2022. The majority of our employees and outsourced professionals of the State of Rio de Janeiro are members of the Civil Construction, Tiles, Cement, Marble and Granite Products, Road Construction, Paving, and Land Moving and Industrial Maintenance and Assembly Industries' Workers Union of the Rio de Janeiro Municipality (SINTRACONST-RIO). As a rule, the Civil Construction of Large Building Industry in the State of Rio de Janeiro (SINDUSCON-RIO) annually negotiates with SINTRACONST-RIO the collective bargaining agreements applicable to our employees. The most recent collective bargaining agreement for our employees and outsourced professionals in the State of Rio de Janeiro was executed in March 2020, establishing a salary adjustment of 3.5% as of March 2021. This collective bargaining agreement became effective in March 2021 and expired in March 2022. As of the date of this annual report, we are negotiating the collective bargaining agreements for our employees in the states of São Paulo and Rio de Janeiro related to 2022.

We believe that our relationship with our employees and workers' unions is good. In all the regions where we operate, we maintain a stable relationship with the workers unions, which generally decreases the risk of strikes.

The benefits we offer to our permanent employees include life insurance, dental plan, health insurance, meal tickets and profit sharing.

Health and Safety

We are committed to preventing work-related accidents and diseases. Accordingly, we maintain a risk prevention program which seeks to maintain and enhance the health and physical conditions of our employees, by anticipating, recognizing, evaluating and controlling any existing or potential environmental risks in the workplace.

In addition, we have an internal committee for the avoidance of accidents, which seeks to prevent diseases and accidents from occurring in the workplace. We make significant investments in this area, providing frequent training programs for our construction employees as well as for our subcontractors' employees, and we require our subcontractors to follow strict guidelines.

E. Share Ownership

As of the date of this annual report, our directors and executive officers do not hold, on an aggregate basis, any direct or indirect interest of greater than 5% of our total share capital or of the share capital of any of our subsidiaries or jointly-controlled entities. As of December 31, 2020, some of our executive officers held interests in our subsidiaries and jointly-controlled entities as directors and executive officers. In none of these cases, as of the date of this annual report, were the interests held material.

The table below sets forth the number of our total shares beneficially owned by each of our directors and executive officers as of the date of this annual report:

Name	Position	Number of Shares Owned
Antonio Carlos Romanoski	Member of the Board of Directors	51,935
Eduardo Larangeira Jácome	Member of the Board of Directors	195,437
Nelson Sequeiros Rodriguez Tanure	Member of the Board of Directors	752,150
João Antonio Lopes Filho	Member of the Board of Directors	353,666
Gilberto Benevides	Member of the Board of Directors	14,233,444
Thomas Cornelius Azevedo Reichenheim	Member of the Board of Directors	64,120
Luiz Fernando Ortiz	Statutory Officer	104,534
Guilherme Luis Pesenti e Silva	Statutory Officer	87,249
Guilherme Benevides	Statutory Officer	1,885,716
Fabio Romano	Statutory Officer	351,853

Stock Option Plans

Gafisa's stock option plans seek to: (1) encourage our expansion and success by allowing our executives and key employees to acquire shares of our capital stock in order to encourage their integration with the company; (2) allow us to obtain and retain the services of executives and key employees by offering them the benefit of becoming one of our shareholders; and (3) align the interests of our executives and key employees with the interests of our shareholders.

We have individual agreements with our key employees and executives for Gafisa, under which they are entitled to purchase shares of our capital stock pursuant to the terms and conditions of the stock option plans and the specific conditions set forth in their agreements.

In 2002, our shareholders ratified the terms and conditions of our stock option plan. A standard stock option program to grant subscription rights related to our preferred shares was approved by our board of directors at a meeting held on April 3, 2000. As a result of our entry in the *Novo Mercado* segment of B3, our preferred shares were converted into common shares, and therefore all options relating to this plan grant subscription rights related to our common shares. Currently, we do not have any stock option grants related to this plan.

On February 3, 2006, our shareholders approved a new stock option plan. Under the 2006 stock option plan, our board of directors may release further programs on a regular basis of options to purchase up to 5% of the total outstanding shares of our company, as set forth in the 2006 stock option plan. Such new programs would grant our executives and key employees the right to subscribe and/or acquire our shares for a set price, under terms and conditions according to the agreements set for each participant. Currently, we do not have any stock option grants related to this plan.

Our most recent stock option plan was approved on May 18, 2008 during a special shareholders' general meeting. Under this new stock option plan, our board of directors may create additional programs on a regular basis for options to purchase up to 5% of the total outstanding shares of our company, as set forth in the 2008 stock option plan.

Under this stock option plan, the board of directors may also grant different types of options to certain beneficiaries, namely "A options," which are regular options, and "B options," for the exercise price of R\$0.09. The exercise of B options, if granted, is subject to the proportional purchase of common shares or exercise of a regular

option under this 2008 stock option plan, according to the terms and conditions set forth in each program, and to lapse two years from the common share purchase date.

On April 30, 2021, our shareholders approved a new stock option program. However, as of the date of this annual report, all active stock option programs follow the 2008 stock option plan.

2012 Programs

Two stock option programs were approved in 2012 for executive officers and key employees.

The first is a standard stock option program granting subscription rights related to our common shares. Under this program, the board of directors may grant to certain beneficiaries the right to subscribe and/or acquire our shares for a set price, under the terms and conditions set forth in the stock option plan agreement entered into with each participant.

Under the second program, the board of directors may grant different types of B options for the exercise price of R\$0.09 per share. The exercise of B options, if granted, is subject to the proportional exercise of regular options at market price, granted under this second program, according to the terms and conditions set forth in such second program, and to lapse one year from the grant date.

As of the date of this annual report, options to purchase 302,532 shares of our common shares have been granted to key employees and executive officers pursuant to this second program. The options granted included 222,912 “B” options, and all of them have been acquired or expired pursuant to such program.

2013 Programs

Two stock option programs were approved in 2013 for executive officers and key employees.

The first is a standard stock option program granting subscription rights related to our common shares. Under this program, the board of directors may grant to certain beneficiaries the right to subscribe and/or acquire our shares for a set price, under the terms and conditions set forth in the stock option plan agreement entered into with each participant.

As of the date of this annual report, 101,612 options to purchase shares of our common shares have been granted to executive officers pursuant to this agreement and none has been acquired. Out of the amount granted, 51,331 have been expired pursuant to such agreements.

Under the second program, the board of directors may grant different types of B options for the exercise price of R\$0.09 per share. The exercise of B options, if granted, is subject to the proportional exercise of regular options at market price, granted under this program, according to the terms and conditions set forth in this second program, and to lapse one year from the grant date.

As of the date of this annual report, options to purchase 297,677 shares of our common shares have been granted to key employees and executive officers pursuant to this second program. The options granted included 217,222 “B” options, and all of them have been acquired or expired pursuant to such program.

2014 Programs

One stock option program was approved in 2014 for executives and key employees.

Under this program, the board of directors may grant different types of B options for the exercise price of R\$0.09 per share. The exercise of B options, if granted, is subject to the proportional exercise of regular options at market price, granted under this program, according to the terms and conditions set forth in each program, and to lapse one year from the grant date.

As of the date of this annual report, options to purchase 323,500 shares of our common shares have been granted to employees and executives pursuant to this agreement. The options granted included 124,651 “B” options. Out of the total options granted, all of them have been acquired, expired or cancelled pursuant to such program.

2015 Programs

One stock option program was approved in 2015 for executives and key employees.

This program is a standard stock option program granting subscription rights related to our common shares. Under this program, the board of directors may grant to certain beneficiaries the right to subscribe and/or acquire our shares for a set price, under the terms and conditions set forth in the stock option plan agreement entered into with each participant.

As of the date of this annual report, options to purchase 264.750 shares of our common shares have been granted to key employees and executive officers pursuant to this agreement. Out of the total options granted, all of them have been acquired, expired or cancelled pursuant to such program.

In addition to the above stock option program, the board of directors approved a “Phantom Shares” program, payable in cash in accordance with the amount of options exercisable by the executives and key employees during the exercise period under the 2015 stock option program.

2016 Programs

One stock option program was approved in 2016 for executives and key employees.

This program is a standard stock option program granting subscription rights related to our common shares. Under this program, the board of directors may grant to certain beneficiaries the right to subscribe and/or acquire our shares for a set price, under the terms and conditions set forth in the stock option plan agreement entered into with each participant.

As of the date of this annual report, options to purchase 163.900 shares of our common shares have been granted to key employees and executive officers pursuant to this agreement. Out of the total options granted, none have been acquired or expired pursuant to such agreement.

In addition to the above stock option program, the board of directors approved a “Phantom Shares” program, payable in cash in accordance with the amount of options exercisable by the executives and key employees during the exercise period under the 2016 stock option program.

2017 Programs

No stock option program was approved in 2017 for executives and key employees.

2018 Programs

One stock option program was approved in 2018 for executives and key employees.

This program is a standard stock option program granting subscription rights related to our common shares. Under this program, the board of directors may grant to certain beneficiaries the right to subscribe and/or acquire our shares for a set price, under the terms and conditions set forth in the stock option plan agreement entered into with each participant.

As of the date of this annual report, options to purchase 2.685.474 shares of our common shares have been granted to key employees and executive officers pursuant to this agreement. Out of the total options granted, 2.252.076 have been canceled or expired pursuant to such agreement.

After the vesting period of 4 years, the options may be exercised in whole or in part as follows: 60% as of March 30, 2022; 20% as of March 30, 2023 and 20% remaining as of March 30, 2024. The price set for the 2018 Program was R\$15.00.

2019 Programs

No stock option program was approved in 2019 for executives and key employees.

2020 Programs

No stock option program was approved in 2020 for executives and key employees.

2021 Stock Option Plan and Programs

On April 30, 2021, our shareholders approved a new stock option plan. However, as of the date of this annual report, all active stock option programs follow the 2008 stock option plan. The exercise price for all programs to be approved under the 2021 stock option plan is the average price of Gafisa stock during the immediately preceding 4th quarter, with a 20% discount.

Gafisa Active Programs	Number of Stock Options granted (2)	Number of Stock Options Outstanding (Not Expired or exercised) as of the date of this annual report (2)	Exercise Price per Stock Option (2)	Expiration
August 2012 (Standard SOP) (1)	264,036	77,852	17.01	August 2025
May 2013 (Standard SOP) (1)	101,612	21,210	28.29	May 2027
April 2016 (Standard SOP) (Gafisa)	163,900	176,221	19.40	April 2022
March 2018 (Standard SOP) (Gafisa)	2,685,474	433,398	15.00	March 2025
March 2021 (Standard SOP) (Gafisa)	3,243,126	2,270,188	3.49	March 2023
Total		2,978,869		

(1) Options unvested or vested and not yet exercised.

(2) Considering the reverse stock split of all Gafisa's shares at a ratio of 13.483023074 to 1 consummated on March 23, 2017 and other adjustments.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

As of the date of this annual report, the following shareholders held more than 5.0% of our common shares:

Shareholders	Shares	(%)
MAM Asset Management Gestora de Recursos	50,650,604	15.01%
Planner Corretora de Valores	16,231,139	4.81%
JPMorgan Chase & Co	13,227,872	3.92%
Others	257,336,111	76.17%
Total	337,445,727	100.00%

The following table sets forth information of our directors and officers as a group, as well as common shares held in treasury and other shares in the public float. Each holder of common shares has the same rights.

Shareholders	Shares	(%)
Board of Directors and Officers	18,398,189	5.45%
Treasury shares	296,211	0.09%
Public Float	318,751,327	94.46%
Total	337,445,727	100.00%

We had a total of 36 record shareholders located in the United States. We are not aware of any shareholders' agreement currently in force with our main shareholders.

B. Related Party Transactions

Other than arrangements which are described in "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management Board of Directors—Our Relationship with our Executive Officers and

Directors” and the transaction described below, since January 1, 2007, there has not been, and there is not currently proposed, any material transaction or series of similar transactions to which we were or will be a party in which any director, executive officer, holder of 5% of our capital stock or any member of their immediate family had or will have a direct or indirect interest.

Under Brazilian corporate law, our directors and executive officers cannot vote on any matter in which they have a conflict of interest and such transactions can only be approved on reasonable and fair terms and under conditions that are no more favorable than the terms and conditions prevailing in the market or offered by third parties.

We participate in the development of real estate ventures with other partners, directly or through related parties, based on the constitutive documents of condominiums and/or consortia. The management structure of these enterprises and the cash management are centralized in the lead partner of the enterprise, which manages the construction schedule and budgets. Thus, the lead partner ensures that the investments of the necessary funds are made and allocated as planned. The sources and uses of resources of the venture are reflected in the balance sheet of the ventures, reflecting the respective participation percentages of the partners, which are not subject to inflation adjustments or financial charges and do not have a predetermined maturity date. The average term for the development and completion of the projects in which the resources are invested is between 24 and 30 months. Please refer to Note 21 to our consolidated financial statements for further information on balances with related parties.

As of and for the years ended December 31, 2021, 2020 and 2019, we have not entered into any loan or other type of financing agreement with our directors or executive officers. In the year ended December 31, 2021, the amount of transactions related to units sold to management members was R\$2.8 million. In the years ended December 31, 2020 and 2019, there were no units sold to management members. There was no amount receivable as of December 31, 2021, 2020 and 2019.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

For our consolidated financial statements and notes thereto see “Item 18. Financial Statements.”

Legal Proceedings

We are currently party to several legal and administrative proceedings arising from the normal course of our business, principally relating to civil, environmental, tax and labor claims. We establish provisions in our balance sheets relating to potential losses from litigation based on estimates of probable losses. Brazilian GAAP requires us to establish provisions in connection with probable losses and we record a provision when, in the opinion of our management, we feel that an adverse outcome in a litigation is probable and a loss can be estimated. The determination of the amounts provisioned is based on the amounts involved in the claims and the opinion of external legal counsel.

Civil Claims

As of December 31, 2021, we were a party to 3,636 civil claims, totaling R\$223.2 million. Most of these civil claims involve ordinary course of business matters relating to the development of our properties, including annulment of contractual clauses and termination of agreements with the reimbursement of the amounts paid. We have also minority civil claims where we discuss the resolution of the construction partnership.

As of December 31, 2021, the provisions related to civil claims include R\$17.7 million related to lawsuits in which the Company is included as successor in enforcement actions for judicial and extrajudicial debts, in which the original debtor is a former shareholder of Gafisa, Cimob Companhia Imobiliária (“Cimob”) or companies that are part of the economic group of Cimob. The plaintiff alleges that the Company should be liable for the debts of Cimob. We have made judicial deposits amounting to R\$20.2 million in connection with these claims. The

Company is filing appeals against all decisions, as it considers that the inclusion of Gafisa in the claims to be legally unreasonable; these appeals aim at releasing amounts and obtaining the recognition that it cannot be held liable for the debt of a company that does not have any relationship with Gafisa. The Company has obtained both favorable and unfavorable decisions on appeal, and the final decision of each pending appeal cannot be predicted at present.

The Company is a plaintiff in proceedings against Cimob and its former and current controlling shareholders. The Company is seeking (i) restitution of amounts already paid by the Company in connection with the lawsuits in which the Company is included as successor in enforcement actions for judicial and extrajudicial debts proceedings in which the original debtor is Cimob and (ii) the recognition of the court that it does not have any relationship with Cimob and cannot therefore be held liable for the debt of Cimob. The final decision is pending, and cannot be predicted at present.

As of December 31, 2021, the provision for our civil claims amounted to R\$237.7 million.

Environmental Claims

As of December 31, 2021, we were the defendants in certain environmental claims alleging damage to a permanent conservation area and we are currently not able to estimate the aggregate amount of such claims.

In addition, we are occasionally party to other administrative environmental inquiries or claims by the Public Prosecution Offices or by other governmental agencies or third parties. These inquiries may result in public environmental claims against us and the findings in these inquiries may give rise to other administrative and criminal claims. However, based on currently available information, we do not believe these matters are, or are likely to be in the future, material to our business or financial condition.

In Case No. 0020654-60.2011.4.01.3200, federal prosecutors (Ministério Público Federal) argue that the company has built one of the towers of “Riviera da Ponta Building” on Federal Government property, next to a riverbank. The federal prosecutors claimed R\$88.3 million in damages, comprising both environmental liability for construction in an allegedly “protected area” and payoff for the property. We estimate the probability of the Company to be sentenced to pay R\$88.3 million as remote because we believe that the federal prosecutors’ computations to get this number are unreasonable, since neither the value nor the extension of the area supposedly invaded are accurate.

As of December 31, 2021, we have made no provisions for environmental claims.

Tax Claims

As of December 31, 2021, we were party to several tax proceedings involving tax liabilities in the aggregate amount of R\$180 million. As of December 31, 2021, the provision for tax liabilities amounted to R\$1.0 million. In addition, we have deposited R\$37,3 million with the court in connection with some of these proceedings. These amounts take into consideration the tax liabilities of our subsidiaries, in proportion to our interest in their share capital. The main tax proceedings to which we are a part are described below.

Several municipalities charge a municipal tax on construction services on an arbitrated basis, which varies depending on the characteristic of the construction. We have filed lawsuits against the municipalities of São Paulo and Rio de Janeiro to challenge the calculation of the arbitrated basis on several of our developments under construction. In these proceedings, we deposited R\$14.1 million with the courts and we are awaiting the final decisions.

In addition, the municipality of São Paulo has issued tax assessments against us. We have filed administrative defenses and are awaiting the final administrative decisions. The total amount involved in these proceedings in 2021 is R\$5.6 million.

We filed a lawsuit against the Brazilian Internal Revenue (*Receita Federal*) to challenge the increase in the PIS and Cofins rates from 0% to 0.65% and 4%, respectively, on financial income earned by legal entities subject to the non-cumulative regime, on the basis that in our view, this increase is illegal and unconstitutional. Accordingly, we requested from the Brazilian courts a preliminary injunction prohibiting the Brazilian Ministry of Finance from collecting the PIS and Cofins contributions on financial revenues. The Brazilian courts denied our request. We

appealed the decision and as of December 31, 2021, we had deposited R\$20 million with the court in connection with the lawsuit, which is pending a final decision.

We are also party to three proceedings with the Brazilian Internal Revenue (*Receita Federal*) related to taxes in connection with our stock options plans, which the Brazilian Internal Revenue (*Receita Federal*) alleges that we owe. The total amount of the proceedings is R\$38 million, and we have filed our defenses to dismiss these proceedings as we believe we do not owe these taxes. In 2020 a judicial decision dismissed a R\$6 million assessment. In 2021, through another lawsuit we filed our defenses to dismiss a R\$7 million assessment. As of the date of this annual report, these proceedings are pending and no provisions have been made.

Labor Claims

As of December 31, 2021, we were a defendant in 916 labor claims resulting from our ordinary course of business, of which approximately 80% were filed by outsourced workers and approximately 20% were filed by our former employees. The alleged legal bases for these claims mainly relate to termination benefits, overtime hours, employee relationship and dismissal rights. As of December 31, 2021, the total value involved in the labor claims filed against us was approximately R\$79.5 million. As of December 31, 2021, the provision for labor claims amounted to R\$6.9 million.

In addition, we are periodically party to other administrative labor inquiries or claims by the Public Prosecution Offices or by other governmental agencies or third parties. These inquiries may result in public labor claims against us and the findings in these inquiries may give rise to other claims. However, based on currently available information, we do not believe these matters are, or are likely to be in the future, material to our business or financial condition.

We have adopted certain measures to audit third party contractors. The objective of these measures is to evaluate compliance by third party contractors with labor obligations to their employees. We believe this will help us minimize the risks of potential labor liabilities.

Arbitration

We are also involved in arbitrations proceedings, commenced by us against a partner seeking to discuss damages suffered in connection with the development of certain real estate projects, stemming from breach of contract obligations.

In summary the arbitrations proceedings are:

Arbitration POLO:

The Company requested the filing of an Arbitration Procedure before the Mediation and Arbitration Center of the Brazil-Canada Chamber of Commerce, on July 31, 2018, against Yogo Participações and Empreendimentos Imobiliários S.A. (“Yogo”); Polo Real Estate Fund of Investments and Holdings and Polo Capital Real Estate Gestão de Recursos Ltda. as Yogo shareholders; and Comasa - Construtora Almeida de Martins Ltda., in connection with alleged breaches of certain contractual obligations. As of the date of this annual report, both respondents were summoned, and the arbitration is ongoing.

Arbitration BKO:

In October 2013, Gafisa, SPE 111 and SPE 81 filed an arbitration proceeding against BKO alleging: (i) a default by BKO under the London Ville, Avant Garde and Vittá construction contracts, due to (i.a.) non-compliance with the physical schedule of the works, and (i.b.) overflow of the maximum guaranteed price / target cost and / or constructive defects; (ii) unilateral and unjustified termination by BKO of the Avant Garde and Vittá construction contracts; and (iii) the unenforceability of invoices issued by BKO under the construction contracts of Avant Garde and Vittá. BKO claims (i) in relation to the London Ville venture, that Gafisa failed to comply with the MOU signed between the parties to complete the work; (ii) in relation to the Avant Garde project, that Gafisa never paid the contractual bonus that BKO would be entitled since it has achieved the Target Cost stipulated in the first phase of the construction contract, which affected the second phase of the contract; (iii) in relation to the Vittá venture, that Gafisa ceased to pay for the work, which led to the termination of the contract. During the evidence stage of the

proceedings, an accounting and engineering examination was commissioned. The expert examination was completed and, following the hearing of witnesses that took place on May 9, 2019 and May 10, 2019, the parties presented their final arguments. On November 12, 2019, the arbitration court ruled partially in favor of Gafisa in order to recognize most of the pleadings. The court also granted part of BKO's pleadings. However, the decision needed to be clarified, so Gafisa filed a motion for clarification on November 18, 2019. BKO also filed a motion for clarification on November 20, 2019. Both motions were partially granted and accordingly, Gafisa's credit represents R\$69 million, which is fully recorded in our financial statements, and BKO's credit represents R\$0.9 million.

In parallel, taking into account possible deviations of capital and assets by BKO, Gafisa requested the seizure of R\$59.9 million, and the Arbitral Tribunal granted the seizure of 5% (five percent) of BKO's net sales and credits arising from a lawsuit filed by BKO (Case file No. 1068081-53.2015.8.26.0100). The seizure of net sales was later replaced by an attachment over more than 20 real estate properties belonging to BKO and some affiliated companies. The affiliated companies filed a motion to dismiss the attachment over their assets. The lower court granted the plaintiffs' request *in limine*. In response, Gafisa filed an appeal to the Court of Appeals in order to reestablish the attachment. On February 14, the court of appeals upheld Gafisa's appeal, and the attachment was shortly re-established, to be again suspended on September, while pending an appeal to the Superior Court. As of the date of this annual report, the orders are still pending a final decision.

As of December 31, 2021, we had not recorded any provisions for our arbitration claims.

Other Developments

On June 14, 2012, we received a subpoena from the SEC Division of Enforcement related to the Matter of Certain 20-F Filer Home Builders (HO-11760). The subpoena requests that we produce all documents from January 1, 2010 to the present related to the preparation of our financial statements, including, among other things, copies of our financial policies and procedures, board and audit committee and operations committee minutes, monthly closing reports and financial packages, any documents relating to possible financial or accounting irregularities or improprieties and internal audit reports. The SEC's investigation is a non-public, fact-finding inquiry and it is not clear what action, if any, the SEC intends to take with respect to the information it gathers. The SEC subpoena does not specify any charges. The Company has already submitted all the information requested by the SEC, which as of the publication of these financial statements has not issued any opinion. We have not received any further notice from the SEC after delivering the requested information in the first half of 2012.

On July 31, 2012, we received a letter from the CVM: CVM/SEP/GEA-5/ Letter No. 208/2012, requesting information related to criteria for measurement and recognition of revenue and enhancement in the disclosure of some notes to our financial information. We have already provided all the information requested by the CVM. In addition, on February 19, 2013, we received a letter from the CVM: CVM/SEP/GEA-5/ Letter No. 040/2013 recommending enhancements to the notes to our financial statements regarding the percentage of assets by venture that is included in the structures of equity segregation of the purchase.

On July 11, 2013, the Company received CVM/SEP/GEA-5 Letter No. 240/2013, which requested information on the criteria for measuring and recognizing revenues. The Company has already provided all the information requested by CVM. On November 2013, we received a letter from the CVM: SEP/GEA-5/no 362/2013, requesting information related to some control deficiencies. We have already provided all the information requested by the CVM.

The CVM letters listed above led to administrative proceeding "Processo Administrativo Sancionador N° RJ2014-9034" involving Wilson Amaral de Oliveira and Alceu Duilio Calciolari, former executive officers of the Company, and André Bergstein, former chief financial officer of the Company.

Wilson Amaral de Oliveira, Alceu Duilio Calciolari and André Bergstein presented their defenses on December 8, 2014, and submitted first proposals to enter into leniency agreements (*termos de compromisso*) on January 1, 2015, followed by second proposals in August 2017, which were approved by the CVM and entered into in September 2017.

Pursuant to the leniency agreements, Wilson Amaral de Oliveira, Alceu Duilio Calciolari and André Bergstein were required to pay certain administrative fines, which they duly paid and following which administrative proceeding N° RJ2014-9034 with the CVM was closed.

Dividend Policy

The amount of any of our distributions of dividends and/or interest on shareholders' equity will depend on a series of factors, such as our financial conditions, prospects, macroeconomic conditions, tariff adjustments, regulatory changes, growth strategies and other issues our board of directors and our shareholders may consider relevant, as discussed below.

Amounts Available for Distribution

At each annual general shareholders' meeting, our board of directors is required to propose to our shareholders how our earnings of the preceding fiscal year are to be allocated. For purposes of Brazilian corporate law, a company's income after federal income tax for such fiscal year, net of any accumulated losses from prior fiscal years and amounts allocated to debentures, employees' and management's participation in earnings and founders' shares, represents its "net income" for such fiscal year. In accordance with Brazilian corporate law, an amount equal to the company's "net income" may be affected by the following:

- reduced by amounts allocated to the legal reserve;
- reduced by amounts allocated to any statutory reserve;
- reduced by amounts allocated to the contingency reserve, if any;
- reduced by amounts allocated to the tax incentives reserve;
- reduced by amounts allocated to the investment reserve;
- increased by reversals of contingency reserves recorded in prior years; and
- increased by amounts allocated to the investment reserve, when realized and if not absorbed by losses.

Our calculation of net income and allocation of funds to our reserves for any fiscal year are determined on the basis of our audited unconsolidated financial statements for the immediately preceding fiscal year.

Allocation of Net Income

According to Brazilian corporate law, we have two types of reserve accounts: (1) profit reserves and (2) capital reserve.

Profit Reserves

Our profit reserves consist of the following:

- *Legal Reserve.* Under Brazilian corporate law and our by-laws, we are required to maintain a legal reserve to which we must allocate 5% of our net income for each fiscal year until the aggregate amount of such reserve equals 20% of our share capital. However, we are not required to make any allocations to our legal reserve in a fiscal year in which the legal reserve, when added to our other established capital reserves, exceeds 30% of our total share capital. The portion of our net income allocated to our legal reserve must be approved by our annual general shareholders' meeting and the balance of such reserve may only be used to increase our share capital or to absorb losses, but is unavailable for the payment of dividends. As of December 31, 2021, there was a total amount of R\$4.5 million allocated to our legal reserve.
- *Statutory Reserve.* Under Brazilian corporate law, we are permitted to provide for the allocation of part of our net income to discretionary reserve accounts that may be established in accordance with our bylaws. The allocation of our net income to discretionary reserve accounts may not be made if it serves to prevent distribution of the mandatory distributable amount. According to our bylaws, up to 71.25% of our net income may be allocated to an investment reserve to finance the expansion of our activities and the activities of our controlled companies by subscribing for capital increases, creating new

projects or participating in consortia or any other type of association to achieve our corporate purpose. The allocation of this reserve cannot jeopardize the payment of the mandatory dividends. This statutory reserve is established in accordance with our bylaws as an investment reserve, and such reserve may not exceed 80% of our share capital. As of December 31, 2021, there was a total amount of R\$64.3 million allocated to our statutory reserve.

- *Contingency Reserve.* Under Brazilian corporate law, a percentage of our net income may be allocated to a contingency reserve for anticipated losses that are deemed probable in future years. Management must indicate the cause of the anticipated loss and justify the establishment of the reserve for allocation of a percentage of our net income. Any amount so allocated in a prior year either must be reversed in the year in which the justification for the loss ceases to exist or charged off in the event that the anticipated loss occurs, whose value can be estimated. The allocations to the contingency reserve are subject to the approval of our shareholders in a general shareholders' meeting. As of December 31, 2021, there was no amount allocated to our contingency reserve.
- *Non-realized Profit Reserve.* Under Brazilian corporate law, the amount by which the mandatory distributable amount exceeds the "realized" net income in a given fiscal year, as proposed by the board of directors, the excess may be allocated to the investment reserve. Brazilian corporate law defines "realized" net profits as the amount by which net profits exceed the sum of (1) the net positive results, if any, from the equity method of accounting and (2) the net profits, net gains or net returns resulting from transactions or the accounting of assets and liabilities based on their market value, to be received after the end of the following fiscal year. All amounts allocated to the non-realized profit reserve must be paid as mandatory dividends when those "non-realized" profits are realized if they have not been designated to absorb losses in subsequent periods. As of December 31, 2021, there was no amount allocated to our non-realized profit reserve.
- *Retained Earnings Reserve.* Under Brazilian corporate law, a portion of our net income may be reserved for investment projects in an amount based on a capital expenditure budget approved by our shareholders. If such budget covers more than one fiscal year, it might be reviewed annually at the general shareholders' meeting. The allocation of this reserve cannot jeopardize the payment of the mandatory dividends. As of December 31, 2021, the amount of R\$174.7 million was allocated to our retained earnings reserve.

Capital Reserves

The capital reserve is formed by (a) amounts received by shareholders in excess of the par value of shares issued (premium on capital stock), as well as the part of the issue price of the shares with no par value that exceeds the amount intended to form the capital stock; and (b) proceeds from the sale of founders' shares and warrants. Under Brazilian corporate law, capital reserve may only be applied to: (1) absorb losses that exceed accumulated earnings and revenue reserves; (2) redeem, reimburse or buy our own shares; and (3) increase our share capital.

Mandatory Distribution of Dividends

Brazilian corporate law generally requires that the bylaws of each Brazilian company specify a minimum percentage of the amounts available for distribution by such company for each fiscal year that must be distributed to shareholders as dividends or as interest on shareholders' equity, also known as the mandatory dividend.

The mandatory dividend is based on a percentage of adjusted net income, rather than a fixed monetary amount per share. Under our bylaws, at least 25% of our net income, as calculated under Brazilian GAAP and adjusted under Brazilian corporate law (which differs significantly from net income as calculated under U.S. GAAP), for the preceding fiscal year must be distributed as a mandatory dividend. Adjusted net income means the distributable amount before any deductions for profit retention and statutory reserves.

Under Brazilian corporate law, however, we are allowed to suspend the distribution of the mandatory dividends in any year in which our board of directors report to our general shareholders' meeting that the distribution would be inadvisable in view of our financial condition. Such suspension is subject to the approval at the shareholders' meeting and review by members of the fiscal council. Our board of directors must file a justification for such suspension with the CVM within five days of the relevant general shareholders' meeting. If the mandatory dividend

is not paid, the unpaid amount shall be attributed to a special reserve account. If not absorbed by subsequent losses, those funds shall be paid out as dividends as soon as the financial condition of the company permits.

The mandatory dividend may also be paid in the form of interest attributable to shareholders' equity, which is considered to be a deductible financial expense for the purpose of calculating our income and social contribution tax obligations, provided that certain requirements are met. See "Item 10. Additional Information—E. Taxation" for further information.

Payment of Dividends

We are required by Brazilian corporate law and our bylaws to hold an annual general shareholders' meeting within the first four months following the end of each fiscal year, at which time, among other things, the shareholders have to decide on the allocation of the results from the preceding year and on the payment of dividends based on our financial results from the previous fiscal year.

Under Brazilian corporate law, dividends are generally required to be paid to the holder of record on the date of the dividend declaration date within 60 days following the date the dividend was declared, unless a shareholders' resolution sets forth another date of payment, which, in either case, must occur within the fiscal year in which such dividend was declared. A shareholder has a three-year period from the date of the dividend payment to claim dividends, which do not bear interest and are not monetarily restated, after which the aggregate amount of any unclaimed dividends shall legally revert to us.

Our board of directors may declare interim dividends to be deducted from the retained earnings or profit reserves in our semi-annual or annual financial statements. In addition, our board of directors may pay dividends from our net income based on our net income registered on semi-annual or quarterly balance sheet. The dividends paid in each semester may not exceed the amounts accounted for in our capital reserve accounts. Any payment of interim dividends may be set off against the amount of mandatory dividend relating to the net profit earned in the year in which the interim dividends were paid.

In general, shareholders who are not residents of Brazil must register their equity investment with the Central Bank to have dividends, sales proceeds or other amounts with respect to their shares eligible to be remitted outside of Brazil. The common shares underlying the ADSs are held in Brazil by Banco Itaú S.A., also known as the custodian, as agent for the depositary, who is the registered owner on the records of the registrar for our shares. The depositary registers the common shares underlying the ADSs with the Central Bank and, therefore, it is possible to have dividends, sales proceeds or other amounts with respect to the common shares remitted outside Brazil.

Payments of cash dividends and distributions, if any, are made in *reais* to the custodian on behalf of the depositary, which then converts such proceeds into U.S. dollars and causes such U.S. dollars to be delivered to the depositary for distribution to holders of ADSs. In the event that the custodian is unable to convert immediately the *reais* received as dividends into U.S. dollars, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by any depreciation of the real that occurs before the dividends are converted. Under current Brazilian tax law, dividends paid to persons who are not Brazilian residents, including holders of ADSs, will not be subject to Brazilian withholding tax, except for dividends declared based on profits generated prior to December 31, 1995, which will be subject to Brazilian withholding income tax at varying tax rates. See "Item 10. Additional Information—E. Taxation."

Holders of ADSs have the benefit of the electronic registration obtained from the Central Bank, which permits the depositary and the custodian to convert dividends and other distributions or sales proceeds with respect to the common shares represented by ADSs into foreign currency and remit the proceeds outside of Brazil. In the event the holder exchanges the ADSs for common shares, the holder will be entitled to continue to rely on the depositary's certificate of registration for five business days after the exchange. Thereafter, in order to convert foreign currency and remit outside of Brazil the sales proceeds or distributions with respect to the common shares, the holder must obtain a new certificate of registration in its own name that will permit the conversion and remittance of such payments through the commercial exchange rate market.

Under current Brazilian legislation, the Brazilian government may impose temporary restrictions of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance of Brazil's balance of payments. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Common Shares and the ADSs."

Interest on Equity

Under the Brazilian tax legislation effective January 1, 1996, Brazilian companies are permitted to pay “interest” to holders of equity securities and treat such payments as a deductible financial expense for Brazilian income tax purposes and, from 1997, for social contribution on net profit purposes. The purpose of the tax law change is to encourage the use of equity investment, as opposed to debt, to finance corporate activities. Payment of such interest may be made at the discretion of our board of directors. The amount of any such notional “interest” payment to holders of equity securities is generally limited in respect of any particular year to the greater of:

- 50% of net income (after the deduction of the provisions for social contribution on net profits but before taking into account the provision for corporate income tax and the interest attributable to shareholders’ equity) for the period in respect of which the payment is made; or
- 50% of the sum of retained earnings and profit reserves as of the beginning of the year in respect to which such payment is made.

For tax deduction purposes, the rate applied in calculating interest attributable to shareholders’ equity cannot exceed the *pro rata die* variation of the Long Term Interest Rate (*Taxa de Juros de Longo Prazo*), or TJLP, as determined by the Central Bank from time to time.

For accounting purposes, although the interest should be reflected in the statement of operations for tax deduction, the charge is reversed before the calculation of the net income in the statutory financial statements and deducted from the shareholders’ equity in the same way as the dividend. Please refer to “Item 10. Additional Information—E. Taxation—Brazilian Tax Considerations—Income—Interest on Shareholders’ Equity” below for a discussion of tax consequences related to the receipt of payments of interest attributable to shareholders’ equity by a non-resident holder of our common shares or ADSs.

The amount distributed to shareholders as interest attributable to equity, net of any withholding tax, may be included as part of the minimum mandatory dividend. In accordance with applicable law, we are required to pay to shareholders an amount sufficient to ensure that the net amount they receive in respect of interest attributable to shareholders’ equity, after payment of the applicable withholding tax, plus the amount of declared dividends, is at least equivalent to the amount of the minimum mandatory dividend. A shareholder has a three-year period from the date of the interest payment to claim interest attributable to equity, after which the aggregate amount of any unclaimed interest shall legally revert to us.

If a payment of interest on equity is recorded at net value as part of a mandatory dividend, we will pay the income tax on behalf of our shareholders at the time the payment is distributed. Otherwise, the income tax will be paid by the shareholders, subject to our obligation to retain and collect taxes on the payment.

History of Payment of Dividends and Interest on Equity

In 2015, we did not distribute any dividends related to fiscal year 2014.

On April 25, 2016, we approved the payment of dividends in the total amount of R\$17.7 million, or R\$0.048 per share (excluding treasury shares) for fiscal year 2015. The dividends were distributed on December 22, 2016, as approved by a meeting of the board of directors held on December 16, 2016.

In 2016, we did not distribute any dividends related to fiscal year 2015. In 2017, we did not distribute any dividends related to fiscal year 2016. In 2018, we did not distribute any dividends related to fiscal year 2017. In 2019, we did not distribute any dividends related to fiscal year 2018. In 2020, we did not distribute any dividends related to fiscal year 2019. In 2021, we did not distribute any dividends related to fiscal year 2020.

B. Significant Changes

None.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our common shares started trading on the B3 on February 17, 2006 and the ADSs started trading on the NYSE on March 16, 2007. The last day for trading of our ADSs on the NYSE was December 14, 2018.

On November 26, 2018, our Board of Directors approved the voluntary delisting of our ADSs from the NYSE and a proposal to maintain our ADR facility as a Level 1 ADR program to enable investors to retain their ADSs. On December 7, 2018, we filed a Form 25 with the SEC to effect the delisting of the ADSs, and sent a copy to the NYSE on the same day. The last day of trading on NYSE for our ADSs was December 14, 2018, and our ADSs were delisted from the NYSE on December 17, 2018. Our ADSs remain eligible for trading in the over-the-counter markets in the United States, and our common shares will continue to be listed and admitted to trading in the Novo Mercado segment of the B3. In addition to the information we are required to report under applicable Brazilian regulations, we intend to continue publishing English translations of our annual report, interim results and communications on our investor relations website at (www.ri.gafisa.com.br), in accordance with Rule 12g3-2(b) under the Exchange Act.

We are part of the following indices of the Brazilian stock market:

- IBRA: This index comprises all stocks actively traded on the cash market operated by B3 that have a certain minimum liquidity and active trading criteria;
- IMOB: This index is a real estate sector index covering B3's most actively traded securities;
- IGCX: This index comprises all stocks trading on the Novo Mercado and Levels 1 and 2 of the B3;
- IGCT: The stocks that comprise this index are selected as constituents of the Special Corporate Governance Equity Index (IGC) to the extent they meet certain additional membership criteria;
- IGC-NM: This index comprises stocks listed for trading on the Novo Mercado segment of the B3;
- ITAG: This index comprises stocks which give minority shareholders enhanced tag-along rights protection in addition to the protection required by law in the event of a change of control;
- SMLL: This index comprises small capitalization stocks; and
- INDX: This index was developed to measure the performance of the most representative companies of the industrial sector, an important segment of the Brazilian economy. Its theoretical portfolio is composed by the industry's most representative stocks, which are selected among B3's most actively traded securities.

B. Plan of Distribution

Not applicable.

C. Markets

Our common shares are listed on the B3 under the symbol "GFS3," and they trade OTC under the symbol "GFSAY."

Trading on the B3

Trading on the São Paulo Stock Exchange is conducted every business day, from 10:00 a.m. to 5:00 p.m. or 6:00 p.m. (depending on the time of the year), on an electronic trading system called the PUMA Trading System ("PUMA"). Trading is also conducted between 5:30 p.m. (or 6:30 p.m.) and 6:00 p.m. (or 7:00 p.m.), on an online system connected to PUMA and Internet brokers called the "after market" The "after-market" trading is scheduled after the close of principal trading sessions, when investors may send purchase and sell orders and trade through the

home broker system. This after-market trading is subject to regulatory limits on price volatility of securities traded by investors operating on the Internet.

The CVM and the B3 have discretionary authority to suspend trading in shares of a particular issuer under certain circumstances. Trading in securities listed on the B3, including the *Novo Mercado*, *Bovespa Mais*, *Bovespa Mais Nível 2* and Levels 1 and 2 segments, may be effected off the exchanges in the unorganized over-the-counter market in certain circumstances.

The shares of all companies listed on the B3, including the *Novo Mercado*, *Bovespa Mais*, *Bovespa Mais Nível 2* and Level 1 and Level 2 companies, are traded together.

Settlement of transactions occurs three business days after the trade date, without adjustments to the purchase price. Delivery of and payment for shares are made through the facilities of separate clearing houses for each exchange, which maintain accounts for brokerage firms, the Central Securities Depository of the B3 (*Central Depositária de Ativos da B3*). The seller is ordinarily required to deliver the shares to the B3 clearing house on the second business day following the trade date.

In order to maintain control over the fluctuation of the B3 index, the B3 has adopted a “circuit breaker” system pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever specified indices of the B3 fall below the limits of approximately 10% and 15%, respectively, in relation to the closing index levels for the previous trading session.

Although the Brazilian equity market is the largest in Latin America in terms of capitalization, it is smaller and less liquid than the major U.S. and European securities markets. The B3 is significantly less liquid than other major exchanges in the world. As of December 31, 2021, the average daily trading for all companies listed on B3, the only Brazilian stock exchange, represented approximately R\$36.9 billion, according to B3 data. Although any of the outstanding shares of a listed company may trade on the B3, in most cases fewer than half of the listed shares are actually available for trading by the public, the remainder being held by small groups of controlling persons, by government entities or by one main shareholder. The relative volatility and illiquidity of the Brazilian securities markets may substantially limit your ability to sell the common shares at the time and price you desire and, as a result, could negatively impact the market price of these securities.

Trading on Brazilian stock exchanges by non-residents of Brazil is subject to registration procedures. See “—Investment in Our Common Shares by Non-Residents of Brazil.”

Regulation of Brazilian Securities Markets

The Brazilian securities markets are mainly governed by Law No. 6,385, of December 7, 1976, Law No. 4,728, of July 14, 1965 and Brazilian corporate law, each as amended and supplemented, and by regulations issued by the CVM, which has authority over stock exchanges and the securities markets generally; the CMN; and the Central Bank, which has, among other powers, licensing authority over brokerage firms and regulates foreign investment and foreign exchange transactions.

These laws and regulations, among others, provide for licensing and oversight of brokerage firms, governance of the Brazilian stock exchanges, disclosure requirements applicable to issuers of traded securities, restrictions on price manipulation and protection of minority shareholders. They also provide for restrictions on insider trading. However, the Brazilian securities markets may not be considered to be as highly regulated and supervised as the U.S. securities markets or securities markets in some other jurisdictions. Accordingly, any trades or transfers of our equity securities by our officers and directors, our controlling shareholders or any of the officers and directors of our controlling shareholders must comply with the regulations issued by the CVM. See “Item 10. Additional Information—B. Memorandum and Bylaws—Disclosure Requirements.”

We have the option to ask that trading in our securities on the B3 be suspended in anticipation of a material announcement. Trading may also be suspended on the initiative of the B3 or the CVM, based on or due to, among other reasons, a belief that a company has provided inadequate information regarding a material event or has provided inadequate responses to inquiries by the CVM or the B3.

Under Brazilian corporate law, a corporation is either publicly held, as we are, or closely held. All public companies are registered with the CVM and are subject to reporting requirements. A company registered with the CVM may trade its securities either on the B3, if it has registered to have its securities traded at the B3, or on the Brazilian over-the-counter market. The shares of a listed company may also be traded privately, subject to several limitations. Our common shares are listed on *Novo Mercado* segment of the B3.

The Brazilian over-the-counter market consists of direct trades between individuals in which a financial institution registered with the CVM (and in the relevant over the counter market) serves as intermediary. The Brazilian over-the-counter market is divided into two categories: (i) an organized over the counter market, in which the transactions are supervised by self-regulating entities authorized by the CVM; and (ii) a non-organized over the counter market, in which the transactions are not supervised by self-regulating entities authorized by the CVM. In either case, transactions are directly traded outside of the stock exchange market, through a financial institution authorized by the CVM. No special application, other than registration with the CVM, is necessary for securities of a public company to be traded in this market. The CVM requires that it be given notice of all trades carried out in the Brazilian over-the-counter market by the respective intermediaries.

Investment in Our Common Shares by Non-Residents of Brazil

Portfolio Investment

Investors residing outside Brazil are authorized to purchase equity instruments, including our common shares, in the form of foreign portfolio investments on the B3, provided that they comply with the registration requirements set forth in (i) CVM Instruction No. 560, published on March 25, 2015, which revoked CVM Instruction No. 325 and (ii) Resolution No. 4,373 of September 29, 2014, issued by CMN (“Resolution No. 4,373”).

With certain exceptions, Resolution No. 4,373/14 investors are permitted to carry out any type of transaction in the Brazilian financial capital market involving a security traded on a stock, futures or organized over-the-counter market authorized by the CVM. Investments and remittances outside Brazil of gains, dividends, profits or other payments under our common shares are made through the foreign exchange market. See “Item 10. Additional Information—D. Exchange Controls.”

In order to become a Resolution No. 4,373/14 investor, an investor residing outside Brazil must:

- appoint a representative in Brazil with powers to take actions relating to the investment (before CVM, Central Bank and other regulatory entities) and to receive judicial notifications;
- appoint an authorized custodian in Brazil for the investments, which must be a financial institution duly authorized by the Central Bank and CVM;
- appoint a tax representative in Brazil;
- through its representative in Brazil, register itself as a foreign investor with the CVM and the Central Bank; and
- through its representative in Brazil, register itself with the Brazilian Internal Revenue (Receita Federal) pursuant to Regulatory Instruction No. 1,470 of May 30, 2014, and Regulatory Instruction No. 1,548 of February 13, 2015, as the case may be.

Securities and other financial assets held by foreign investors pursuant to Resolution No. 4,373/14 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading by foreign investors is generally restricted to transactions carried out in the Brazilian stock exchanges or in organized over-the-counter markets licensed by the CVM. Therefore, as a general rule, no private sale of securities and other financial assets held by foreign investors pursuant to Resolution No. 4,373/14 are permitted.

Foreign Direct Investment

Foreign direct investors under Law No. 4,131/62 may sell their shares in both private or open market transactions, but these investors will generally be subject to less favorable tax treatment on gains as compared to foreign portfolio investors.

A foreign direct investor under Law No. 4,131/62 must:

- register itself as a foreign direct investor and the investment with the Central Bank;
- obtain a taxpayer identification number from the Brazilian tax authorities;
- appoint a tax representative in Brazil; and
- appoint a representative in Brazil for service of process in respect of suits based on Brazilian corporate law.

Depository Receipts

Resolution No. 4,373/14, which revoked Resolutions No. 1,927/92 and 3,845/10 of the CMN, regulates the issuance of depository receipts in foreign markets in connection with shares of Brazilian issuers. Our ADSs program was approved by the CVM on March 8, 2007.

If a holder of ADSs decides to exchange ADSs for the underlying common shares, the holder may (1) sell the common shares on the B3 and rely on the depository's electronic registration for five business days from the date of the exchange to obtain and remit U.S. dollars abroad upon the holder's sale of our common shares; (2) convert its investment into a foreign portfolio investment under Resolution No.4,373/14, subject to simultaneous foreign exchange transactions (without actual inflow or outflow of funds); or (3) convert its investment into a foreign direct investment under Law No. 4,131/62, subject to simultaneous foreign exchange transactions.

If a holder of ADSs wishes to convert its investment into either a foreign portfolio investment under Resolution No. 4,373/14 or a foreign direct investment under Law No. 4,131/62, it should first comply with such regulations, obtaining his own foreign investor registration with the Central Bank or with the CVM as the case may be, in advance of exchanging the ADSs for common shares and of executing the simultaneous foreign exchange agreements.

The custodian is permitted to update the depository's electronic registration to reflect conversions of foreign portfolio investments under Resolution No. 4,373/14 into ADSs. If a foreign direct investor under Law No. 4,131/62 wishes to deposit its shares into the ADR program in exchange for ADSs, such holder will be required to execute simultaneous foreign exchange transactions and to present to the custodian evidence of payment of the applicable taxes. Please refer to "Item 10. Additional Information—E. Taxation—Brazilian Tax Considerations" for a description of the tax consequences to an investor residing outside Brazil of investing in our common shares in Brazil.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Bylaws

Registration

We are currently a publicly-held company incorporated under the Laws of Brazil, registered with the Board of Trade of the State of São Paulo (JUCESP) under NIRE 35300147952 and with the CVM under No. 01610-1, and enrolled with the Brazilian Taxpayer's Authorities under CNPJ/MF No. 01,545,826/0001-07.

Corporate Purposes

Article 3 of our bylaws provides that our corporate purpose is to: (1) promote and develop any type of real estate project, whether our own or that of a third party, in the latter case as a contractor and agent; (2) purchase and sell any type of real estate; (3) perform civil construction and provide civil engineering services; and (4) develop and implement marketing strategies for any type of real estate project, whether our own or that of a third party. In addition, we may participate in companies that are not affiliated to us in Brazil and outside of Brazil.

Issued Share Capital

As of December 31, 2021, our share capital was R\$1,248,575, all of which was fully subscribed and paid-in. Our share capital was comprised of 337,445,727 registered, book-entry common shares, without par value, of which 296,221 were held in treasury. Under our bylaws, our board of directors may increase our share capital to the limit of our authorized capital by issuing up to 600,000,000 common shares without the need of specific shareholder approval. Our shareholders must approve any capital increase above that amount at a shareholders' general meeting. Pursuant to the agreement entered into with the B3 for the listing of our shares on the *Novo Mercado*, we are not permitted to issue preferred shares.

On March 15, 2019 the Company received a letter signed by Planner Corretora de Valores S.A. and Planner Redwood Asset Management Administração de Recursos Ltda. (both jointly known as "Planner"), in the capacity of administrators of investment funds holding 18.55% of the Company's capital stock, requesting the Board of Directors of the Company to convene an Extraordinary General Meeting ("EGM") pursuant to article 123 of the Brazilian Corporation Law to increase the Company's authorized capital, from the then 71,031,876 (seventy-one million, thirty-one thousand, eight hundred and seventy-six) common shares to 120,000,000 (one hundred and twenty million) common shares, with the consequent amendment of article 6 of the Company's Bylaws. The Meeting was held on April 15, 2019, and the Shareholders approved the increase in the authorized capital to 120,000,000.

On April 30, 2020, the shareholders approved at the extraordinary shareholders' meeting the capital absorption of the Company's retained losses in the amount of R\$2,585,033 thousand.

In 2020, the Company's Board of Directors ratified the following capital increases:

- On August 7, 2020: subscription and payment of 75,610,000 new common shares at the price of R\$4.10, totaling R\$310 million.
- On September 25, 2020: subscription and payment of 95,121,951 new common shares at the price of R\$4.10, totaling R\$390 million.
- On November 16, 2020: subscription and payment of 9,944,150 new common shares at the price of R\$4.22, totaling R\$42 million.

In 2021, the Company's Board of Directors ratified the following capital increases:

- On May 24, 2021: subscription and payment of 8,876,083 new common shares at the price of R\$3.49, totaling R\$37.299 million.
- On September 28, 2021: subscription and payment of 27,892,638 new common shares at the price of R\$4.59, totaling R\$128 million.

Novo Mercado

Our shares were accepted for trading on the *Novo Mercado* on February 17, 2006. A voluntary delisting from the *Novo Mercado* must be preceded by a public tender offer, pursuant to the rules applicable to the cancellation of the registration as a public company. See “—Delisting from the *Novo Mercado*.” In the *Novo Mercado*, listed companies are required to, among others, (1) only issue common shares, (2) maintain a minimum free float equal to at least 25% of the company’s capital stock (or 15% of the company’s capital stock, provided its Average Daily Trading Volume (ADTV) remains equal to or greater than R\$25,000,000.00), (3) detail and include additional information in the quarterly information and (4) make available the annual financial statements in English and based on international accounting standards.

The rules imposed by the *Novo Mercado* aim at providing transparency in relation to the activities and economic situation of the companies to the market, as well as more power to the minority shareholders in the management of the companies, among other rights. The main rules relating to the *Novo Mercado*, to which the company is subject, are summarized below.

According to CMN Resolution No. 3,792 of September 24, 2009, which governs the closed complementary social security entities’ investment policy (*Entidades Fechadas de Previdência Complementar — EFPC*), such pension funds may invest up to 70% of its variable income investment portfolio (in which are included corporate stakes) in publicly held companies listed in the *Novo Mercado*, which may, therefore, improve the development of this corporate governance segment, benefiting the companies listed therein, taking into account the immense financial equity held by such pension funds in Brazil.

Authorization for Trading in the Novo Mercado

Firstly, the company that is authorized to list its securities on the *Novo Mercado* of B3 shall keep its listed company registry with the CVM updated, which allows the trading of the company’s common shares at the stock market. The Listing Rules of the *Novo Mercado* were revised in 2017 and the rules are in full force and effect since January 2, 2018. We have adapted our bylaws to the new rules of the *Novo Mercado*, at the General Shareholders Meeting dated of April 24, 2018.

According to the Listing Rules of the *Novo Mercado*, the company willing to negotiate its securities on the *Novo Mercado* shall, among other conditions: (1) execute a Listing Agreement in the *Novo Mercado*; (2) adapt its bylaws to comply with the minimum requirements determined in the Listing Rules of the *Novo Mercado*; and (3) the capital of the company shall be exclusively divided into common shares and a minimum free float equal to 25% of the capital stock (or 15% of the company’s capital stock, provided its Average Daily Trading Volume (ADTV) remains equal to or greater than R\$25,000,000.00) shall be maintained by the company. The existence of founders’ shares by the companies listed on the *Novo Mercado* is prohibited.

In addition to the previous requirements, the company’s bylaws may not (1) establish any provision which restricts the number of votes of any shareholder or group of shareholders (as defined in the Listing Rules of the *Novo Mercado*) to a percentage inferior to 5% of the company’s corporate capital, (2) determine qualified quorums for matters submitted for the approval of the shareholders’ general meetings, except as provided by law, nor (3) restrict or establish any encumbrance to shareholders who vote favorably to the suppression or amendment of any provision of the company’s bylaws.

Board of Directors

The board of directors of companies authorized to have their shares traded on the *Novo Mercado* shall be comprised of at least 20% of independent members, or 2 independent members, whichever is greater, as defined in the Listing Rules of the *Novo Mercado*. The members of the board of directors shall be elected by a shareholders’ general meeting for a maximum two-year term of office, and are eligible for reelection. All new members of the

board of directors, of the board of officers and of the fiscal council shall, before taking office, undertake to comply with the arbitration clause in the bylaws.

The positions of chairman of the board of directors and of chief executive officer may not be held by the same person, except in the event of vacancy, for a maximum period of one year. Any cumulation of positions in this sense, as well as steps being taken to cease such cumulation, must be disclosed by the company.

The board of directors shall always disclose to the market an opinion regarding any tender offer of the company's shares, informing, among others, their position on the convenience and consequences of such offer in respect to (a) the interests of the company and of the shareholders regarding the price and the potential impact on the liquidity of such securities held by the shareholders, (b) the strategic plans disclosed by the offering shareholder with regard to the company and (c) any alternatives to the acceptance of the tender offer available in the market. Additionally, the board of directors shall always emphasize that each shareholder is responsible for the final decision regarding the acceptance or not of such tender offer.

Other Novo Mercado Characteristics

Novo Mercado rules cover other areas designed to foster high levels of corporate governance and market transparency. Companies are required to keep the minimum stock percentage floating in the market in order to foster dispersion of share ownership. In addition, companies are obliged to assign tag-along rights to their shareholders in order to ensure equal treatment if a controlling shareholder sells its controlling stake.

The *Novo Mercado* rules require companies to provide information on the number of shares held by the controlling shareholder, if any, in addition to other information required by the Listing Rules of the *Novo Mercado*. Companies are also required to give more disclosure regarding related party transactions in which a company may be involved. The Listing Rules of the *Novo Mercado* also require companies to prepare and disclose to B3 and to the market a Securities Negotiation Policy applicable at least to the company, its controlling shareholders, directors, officers, members of the fiscal council and members of other committees, as well as a Code of Conduct establishing the company's principles and values regarding its relationship with its management, employees, service providers and any person or entity with which the company maintains any relation. Pursuant to *Novo Mercado* rules, the company also needs to structure and disclose a process for evaluating the board of directors, its committees and officers.

Finally, the company, controlling shareholders, other shareholders, directors, officers and members of a company's fiscal council are required to submit to arbitration any disputes that may arise relating to their status as issuer, shareholders, management and fiscal council members, especially in light of the provisions of Law 6,385/76, Law 6,404/76, the company's bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and CVM, as well as other rules applicable to the securities market in general, Listing Rules of the *Novo Mercado*, other rules and regulations established by B3, and the *Novo Mercado* participation agreement. The arbitrations shall take place before the Market Arbitration Chamber established by the B3 and shall be conducted in accordance with the Rules of the Market Arbitration Chamber.

Company Management

We are managed by a board of directors (*Conselho de Administração*) and a board of officers (*Diretoria*). See "Item 6. Directors, Senior Management and Employees—C. Board Practices."

The members of the board of directors and of the board of officers must be individuals, provided that the latter must also be Brazilian residents.

Conflict of Interests

According to Brazilian corporate law a director or an officer shall not take part in any corporate transaction in which he/she has an interest which conflicts with the interest of the company. In this case, he/she shall disclose his/her disqualification to the other directors or officers and shall cause the nature and extent of his/her interest to be recorded in the minutes of the board of directors or board of officers' meeting, as the case may be.

With due compliance with the rules above relating to conflict of interests, a director or an officer may only contract with the company under reasonable and fair conditions, identical to those which prevail in the market or under which the corporation would contract with third parties. Any business contracted otherwise is voidable and the director or the officer concerned shall be obliged to transfer to the corporation all benefits which he/she may have obtained in such business.

According to Brazilian corporate law, a director or officer may not:

- perform any act of generosity to the detriment of the company;
- without prior approval of the shareholders' general meeting or the board of directors, borrow money or property from the company or use its property, services or take advantage of its standing for his/her own benefit, for the benefit of a company in which he/she has an interest or for the benefit of a third party; and
- by virtue of his or her position, receive any type of direct or indirect personal advantage from third parties, without authorization in the bylaws or from a shareholders' general meeting.

According to our bylaws, any business or agreement between the company and any shareholder, director or officer must be previously approved by the board of directors, except if specified in our annual budget or business plan.

Rules for Retirement

There is no retirement age limit relating to directors or officers pursuant to the Brazilian law and our bylaws.

Policy for the Trading of Our Securities

On, March 26, 2020, our board of directors approved the third amendment of our Conduct Manual on Information Disclosure and Use and Securities Trading Policy, which was approved on July 15, 2009, and establishes the following procedures regarding the policy for the trading of our securities:

- any person with knowledge of the material transaction or event involving our company, who have signed the compliance statement and became aware of the information that has yet to be disclosed to the market, especially those parties with a commercial, professional or trust-based relationship with the Company, including independent auditors, securities analysts, consultants and securities brokers or dealers, are restricted from trading in our securities until such material transaction or event is disclosed to the market as a material fact, except as regards treasury stock transactions, through private trading, the exercise of options to purchase shares of our capital stock, with stock option plan approved by the shareholders, or trading performed by Bound Parties when carried out in accordance with an Individual Investment Plan. This restriction is extended to periods prior to the announcement of such information or annual or interim financial statements or prior to disclosure of a material fact in accordance with applicable law;
- trading of our securities or transactions related to our securities carried out by the aforementioned persons pursuant to an Individual Investment Program, consisting of long-term investments, as defined in the Trading Policy, is not subject to the aforementioned restrictions;
- the restrictions of the Trading Policy also apply to our former directors and executive officers who resigned prior to the public disclosure of a transaction or fact that began during their administration (a) for the six month period following the end of their duties with the company, or (b) until the disclosure of the material event or the related financial statements, whichever occurs first; and
- the abovementioned restrictions also apply to indirect trading carried out by such persons, except those conducted by investment funds, provided that the investment funds are not exclusive and the transaction decisions taken by the investment fund officers cannot be influenced by its unit holders.

Rights of Common Shares

Each of our common shares entitles its holder to one vote at an annual or special shareholders' general meeting. A holder of ADSs has the right under the deposit agreement to instruct the depository to exercise the voting rights for the common shares represented by his/hers ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Common Shares and the ADSs." Pursuant to our bylaws, Brazilian corporate law and the *Novo Mercado* rules, owners of common shares are entitled to dividends, or other distributions made in respect of common shares, in proportion to their ownership of outstanding shares. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy" and "Item 9. The Offer and Listing—C. Markets—Investment in Our Common Shares by Non-Residents of Brazil" for a more complete description of payment of dividends and other distributions on our common shares. In addition, upon our liquidation, holders of our shares are entitled to share all our remaining assets, after payment of all our liabilities, ratably in accordance with their respective participation in the total amount of our issued and outstanding shares. Holders of our common shares are entitled to participate on a *pro rata* basis in future capital calls by our company except in some specific circumstances under Brazilian law, as described in "—Preemptive Rights." Our common shares have tag along rights, which enable their holders to, upon the sale of a controlling interest in us, receive 100% of the price paid per common share of the controlling block by a single or series of transaction.

Options

According to our bylaws, we may, within our authorized share capital and upon resolution of the shareholders' general meeting, grant stock options to (1) our directors, executive officers and employees, or (2) individuals who provide services to us or to companies we control.

Appraisal Rights

Shareholders who are absent, dissent or abstain from voting on certain actions taken during a shareholders' general meeting have the right under Brazilian corporate law to withdraw from our company and to receive the value of their shares.

According to Brazilian corporate law, shareholder appraisal rights may be exercised in the following circumstances, among others:

- a reduction in the percentage of our mandatory dividends;
- a change in our corporate purpose;
- an acquisition, by our company, of a controlling stake in another company if the acquisition price is outside of the limits established by Brazilian corporate law;
- a merger of shares involving our company, a merger of our company into another company, if we are not the surviving entity, or our consolidation with another company; or
- an approval of our participation in a group of companies (as defined in Brazilian corporate law).

Brazilian corporate law further provides that any resolution regarding a spin-off will also entitle shareholders to withdraw if the spin-off:

- causes a change in our corporate purpose, except if the equity is spun-off to a company whose primary activities are consistent with our corporate purposes;
- reduces our mandatory dividends; or
- causes us to join a group of companies (as defined in Brazilian corporate law).

In cases where (1) our company merges with another company where we are not the surviving company, or (2) we are consolidated with another company, or (3) we participate in a group of companies (as defined in Brazilian corporate law), our shareholders will not be entitled to withdraw from our company if their respective shares are (a)

liquid, i.e. part of the B3 index or other stock exchange index in Brazil or abroad, (as defined by the CVM), and (b) widely held, such that less than 50% of our shares are held by a controlling shareholder or by companies a controlling shareholder controls. We are currently part of the IBOVESPA (the B3 index) and have no controlling shareholder. Therefore, our shares are, at present, considered liquid and widely held for the purposes of this paragraph.

The right to withdraw expires 30 days after publication of the minutes of the relevant shareholders' general meeting. We are entitled to reconsider any action giving rise to withdrawal rights for within 10 days after the expiration of the 30-day period if the redemption of shares of absent, dissenting or non-voting shareholders would jeopardize our financial stability. If shareholders exercise withdrawal rights, they are entitled to receive the economic value of the company's shares, as determined by a valuation report issued by a specialized firm.

Redemption of Shares

According to Brazilian corporate law, we may redeem our shares by a decision taken in a special shareholders' general meeting by shareholders representing at least 50% of our share capital. The share redemption may be paid with our profit, profit reserves or capital reserves. If the share redemption is not applicable to all shares, the redemption will be made by lottery. If custody shares are picked in the lottery and there are no rules established in the custody agreement, the financial institution will specify on a *pro rata* basis, the shares to be redeemed.

Registration of Shares

Our shares are held in book-entry form with Itaú Unibanco Corretora S.A., which will act as the custodian agent for our shares. Transfer of our shares will be carried out by means of book entry by Itaú Unibanco S.A., debiting the share account of the seller and crediting the share account of the buyer, with the presentation of a written order of the transferor or a judicial authorization or order to effect such transfers.

Preemptive Rights

Except as provided below, our shareholders have a general preemptive right to participate in any issuance of new shares, convertible debentures and warrants, in proportion to their respective shareholding at such time, but the conversion of debentures and subscription warrants into shares, the granting of options to purchase shares and the issuance of shares as a result of its exercise, are not subject to preemptive rights. In addition, Brazilian corporate law allows for companies' bylaws to give the board of directors the power to exclude preemptive rights or reduce the exercise period of such rights with respect to the issuance of new shares, debentures convertible into shares and subscription warrants up to the limit of the authorized share capital if the distribution of those shares, debentures or subscription warrants is effected through a sale on a stock exchange, through a public offering or through an exchange of shares in a tender offer the purpose of which is to acquire control of another company. Shareholders are allowed to exercise the preemptive rights for a period of at least 30 days following the publication of notice of the issuance of shares, convertible debentures and warrants, and the right may be transferred or disposed of for consideration.

Holders of ADSs may be unable to exercise preemptive rights with respect to our common shares underlying the ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Common Shares and the ADSs—Holders of ADSs may be unable to exercise preemptive rights with respect to our common shares underlying the ADSs."

Shareholders' General Meetings

Under Brazilian corporate law, at our shareholders' meetings, shareholders are empowered to take any action relating to our corporate purpose and to pass any such resolutions as they deem necessary. The approval of our financial statements and the determination of the allocation of our net profits with respect to each fiscal year take place at our annual general shareholders' meeting immediately following such fiscal year. The election of our directors and, if requested by shareholders, of members of our fiscal council typically takes place at the annual general shareholders' meeting, although under Brazilian corporate law it may also occur at a special shareholders' general meeting.

A special shareholders' general meeting may be held concurrently with the annual general shareholders' meeting. Pursuant to our bylaws and Brazilian corporate law, the following actions, among others, may only be taken at a general shareholders' meeting:

- amendment of our bylaws, including amendment of our corporate purpose;
- election and dismissal, at any time, of our directors and members of our fiscal council;
- determination of the aggregate compensation of our board of directors and board of officers, as well as the fiscal council's compensation;
- approval of stock splits and reverse stock splits;
- approval of a stock option plan;
- approval of the company's financial statements;
- resolution upon the destination of our net profits and distribution of dividends;
- election of the fiscal council to function in the event of our dissolution;
- cancellation of our registration with the CVM as a publicly-held company;
- suspension of the rights of a shareholder who has violated Brazilian corporate law or our bylaws;
- acceptance or rejection of the valuation of in-kind contributions offered by a shareholder in consideration for shares of our capital stock;
- approval of our transformation into a limited liability company or any other corporate form;
- delisting of our common shares from the Novo Mercado;
- appointment of a financial institution responsible for our valuation, in the event of a mandatory tender offer, specifically in the event that a tender offer for our common shares is carried out in connection with the delisting of our common shares from the Novo Mercado or cancellation of our registration as a publicly-held company;
- reduction in the percentage of mandatory dividends;
- participation in a group of companies (as defined in Brazilian corporate law);
- approval of any merger, consolidation with another company or spin-off;
- approval of our dissolution or liquidation, the appointment and dismissal of the respective liquidator and the official review of the reports prepared by him or her; and
- authorization to petition for bankruptcy or request for judicial or extrajudicial restructuring.

According to Brazilian corporate law, neither a company's bylaws nor actions taken at a shareholders' meeting may deprive a shareholder of specific rights, such as:

- the right to participate in the distribution of profits;
- the right to participate equally and ratably in any remaining residual assets in the event of liquidation of the company;

- preemptive rights in the event of subscription of shares, convertible debentures or subscription warrants, except in some specific circumstances under Brazilian law described in “—Preemptive Rights;”
- the right to inspect and monitor the management of the company’s business in accordance with Brazilian corporate law; and
- the right to withdraw from the company in the cases specified in Brazilian corporate law, described in “—Appraisal Rights.”

Quorum for our Shareholders’ General Meetings

As a general rule, Brazilian corporate law provides that a quorum at a shareholders’ general meeting consists of shareholders representing at least 25% of a company’s voting capital on the first call and, if that quorum is not reached, any percentage on the second call. A quorum for the purposes of amending our bylaws consists of shareholders representing at least two-thirds of voting capital on the first call and any percentage on the second call.

As a general rule, the affirmative vote of shareholders representing at least the majority of our issued and outstanding common shares present in person, remotely (as described in “—Remote Voting”) or represented by proxy at a shareholders’ general meeting is required to ratify any proposed action, with abstentions not taken into account. However, the affirmative vote of shareholders representing one-half of our issued and outstanding voting capital is required to:

- reduce the percentage of mandatory dividends;
- change our corporate purpose;
- merge or consolidate our company with another company;
- spin-off a portion of our assets or liabilities;
- approve our participation in a group of companies (as defined in Brazilian corporate law);
- apply for cancellation of any voluntary liquidation;
- approve our dissolution; and
- approve the merger of all our shares into another company.

A quorum smaller than one-half of our issued and outstanding voting capital may be authorized by the CVM for a publicly-held company with widely-traded and widespread shares that has had less than half of the holders of its voting shares in attendance at its last three shareholders’ meetings. In such case, resolutions may only be taken on a third call.

According to our bylaws and for so long as we are listed on the *Novo Mercado*, we may not issue preferred shares or founders’ shares and we will have to conduct a tender offer in order to delist ourselves from the *Novo Mercado*.

Notice of our Shareholders’ General Meetings

According to Brazilian corporate law, notice of our shareholders’ general meetings must be published at least three times in the *Diário Oficial do Estado de São Paulo*, the official newspaper of the State of São Paulo, and in another widely circulated newspaper in the same State, previously chosen at an annual shareholders meeting, which, in our case is *O Estado de São Paulo*.

According to CVM Instruction No. 559 of March 27, 2015 (which deals with the approval of ADR programs), the first notice must be published no later than 15 days before the date of the meeting on the first call, and no later than eight days before the date of the meeting on the second call.

In addition, the CVM may suspend for up to 15 days the required prior notice of the special shareholders' general meeting so that it may further analyze the proposal to be voted upon at such meeting. Such call notice in all circumstances shall contain the date, time, place and agenda for the meeting and a list of the documents that will be required from our shareholders to be admitted at the meetings, and in case of amendments to the bylaws, the indication of the relevant matters. CVM Instruction No. 481 of December 17, 2009 also requires that additional information be disclosed in the call notice for certain matters. For example, in the event of an election of directors, the call notice shall also disclose the minimum percentage of equity participation required from a shareholder to request the adoption of cumulative voting procedures. All documents pertaining to the matters to be discussed at the shareholders' general meeting shall be made available to the shareholders upon publication of the first call notice, except if the law or CVM regulations provide otherwise. Pursuant to CVM Instruction No. 418, the company should provide one (1) month before the date on the general meeting, among others, the following documents (i) copy of the financial statements; (ii) independent auditors' report; (iii) opinion of the fiscal council, including dissenting votes, if any; and (iv) remote vote bulletin.

Location of our Shareholders' General Meetings

Our shareholders' meetings shall take place at our head offices at Av. Pres. Juscelino Kubitschek, No. 1830, , 04543-900 – São Paulo, SP – Brazil. Brazilian corporate law allows our shareholders to hold meetings outside our head offices in the event of force majeure, provided that the relevant notice contains a clear indication of the place where the meeting will occur, which, in any case, shall never be held outside the city where the company's headquarters are located.

Who May Call our Shareholders' General Meetings

According to Brazilian corporate law, our board of directors may call a shareholders' general meeting. Shareholders' general meetings may also be called by:

- any shareholder, if our directors fail to call a shareholders' general meeting within 60 days after the date they were required to do so under applicable laws and our bylaws;
- shareholders holding at least 5% of our share capital if our directors fail to call a meeting within eight days after receipt of a request to call the meeting by those shareholders, and such request must indicate the proposed agenda;
- shareholders holding at least 5% of voting share capital or 5% of non-voting share capital if our directors fail to call a meeting within eight days after receipt of a request to call the meeting to convene a fiscal council; and
- our fiscal council (if installed – as it was recently), in the event our board of directors delays calling an annual shareholders' meeting for more than one month. The fiscal council may also call a special general shareholders' meeting at any time if it believes that there are significant or urgent matters to be addressed.

There is an obligation of the chairman of our board of directors to call a shareholders' general meeting if: (1) we are not under control of a shareholder holding more than 50% of our voting capital, and (2) B3 determines that the price of our shares shall be quoted separately or that the trading of our shares on the *Novo Mercado* shall be suspended by reason of non-compliance with the listing rules of *Novo Mercado*. At such a meeting all members of our board of directors must be replaced. In the event the shareholders' general meeting is not called by the chairman of the board of directors within the time period established in our bylaws, the meeting may be called by any shareholder of the company.

Conditions for Admission at our Shareholders' General Meetings

A shareholder may be represented at a shareholders' general meeting by a proxy, as long as the proxy is appointed less than a year before such shareholders' general meeting. The proxy must be either a shareholder, an executive officer or a director of our company, a lawyer or a financial institution. An investment fund must be represented by its investment fund officer. A legal entity may be represented by its legal representative.

Shareholders attending a shareholders' general meeting must deliver proof of their status as shareholders and proof that they hold the shares they intend to vote by delivery of proper identification and a receipt issued by the custodian agent of our shares.

Remote Voting

Participation and remote voting at the general shareholders' meetings of publicly-held companies is regulated by CVM Instruction No. 481 of December 2009, as amended from time to time, which aims to facilitate the participation of shareholders in general meetings either through voting or through the submission of proposals. This rule provides the following:

- the creation of a remote voting ballot through which shareholders may exercise their right to vote prior to the date the general meeting is held;
- the possibility to include in the voting bulletin a list of candidates and submit minority shareholders' proposals for deliberation at the general meeting, with due observance of certain deadlines and percentages of equity interest, in order to facilitate shareholders' participation in general meetings; and
- the deadlines, procedures and means of transmitting the bulletin, which may be transmitted by the shareholder: (a) to the custodian (if the shares held by the shareholder are kept at a centralized deposit), (b) to the book-entry agent of the shares issued by the company (if such shares are not kept at a centralized deposit) or (c) directly to the company.

In addition, publicly-held companies are required to adopt certain measures in connection with the voting process. Publicly-held companies are required to: (1) inform the market of the adoption of the cumulative voting process in annual meetings immediately upon receipt of the first valid requirement, (2) disclose the final voting summary statements, the final voting detailed statements, as well as any voting statement presented by a shareholder at the general meetings and (3) register in the minutes of the general meeting the number of approving, rejecting or abstaining votes for each item on the agenda, including the votes received by each member of the Board of Directors and/or Fiscal Council elected in such annual shareholders' meeting.

The application of CVM Rule No. 561 became mandatory on January 1, 2017 for companies that on April 9, 2015 had at least one share class listed either on the Index Brasil 100 or the IBOVESPA index of the B3, such as Gafisa.

Arbitration

Any disputes or controversies involving our company, our shareholders, members of our management or our fiscal council that may arise relating to their status as issuer, shareholders, management and fiscal council members, especially in light of the provisions of Law 6,385/76, Law 6,404/76, the company's bylaws, the rules issued by the National Monetary Council, the Central Bank and CVM, as well as other rules applicable to the securities market in general, Listing Rules of the *Novo Mercado*, other rules and regulations established by B3 and the *Novo Mercado* participation agreement, must be submitted to arbitration conducted in accordance with the Rules of the Market Arbitration Chamber established by the B3.

Going Private Process

We may become a private company by the decision of our shareholders only if we conduct a public tender offer to acquire all of our outstanding shares in accordance with the rules and regulations of Brazilian corporate law, the CVM and the *Novo Mercado* regulations which requires:

- a fair bid price at least equal to the value estimated of the company; and
- shareholders holding more than two thirds of the outstanding shares have specifically approved the process or accepted the offer.

The minimum price offered for the shares in the public tender offer will correspond to the economic value of such shares, as determined by a valuation report issued by a specialized firm, and we may only purchase shares from

shareholders that have voted in favor of us becoming a private company after purchasing all shares from the other shareholders that did not vote in favor of such deliberation and that have accepted the public tender offer.

The valuation report must be prepared by a specialized and independent firm of recognized experience chosen by the shareholders representing the majority of the outstanding shares present at the relevant shareholders' meeting (excluding, for such purposes, treasury shares, shares held by our affiliates and by other companies that are a part of our economic group, as well as blank votes) from a list of three institutions presented by our board of directors. All the expenses and costs incurred in connection with the preparation of the valuation report must be paid for by the person making the tender offer.

Shareholders holding at least 10% of our outstanding shares may require our management to call a special shareholders' general meeting to determine whether to perform another valuation using the same or a different valuation method. This request must be made within 15 days following the disclosure of the price to be paid for the shares in the public offering. The shareholders who make such request as well as those who vote in its favor must reimburse us for any costs involved in preparing the new valuation, if the new valuation price is not higher than the original valuation price. If the new valuation price is higher than the original valuation price, the public offering must be made at the higher price.

Delisting from the Novo Mercado

We may, at any time, delist our common shares from the *Novo Mercado*, provided that shareholders approve the decision. Delisting of shares from the *Novo Mercado* does not require delisting from the B3.

For our common shares to be delisted from the *Novo Mercado*, it must be preceded by a public tender offer pursuant to the rules applicable to the going private process. Such tender offer may be dismissed if a waiver is approved by a general shareholders meeting.

If our delisting from the *Novo Mercado* occurs due to the cancellation of our registration as a publicly held company, all the other requirements established by such delisting shall be followed. See “—Going Private Process.”

If the reorganization involves resulting companies that do not intend to apply for listing on *Novo Mercado*, this structure must be approved by a majority of the company's shareholders holding free float shares and present at the general shareholders meeting.

If our share control is sold within twelve months of our delisting from the *Novo Mercado*, the selling controlling shareholder and the acquirer shall offer (i) to acquire the shares of all other shareholders under the same conditions offered to the selling controlling shareholder or (ii) to pay the difference between the tender offer price accepted by former shareholders, duly updated, and the price obtained by the controlling shareholder in selling its own shares.

Sale of a Controlling Stake in our Company

Under the Listing Rules of the *Novo Mercado*, the sale of a controlling interest in our company, either through a single transaction or through successive transactions, takes place under a suspension or resolution condition, where the acquirer agrees to, within the time and pursuant to the conditions specified under Brazilian corporate law and the Listing Rules of the *Novo Mercado*, make a tender offer of the remaining shares of the other shareholders under the same terms and conditions granted to the selling controlling shareholder.

A tender offer is also required under the following conditions:

- when rights are assigned for a subscription of shares and other securities or rights related to securities convertible into shares that results in the sale of the company's controlling stake;
- when, if the controlling shareholder is an entity, the control of such controlling entity is transferred; and
- when a controlling stake is acquired through an agreement for the purchase of shares. In this case, the acquirer is obligated to make a tender offer under the same terms and conditions granted to the selling shareholders and reimburse the shareholders from whom he/she had purchased the shares traded on

stock exchanges within the six months before the sale date of the company's share control. The reimbursement value is the difference between the price paid to the selling controlling shareholder and the amount traded on stock exchanges per share, during this period, adjusted by the inflation in the period. Such amount shall be distributed among all persons who sold shares issued by the company in the stock market trading session in which the acquirer made its acquisitions, proportionally to the daily net selling balance of each acquisition, being B3 responsible for processing such distribution according to its regulations.

The buyer, when necessary, must take the necessary measures to recompose the minimum 25% of outstanding shares in the market within the subsequent six months.

Mandatory Tender Offer in Case of Acquisition of a Relevant Equity Stake

Under the rules of our bylaws, if any person acquires our shares directly or indirectly, or any securities or rights related to such shares, in an amount representing 50% or more of our corporate capital, such acquirer has to carry out a mandatory tender offer for the acquisition of all shares issued by the Company. The minimum price offered for the shares in the public tender offer will correspond to the economic value of such shares, as determined by a valuation report issued by a specialized firm.

The valuation report must be prepared by a specialized and independent firm of recognized experience chosen by the shareholders representing the majority of the outstanding shares present at the relevant shareholders' meeting (excluding, for such purposes, shares held by the controlling shareholder, if any, by the members of the board of directors and officers appointed, directly or indirectly, by the controlling shareholder, if any, treasury shares, as well as abstentions) from a list of three institutions presented by our board of directors. All the expenses and costs incurred in connection with the preparation of the valuation report must be paid for by the person making the tender offer.

Shareholders holding at least 10% of our outstanding shares may require our management to call a special shareholders' general meeting to determine whether to perform another valuation using the same or a different valuation method. This request must be made within 15 days following the disclosure of the price to be paid for the shares in the public offering. The shareholders who make such request as well as those who vote in its favor must reimburse us for any costs involved in preparing the new valuation, if the new valuation price is not higher than the original valuation price. If the new valuation price is higher than the original valuation price, the acquirer may either increase the offer price or withdraw the tender offer, in the latter case provided that it shall dispose of the shares in excess of 50% of our corporate capital within 3 months counted from the special general meeting mentioned in this paragraph.

A tender offer as a result of an acquisition of a relevant equity stake, in accordance to our bylaws, is not mandatory in any of the following cases: (1) if the same shareholder remains as controlling shareholder; (2) if the relevant equity stake is obtained as a result of purchases made under another public tender offer for the acquisition of our shares, made in accordance with the *Novo Mercado* Listing Rules or with the applicable law; provided that the offer was made for all shares of the company and at least the minimum price, equivalent to the price of the mandatory tender offer, has been paid; (3) if a relevant equity stake is obtained involuntarily as a result of a corporate reorganizations, cancellation of shares in treasury, share redemption, capital reduction, or of a subscription of shares made under a primary public offer for distribution of our shares where the preemptive rights were not exercised by all shareholders who had it or which did not have as subscribers as expected; or (4) in the case of a sale of a controlling stake, which is subject to the rules described above for such case.

Purchases by us of our own Shares

Purchases by us of our own shares are regulated by CVM Rule No. 567 of September, 2015. The rule requires us to obtain the prior approval of our shareholders in connection with a purchase by us of our own shares if such purchase:

- is conducted outside an organized securities markets and results, whether in a single transaction or by a series of transactions, in us acquiring more than 5% of the type or class of free float shares over a period of 18 months;

- is conducted outside an organized securities markets and is for a price that is, (i) in the case of an acquisition of shares, more than 10% greater than the market quotation for such shares, or (ii) in the case of a disposal of shares, more than 10% lower than the market quotation for such shares;
- aims to change or preserve the composition of the controlling stock or the administrative structure of the company; or
- is conducted outside an organized securities markets with a related party.

Our board of directors may approve the acquisition of our own shares in other circumstances. The decision to acquire our shares for purposes of maintaining the acquired shares in treasury or of cancelling them may not, among other things:

- result in the reduction of our share capital;
- require the use of resources greater than our profit reserves and other available reserves, as provided in our financial statements;
- create, as a result of any action or inaction, directly or indirectly, any artificial demand, supply or condition relating to share price;
- involve any unfair practice;
- be used for the acquisition of unpaid shares or shares held by our controlling shareholders; or
- when a public offer for acquisition of the shares of the company is being made.

We may not keep in treasury more than 10% of our outstanding common shares, including the shares held by our subsidiaries and affiliates.

On February 2, 2015, our Board of Directors approved the closing of a repurchase of shares program as approved on December 3, 2014. During the course of this program, we purchased 30,207,130 of Gafisa's common shares to be kept in treasury and future disposal.

On the same date, the Board of Directors of Gafisa approved the repurchase of its common shares to be kept in treasury and future cancellation or disposal up to 27,000,000, which corresponded to 10% of the then outstanding common shares.

On March 3, 2016, the Board of Directors of Gafisa approved the closing of the repurchase of shares program as approved on February 2, 2015. During the course of this program, we purchased 1,000,000 of Gafisa's common shares to be kept in treasury and future disposal.

On the same date, the Board of Directors of Gafisa approved the creation of a repurchase program of its common shares to be kept in treasury and future cancellation or disposal up to 8,198,565 common shares, which corresponded to 5% of the then outstanding common shares. The objective of this program is to acquire shares in order to effectively use the Company's available funds, aiming at medium-term and long-term profitability. Additionally, a portion of the shares to be acquired might be reserved for the exercise of options and/or shares to be granted in the Stock Option Plan previously approved by the Company's shareholders at the Company's general meeting. The purchase of shares by Gafisa under this program was conditioned on the maintenance of Gafisa's consolidated net debt to equity ratio at or below 60%. This program ended on September 2, 2017.

On September 28, 2018, our Board of Directors approved the opening of the Company's share buyback program with the objective of generating value for the Company's shareholders. Shares purchased by the Company as part of the buyback program will be held in treasury, and may subsequently be canceled, sold and/or used in connection with the exercise of stock options granted by the Company. The maximum number of shares the Company may acquire under this program is 3,516,970 common shares, pursuant to Article 8 of CVM Instruction No. 567/15. This buyback program ended on October 1, 2019.

On March 27, 2020, our Board of Directors approved the establishment of the Company's share buyback program with the objective of generating value for the Company's shareholders, that was confirmed by the General Shareholders Meeting held on April 30, 2020. Shares purchased by the Company as part of the buyback program will be held in treasury, and may subsequently be canceled, sold and/or used in connection with the exercise of stock options granted by the Company. The maximum number of shares the Company may acquire under this program is 10,327,558 common shares, pursuant to Article 8 of CVM Instruction No. 567/15. This buyback program ends on May 4, 2021. Under our current shares repurchase program, any acquisition by us of our own shares must be made on a stock exchange and cannot be made by means of a private transaction. As of the date of this report, no shares were purchased under this program.

See "Item 10. Additional Information—B. Memorandum and Bylaws—Purchases by us of our own Shares," for further information.

Disclosure Requirements

We are subject to the reporting requirements established by Brazilian corporate law and the CVM. Furthermore, because we are listed with the *Novo Mercado*, we must also follow the disclosure requirements provided for in the Listing Rules of the *Novo Mercado*.

Disclosure of Information

The Brazilian securities regulations require that a publicly-held corporation provide the CVM and the relevant stock exchanges with periodic information that includes annual information statements, quarterly financial statements, quarterly management reports, independent auditor reports, notices and minutes of shareholders' meetings, among others. In addition, we also must disclose any material development related to our business to the CVM and the B3.

We observe the *Novo Mercado* disclosure standards and are required to, among other things:

- present the company's financial statements, standard financial statements form (DFP), quarterly information form (ITR) and Reference Form (*Formulário de Referência*);
- material events;
- information about dividends and other distributions in notices to shareholders or market notices;
- earnings releases;
- include a note in the quarterly information form (ITR) regarding all operations with related parties;
- disclose and maintain updated the information presented in the Reference Form regarding any shareholder holding, directly or indirectly, at least 5% of the company's capital stock, considering the information received by company from the relevant shareholders;
- disclose, monthly, the individual and consolidated amount and characteristics of our securities held directly or indirectly by controlling shareholders (if this is the case), as well as persons related to the controlling shareholder; and
- disclose, monthly, the individual and consolidated changes in the amount of securities held by controlling shareholders (if this is the case), as well as persons related to the controlling shareholder.

Disclosure of Trading by Insiders

Pursuant to the rules of the *Novo Mercado*, each of our possible controlling shareholders must disclose to the B3 information in connection with the total amount and characteristics of securities owned, directly or indirectly, by them and issued by us, or any derivatives referenced in such securities, as well as any subsequent trading of such securities and derivatives. In the case of individuals, such information shall also include securities held by the

spouse, companion or dependents of such persons, included in the annual income tax statement of such controlling shareholder. This information must be communicated to the B3 within 10 days following the end of each month.

CVM regulations require our directors, executive officers, members of the fiscal council, and members of any other technical or advisory body to disclose to us, to the CVM and to the B3, the total amount, the characteristics and form of acquisition of securities issued by us, listed companies under our control or the control of our listed controlling shareholders, including derivatives referenced in such securities that are held by each of them, as well as any change in such investments within 10 days after the end of the month when the securities were traded, any change in information related to the tax-payer registry number (CNPJ or CPF) must be communicated to the company within 15 days after the change. In the case of individuals, such information shall also include securities held by the spouse, companion or dependents of such persons, included in the annual income tax statement and companies controlled directly or indirectly by such person.

As of September 2015, pursuant to changes introduced by CVM Rule No. 568/15 to CVM Rule No. 44/21 (old CVM Rule No. 358/02), we are required to disclose to the CVM and to the B3 the total amount and the characteristics of securities issued by us, which are held by us or any of our affiliates, as well as any change in such investments, within 10 days after the end of the month in which the relevant securities were traded.

In addition, CVM Rule No. 568/15 also amended CVM Rule No. 44/21 regarding, among other things, (1) the change in the form of calculation of trades of relevant equity interests to determine when a disclosure obligation of those trades is triggered, and (2) the regulation of individual investment plans, as described below.

In addition, our controlling shareholders, our shareholders who have caused the election of members of our board of directors or fiscal council, as well as any individual, legal entity or group of persons acting jointly whose direct or indirect participation reaches 5%, 10%, 15% and so on, of our shares, must provide to us, and we shall transmit to the CVM and the B3, the following information:

- the name and qualification of the person providing the information;
- reason and purpose for the acquisition and amount of securities to be acquired, including, as the case may be, a representation of the acquirer stating that the acquisition does not aim at modifying the management or the controlling structure of the company;
- amount of shares, as well as other securities and related derivatives, by type and/or class, already owned, directly or indirectly, by the acquirer or any person related with the acquirer; and
- information on any agreement regarding the exercise of voting rights or the purchase and sale of our securities.

The disclosure requirement referred to above will also apply to any person or group acting jointly, holding participation equal to or in excess of 5%, each time such person increases or decreases its participation in our shares by an amount equal to 5% of our shares.

Finally, pursuant to the individual investment plans introduced by CVM Rule No. 568/15, direct or indirect controlling shareholders, members of any statutory governing bodies of a publicly-held corporation, as well as any persons who, due to their responsibility, function or position in a listed company, its controlling company, subsidiaries or affiliates have potential access to insider information, are now allowed, subject to certain requirements, to trade in the company's shares in certain periods during which such trading would otherwise be prohibited.

Disclosure of Material Developments

According to Law No. 6,385 of December 7, 1976, and subsequent amendments, and CVM Resolution 44/21 of August 23, 2021, and subsequent amendments, we must, by deliberation of the board of directors, adopt a policy of disclosure of a material act or fact. Therefore, we must disclose any material development related to our business to the CVM and to the B3 and must publish a notice of the material development. A development is deemed to be material if it has a material impact on the price of our securities, on the decision of investors to trade in our securities or on the decision of investors to exercise any rights as holders of any of our securities. CVM Resolution No. 44/21

lists some examples of material developments, including, among others: (i) a decision to promote the cancellation of registration of the publicly-held company; (ii) an incorporation, merger or spin-off involving the company or related companies; (iii) a change in the composition of the company's equity; and (iv) a transformation or dissolution of the company.

Pursuant to CVM regulations, the Investor Relations Director is the primary responsible party for a company's disclosure involving material developments, notwithstanding co-liability of other administrators in certain cases.

Under special circumstances, we may request confidential treatment of certain material developments from the CVM, when our management believes that public disclosure could result in adverse consequences to us.

C. Material Contracts

On December 30, 2009, the shareholders of Gafisa and Tenda approved a corporate restructuring to consolidate Gafisa's non-controlling share ownership in Tenda. The restructuring was accomplished by exchanging all of the remaining Tenda shares not held by Gafisa into Gafisa shares. As a result of the restructuring, Tenda became a wholly-owned subsidiary of Gafisa.

On May 27, 2010, the shareholders of Gafisa approved the acquisition of 20% of Alphaville's shares, by means of a merger of the totality of shares issued by Shertis Empreendimentos e Participações S.A. or "Shertis," which main asset are shares representing 20% of Alphaville's shares, in the total amount of R\$126.5 million. As a consequence of such merger, Gafisa issued 9,797,792 common shares, paid to the former shareholders of Shertis. On July 3, 2013, we acquired the remaining shares of Alphaville, corresponding to 20% of its capital stock, by means of the acquisition by Tenda of all the shares of EVP Participações SA, a holding company that had Renato de Albuquerque and Nuno Luís de Carvalho Lopes Alves as shareholders and the holder of the remaining shares of Alphaville. Gafisa paid R\$366,661,985.11 in Brazilian national currency to the former owners of the shares.

On December 9, 2013, we completed the sale of a majority stake in Alphaville to Private Equity AE Investimentos e Participações ("Fundo AE"), a company controlled by Pátria Investimentos Ltda. and Blackstone Real Estate Advisor L.P., which was previously announced on June 7, 2013. All precedent conditions were met including governmental approval, to the completion of the transaction. The transaction was concluded with a sale of 50% stake by Gafisa and 20% stake by Tenda, with Gafisa retaining the remaining 30% of Alphaville capital stock. The proceeds from the transaction, post adjustments agreed to in the Share and Purchase Agreement, were R\$1.54 billion, consisting of R\$1.25 billion from Fundo AE for the acquisition of Alphaville shares, and an R\$290 million dividend distribution by Alphaville.

On December 14, 2016, we entered into an SPA with Jaguar pursuant to which we will sell Tenda shares representing up to 30% of the total capital stock of Tenda, at a price equal to R\$8.13 per share, after offering 50% of the total capital stock of Tenda for the exercise of preemptive rights of Gafisa's shareholders.

The spin-off of the Tenda business unit was consummated on May 4, 2017, following: (i) a reduction of the capital stock of Tenda (without the cancellation of shares), pursuant to which Gafisa, as sole shareholder at that time, received R\$100 million (adjusted by the SELIC); (ii) a reduction of the capital stock of Gafisa, resulting in the distribution to Gafisa shareholders of shares corresponding to 50% of the capital stock of Tenda; (iii) the conclusion of the preemptive rights exercise pursuant to which Gafisa shareholders acquired up to 50% of the total share capital of Tenda, at the price per share set forth in the SPA with Jaguar and for a total amount of R\$219.5 million, with no shares being acquired by Jaguar; and (iv) the satisfaction of other conditions precedent for the consummation of the spin-off. In addition, on May 4, 2017, the Tenda shares were listed on the B3 and began to publicly trade.

In 2018 the Company did not sign any new material contracts.

On October 21, 2019, we informed our shareholders and the market that we entered into a Purchase and Sale, Stock Redemption, Corporate Restructuring Agreement with Alphaville Urbanismo S.A., Private Equity AE Investimentos e Participações S.A. and affiliates of PEAE, setting forth the terms and conditions for the divestment of our shares in Alphaville. On December 27, 2019, we concluded the divestment sale of our remaining 21.20% stake in Alphaville for R\$100 million, which was settled by offsetting certain credits and the receipt of the investee shares against assets, measured at fair value. This transaction is in line with the Company's strategy to optimize and improve the Company's portfolio and capital allocation, aiming at creating value for our shareholders.

On April 30, 2020, at our Annual and Extraordinary Shareholders' Meeting, the following matters were approved in relation to the purchase and sale of UPCON Incorporadora S.A.'s shares: (i) the acquisition by Gafisa of the entire share capital of UPCON; (ii) an increase in the Company's share capital of R\$310.0 million; (iii) the issuance of two series of debentures convertible into common shares to cover the transaction with UPCON, in the total amount of R\$150.0 million; (iv) changes in the composition of the Board of Directors, which will have seven to nine members; (v) the election of members to the Board of Directors; and (vi) approval of a plan to repurchase the Company's shares, up to a limit of 10,327,558 shares to be acquired by the Company.

On November 3, 2020, CADE approved our acquisition from Calçada S.A. of four real estate ventures located in the city of Rio de Janeiro.

On November 10, 2020, we entered into a purchase agreement for the acquisition of real estate assets located in the city of São Paulo, namely "Hotel Fasano Itaim" project as part of the newly-formed Gafisa Propriedades, a business unit directed at developing, owning and managing proprietary and third-party real estate assets. We completed this acquisition in January 2021. Gafisa Propriedades has also acquired stake in two shopping malls located in the city of Rio de Janeiro and private suites in the Cidade Matarazzo Rosewood São Paulo project in São Paulo-SP.

On October 29, 2021, we acquired Costa do Peró and Campo Grande from Wotan Realty Ltda, both located in Rio de Janeiro state. The negotiation of these SPEs was made through the issuance of debentures convertible into our shares in the amount equivalent to R\$245.5 million.

D. Exchange Controls

There are no restrictions on ownership of our common shares by individual or legal entities domiciled outside Brazil. However, the right to convert dividend payments and proceeds from the sale of our shares into foreign currency and to remit such amounts abroad is subject to requirements under foreign investment legislation which generally establish that the relevant investment be registered with the Central Bank and/or the CVM. Subject to certain procedures and specific regulatory provisions, the purchase and sale of foreign currency and the international transfer of *reais* by a person or legal entity resident, domiciled or headquartered in Brazil, as the case may be, is allowed, without limitation as to amount, provided that the underlying transaction is legal, legitimate and has economic substance, as evidenced by the applicable supporting documentation submitted to the financial institution in charge of the foreign exchange transaction. In addition, foreign currencies may only be purchased through duly authorized financial institutions headquartered in Brazil. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Brazil—Restrictions on the movement of capital out of Brazil may adversely affect your ability to receive dividends and distributions on the ADSs and on our common shares, or the proceeds of any sale of our common shares" and "Item 9. The Offer and Listing—C. Markets—Investment in Our Common Shares by Non-Residents of Brazil."

In the past, the Brazilian Central Bank has intervened occasionally to control unstable movements in foreign exchange rates. We cannot predict whether the Brazilian Central Bank or the Brazilian government will continue to let the *real* float freely or will intervene in the exchange rate market through the return of a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar substantially.

Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of funds abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Brazil—Restrictions on the movement of capital out of Brazil may adversely affect your ability to receive dividends and distributions on the ADSs and on our common shares, or the proceeds of any sale of our common shares" and "Item 9. The Offer and Listing—C. Markets—Investment in Our Common Shares by Non-Residents of Brazil."

E. Taxation

The following discussion contains a description of material Brazilian and U.S. federal income tax consequences of the acquisition, ownership and disposition of common shares or ADSs. The discussion is based upon the tax laws of Brazil and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

Although there is at present no income tax treaty between Brazil and the United States, the tax authorities of the two countries have entered into a Tax Information Exchange Agreement and have had discussions that may culminate in an income tax treaty. No assurance can be given, however, as to whether or when an income tax treaty will enter into force or how it will affect the U.S. Holders (as defined below) of common shares or ADSs. Prospective holders of common shares or ADSs should consult their own tax advisers as to the tax consequences of the acquisition, ownership and disposition of common shares or ADSs in their particular circumstances.

Brazilian Tax Considerations

The following discussion summarizes the principal Brazilian tax consequences of the acquisition, ownership and disposition of our common shares or ADSs by a holder that is not domiciled in Brazil for purposes of Brazilian taxation (a “Non-Resident Holder”). This discussion is based on Brazilian law as currently in effect, which is subject to change, possibly with retroactive effect, and subject to different interpretations. Any change in that law may change the consequences described below.

The tax consequences described below do not consider the effects of any tax treaties or reciprocity agreements for tax treatment entered by Brazil and other countries. The discussion also does not address any tax consequences under the tax laws of any state or municipality of Brazil. The description below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, exchange, ownership and disposition of our common shares or ADSs. Each Non-Resident Holder should consult his or her own tax adviser concerning the Brazilian tax consequences of an investment in our common shares or ADSs.

Income tax

Dividends. Dividends paid by a Brazilian corporation, such as ourselves, including stock dividends and other dividends paid to a Non-Resident Holder of common shares or ADSs, are currently not subject to income withholding tax in Brazil to the extent that such amounts are related to profits generated after January 1, 1996. Dividends paid from profits generated before January 1, 1996 may be subject to Brazilian income withholding tax at varying rates depending on the year the profits were generated, according to the tax legislation applicable to each corresponding year. There is uncertainty regarding the taxation of dividends supported by profits earned in the 2014 calendar year, due to the new rules introduced in Brazil in order to align the Brazilian tax system with the International Financial Reporting Standards, or “IFRS,” as of January 1, 2015. As we did not earn profits in that year, this issue should not apply to us.

Interest on Shareholders’ Equity. Law No. 9,249, dated December 26, 1995, as amended, permits a Brazilian corporation, such as ourselves, to make distributions to shareholders of interest on shareholders’ equity as an alternative to making dividend distributions and to treat such payments as a deductible expense for purposes of calculating Brazilian corporate income tax and social contribution on net profits, to the extent the limits described below are observed. These distributions may be paid in cash. For tax purposes, this interest is limited to the daily pro rata variation of the Brazilian long-term interest rate, or TJLP, as determined by the Central Bank from time to time, and the amount of the deduction may not exceed the greater of:

- 50% of net income (after the deduction of social contribution on net profits but before taking into account the provision for corporate income tax and the interest on shareholders’ equity) for the period in respect of which the payment is made; and
- 50% of the sum of retained profits and profit reserves as of the date of the beginning of the period in respect of which the payment is made.

Payment of interest on shareholders’ equity to a Non-Resident Holder is subject to income withholding tax at the rate of 15%, or 25% if the Non-Resident Holder is domiciled in a Tax Favorable Jurisdiction, as defined below.

These payments of interest on shareholders’ equity may be included, at their net value, as part of any mandatory dividend. To the extent payment of interest on shareholders’ equity is so included, the Company is required to distribute to shareholders an additional amount to ensure that the net amount received by them, after payment of the applicable withholding income tax, plus the amount of declared dividends is at least equal to the mandatory dividend.

Gains

According to Law No. 10,833/03, enacted on December 29, 2003, the disposition or sale of assets located in Brazil by a Non-Resident Holder, whether to another non-Brazilian resident or to a Brazilian resident, may be subject to capital gain taxes in Brazil.

Therefore, with respect to the disposition of our common shares, which are treated as assets located in Brazil, a non-Brazilian resident will be subject to income tax on the gains assessed according to the rules described below, regardless of whether the transactions are conducted in Brazil or with a Brazilian resident.

With respect to the ADSs, although the matter is not entirely clear, it is reasonable to take the position that ADSs do not constitute assets located in Brazil for the purposes of Law No. 10,833/03 and, therefore, that the gains realized by a Non-Resident Holder on the disposition of our ADSs to another Non-Resident Holder should not be taxed in Brazil. We cannot assure you, however, that the Brazilian tax authorities or the Brazilian courts will agree with this interpretation. Accordingly, gains on a disposition of ADSs by a Non-Resident Holder may be subject to income tax in Brazil in the event that courts determine that ADSs constitute assets located in Brazil. For more information, please refer to “Item 3. Key Information—D. Risks Factors—Risks Relating to Our Common Shares and the ADSs—Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of the ADSs.”

As a general rule, gain realized as a result of a disposition or sale of common shares (or ADSs should they be deemed to be “assets located in Brazil”) is the positive difference between the amount realized on the sale or other disposition of the securities and their acquisition cost.

Under Brazilian law, however, income tax rules on such gains can vary, depending on the domicile of the Non-Resident Holder, the type of registration of the investment by the Non-Resident Holder with the Central Bank and how the disposition is carried out, as described below.

Gains assessed on a disposition of common shares carried out on a Brazilian stock exchange (which includes the transactions carried out on the organized over-the-counter market) are:

- exempt from income tax when the gain is earned by a Non-Resident Holder that (1) has registered its investment in Brazil with the Central Bank under the rules of Resolution No. 4,373, dated September 14, 2014, which replaced Resolution 2,689, dated January 26, 2000 (a “4,373 Holder”) and (2) is not a resident or domiciled in a country or location that does not tax income, or that taxes it at a maximum rate lower than 20%; or
- in all other cases, subject to income tax at a rate of up to 25%. In these cases, a withholding income tax of 0.005% of the sale value will be applicable and can be later offset against any income tax due on the capital gain.

Any other gains recognized on a sale or disposition of the common shares that is not carried out on a Brazilian stock exchange are subject to (1) income tax at a progressive rate from 15% up to 22.5%, when realized by a Non-Resident Holder that is not resident or domiciled in a Tax Favorable Jurisdiction; and (2) income tax up to a rate of 25% when realized by a Non-Brazilian Holder that is resident or domiciled in a Tax Favorable Jurisdiction. In the event that these gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation, the withholding income tax of 0.005% shall also be applicable and can be offset against the eventual income tax due on the capital gain.

In the case of a redemption of common shares (or ADSs, should they be deemed to be “assets located in Brazil”) or a capital reduction by a Brazilian corporation, such as ourselves, the positive difference between the amount received by the Non-Resident Holder and the acquisition cost of the common shares or ADSs redeemed is treated as capital gain derived from the sale or exchange of shares not carried out on a Brazilian stock exchange and is therefore subject to income tax at a rate from 15% to 22.5%, or up to 25%, as described above.

Any exercise of preemptive rights relating to the common shares or ADSs will not be subject to Brazilian income tax. Gains realized by a Non-Resident Holder on the disposition of preemptive rights relating to the common

shares (or ADSs, should they be deemed to be “assets located in Brazil”) will be subject to Brazilian income tax according to the same rules applicable to the sale or disposition of common shares.

As a Non-Resident Holder of ADSs, you may cancel your ADSs and exchange them for the underlying common shares and no income tax may be levied on such exchange, as long as the appropriate rules are complied with in connection with the registration of the investment with the Central Bank and as long as ADSs are not deemed to be “assets located in Brazil.” See “Item 9 The Offering and Listing—C. Markets—Investment in Our Common Shares by Non-Residents of Brazil—Depository Receipts” for a discussion of the rules related to exchanging ADS for common shares.

The deposit of common shares by Non-Resident Holders in exchange for ADSs may be subject to Brazilian income tax if the acquisition cost of the common shares is lower than (a) the average price per common share on a Brazilian stock exchange on which the greatest number of such common shares were sold on the day of deposit; or (b) if no common shares were sold on that day, the average price on a Brazilian stock exchange on which the greatest number of common shares were sold in the 15 trading sessions immediately preceding such deposit. The difference between the acquisition cost and the average price of the common shares will be considered to be a capital gain subject to income tax at a rate from 15% up to 22.5% or 25%, as described above. In some circumstances, it could be reasonable to take the position that this tax is not applicable in the case of a Non-Resident Holder that is a 4,373 Holder and is not a resident in a Tax Favorable Jurisdiction.

There can be no assurance that the current favorable treatment of 4,373 Holders will continue in the future.

Law 13,259/16, dated March 16, 2016, increased tax rates on capital gains earned by Brazilian individuals and certain legal entities. The new rates should apply as from 2017 as follows: (i) 15% on the capital gain not exceeding R\$5,000,000; (ii) 17.5% on the capital gain amount which varies from R\$5,000,000 and R\$10,000,000; (iii) 20% on the capital gain amount which varies from R\$10,000,000 and R\$30,000,000; and (iv) 22.5% on the capital gain which exceeds R\$ 30,000,000. The new rates should also apply to Non-Resident Holders depending on their type of investment, jurisdiction and the sale transaction, to be determined on a case by case basis.

Discussion on Tax Favorable Jurisdictions and Privileged Tax Regimes

A “Tax Favorable Jurisdiction” is a country or location that (1) does not impose taxation on income or imposes the income tax at a rate lower than 20% or (2) imposes restrictions on the disclosure of shareholding composition or the ownership of the investment. A regulation issued by the Ministry of Treasury on November 28, 2014 decreased from 20% to 17% this minimum threshold for certain specific cases. The 17% threshold applies only to countries and regimes aligned with international standards of fiscal transparency in accordance with rules to be established by the Brazilian tax authorities.

Law No. 11,727/08 created the concept of “Privileged Tax Regimes,” which encompasses the countries and jurisdictions that: (1) do not tax income or tax it at a maximum rate lower than 20%, or 17%, as applicable; (2) grant tax advantages to a non-resident entity or individual (i) without the need to carry out a substantial economic activity in the country or territory or (ii) conditioned to the non-exercise of a substantial economic activity in the country or territory; (3) do not tax or taxes proceeds generated abroad at a maximum rate lower than 20%, or 17%, as applicable; or (4) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out.

Normative Ruling 1,037 provides a list of Tax Favorable Jurisdictions and Privileged Tax Regimes. Normative Ruling No. 1,037 is periodically updated to include and exclude countries, locations and tax regimes from the lists of Tax Favorable Jurisdictions and Privileged Tax Regimes.

In principle, the best interpretation of Law No. 11,727/08 leads us to conclude that the concept of Privileged Tax Regimes should be applied solely for purposes of transfer pricing rules in export and import transactions, for the definition of the applicable rate of withholding income tax on the remittance of specific items of income and for certain other Brazilian tax purposes that are not relevant to an investment by a Non-Resident Holder in our common shares or ADSs. Although we are of the opinion that the concept of Privileged Tax Regimes should not affect the tax treatment of a Non-Resident Holder described above, we cannot assure you that subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of “privileged tax regimes” will not apply such regime to Non-Resident Holders. Investors should consult with their own tax advisors regarding the

consequences of the implementation of Law No. 11,727, Normative Ruling No. 1,037 and of any related Brazilian tax laws or regulations concerning Tax Favorable Jurisdictions and Privileged Tax Regimes.

Tax on Foreign Exchange and Financial Transactions

Foreign Exchange Transactions. Brazilian law imposes a Tax on Foreign Exchange Transactions, or IOF/Exchange Tax, on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. Any inflow of funds related to investments carried out on the Brazilian financial and capital markets by 4,373 Holders is currently subject to the IOF/Exchange Tax at a rate of zero percent. Foreign exchange transactions related to outflows of funds in connection with investments carried out on the Brazilian financial and capital markets are subject to the IOF/Exchange Tax at a rate of zero percent, which also applies to payments of dividends and interest on shareholders' equity to 4,373 Holders with respect to investments on the Brazilian financial and capital markets.

Nevertheless, the rate applicable to most foreign exchange transactions is 0.38%. In any case, the Brazilian government may increase the rate at any time by up to 25% on the foreign exchange transaction amount. However, any increase in rates will only apply to future transactions.

The purchase of ADSs by a Non-Resident Holder outside Brazil generally does not require the execution of a foreign exchange agreement with the Brazilian Central Bank. If this is the case, the IOF/Exchange Tax is not due. The IOF/Exchange Tax is levied at a zero percent rate in connection with foreign exchange agreements, without any actual flows of funds, that are required for a cancellation of ADSs and exchange for shares traded on a Brazilian stock exchange.

Tax on Transactions Involving Bonds and Securities. Brazilian law imposes a Tax on Transactions Involving Bonds and Securities, or IOF/Bonds Tax, due on transactions involving bonds and securities, including those carried out on a Brazilian stock exchange. The rate of IOF/Bonds Tax applicable to transactions involving common shares is currently zero percent. The rate of the IOF/Bonds Tax applicable to the transfer of shares with the sole purpose of enabling the issuance of ADSs is currently also zero percent. However, the Brazilian government may increase the rate of the IOF/Bonds Tax at any time by up to 1.5% per day on the transaction amount, but only in respect of future transactions.

Other Brazilian Taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of common shares or ADSs, except for gift and inheritance taxes that may be imposed by some Brazilian states. There are no Brazilian stamp, issue, registration, or similar taxes or duties payable by holders of common shares or ADSs.

U.S. Federal Income Tax Considerations

The following discussion is a summary of material U.S. federal income tax consequences to U.S. Holders described herein of owning and disposing of common shares or ADSs, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold such securities. The discussion applies only to the U.S. Holders described below that hold common shares or ADSs as capital assets for U.S. federal income tax purposes. This discussion does not address any alternative minimum tax or Medicare contribution tax considerations, nor does it address all of the tax consequences applicable to all categories of investors that may be subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding common shares or ADSs as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the common shares or ADSs;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;

- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities, including “individual retirement accounts” or “Roth IRAs;”
- persons that own or are deemed to own ten percent or more of our stock (by vote or value);
- persons who acquired our ADSs or common shares pursuant to the exercise of any employee stock option or otherwise as compensation; or
- persons holding our ADSs or common shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds common shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partnerships holding common shares or ADSs and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of common shares or ADSs.

This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. It is also based in part on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

You are a “U.S. Holder” if you are a beneficial owner of our common shares or ADSs and if you are, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, if you own ADSs, you will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if you exchange ADSs for the underlying shares represented by those ADSs.

The summary of U.S. federal income tax consequences set out below is intended for general informational purposes only. You should consult your advisers with respect to the particular tax consequences to you of owning or disposing of common shares or ADSs, including the applicability and effect of state, local, non-U.S. and other tax laws and the possibility of changes in tax laws.

Except as discussed below under “—Passive Foreign Investment Company Rules,” this discussion assumes that the Company will not be a passive foreign investment company, or “PFIC,” for U.S. federal income tax purposes for any taxable year.

Taxation of Distributions

Distributions, if any, paid on ADSs or common shares (including any amounts that are treated as interest on shareholders’ equity for Brazilian tax purposes and any Brazilian withholding taxes deducted from distributions), other than certain *pro rata* distributions of ordinary shares, will generally be treated as dividends to the extent paid out of the Company’s current or accumulated earnings and profits as determined under U.S. federal income tax principles. Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions will generally be reported to you as dividends.

In general, dividends paid by certain “qualified foreign corporations” to non-corporate persons may be taxed at a preferential rate, subject to applicable limitations. However, if a non-U.S. corporation is not entitled to the benefits of a comprehensive income tax treaty with the United States, dividends paid by such corporation will qualify for the preferential rate only with respect to stock that are “readily tradable on an established securities market in the United States.” In 2003 the Internal Revenue Service (“IRS”) issued a notice, according to which common stock, or American depositary shares in respect of such stock, are considered as readily tradable on a U.S. established securities market if they are listed on certain national U.S. securities exchanges specified in the notice, such as the NYSE or NASDAQ. The IRS notice indicates that the IRS continues to consider whether, and under what conditions, the preferential rate may apply also to securities readily tradable on other securities trading platforms, such as trading over the counter. However, to date no additional trading markets have been identified by the Treasury or the IRS as qualifying markets for these purposes. Therefore, because our ADSs were delisted from the NYSE on December 17, 2018, non-corporate U.S. Holders should expect that for as long as our ADSs continue to be delisted from a qualified national U.S. exchange, dividends will be reported to them by withholding agents as not qualifying for the preferential rates.

The amount of a dividend will include any amounts withheld by the Company in respect of Brazilian taxes on the distribution. The amount of the dividend will be treated as foreign-source dividend income to you and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in your income on the date of your, or in the case of ADSs, the depositary’s, receipt of the dividend. The amount of any dividend income paid in *reais* will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of such receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, you should not be required to recognize foreign currency gain or loss in respect of the dividend income. You may have foreign currency gain or loss if the amount of such dividend is converted into U.S. dollars after the date of such receipt. See also “—Brazilian Tax Considerations—Tax on Foreign Exchange and Financial Transactions” for a discussion of the Brazilian tax consequences of a conversion of *reais* into U.S. dollars.

Sale or Other Disposition of Common Shares or ADSs

For U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of common shares or ADSs will be capital gain or loss, and will be long-term capital gain or loss if you have held the common shares or ADSs for more than one year. Long-term capital gains of non-corporate U.S. Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

The amount of your gain or loss will equal the difference between the amount realized on the disposition and your tax basis in the common shares or ADSs disposed of, in each case as determined in U.S. dollars. If a Brazilian tax is withheld on the sale or disposition of common shares or ADSs, your amount realized will include the gross amount of the proceeds of such sale or disposition before deduction of the Brazilian tax. See “—Brazilian Tax Considerations—Gains” for a description of when a disposition may be subject to taxation by Brazil. Such gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Foreign Tax Credits

Subject to certain generally applicable limitations, which may vary depending upon a U.S. Holder’s circumstances, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability for Brazilian income taxes withheld from dividends on our ADSs or common shares, if such taxes were paid or accrued in a taxable year beginning before December 28, 2021. A U.S. Holder will be entitled to use these foreign tax credits to offset only the portion of its U.S. tax liability that is attributable to foreign-source income. This limitation on foreign taxes eligible for credit is calculated separately with regard to specific classes of income. In addition, a U.S. Holder must satisfy minimum holding period requirements in order to be eligible to claim a foreign tax credit for foreign taxes withheld on dividends. Recently issued Treasury regulations, which apply to foreign taxes paid or accrued in taxable years beginning on or after December 28, 2021 (the “Final Treasury Regulations”), impose additional requirements for foreign taxes to be eligible for credit. We have not determined whether these requirements have been met with respect to any withholding tax imposed on dividends on our ADSs or common shares and, therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits for any amounts withheld with respect to dividends on our ADSs or common shares to which the Final Treasury Regulations apply.

Because a U.S. Holder's gains from the sale or exchange of our ADSs or common shares will generally be treated as U.S. source income, the limitation described above may preclude a U.S. Holder from claiming a credit for all or a portion of the foreign taxes imposed on any such gains. In addition, in taxable years to which they apply, the Final Treasury Regulations generally will preclude U.S. Holders from claiming a foreign tax credit with respect to any tax imposed on gains from the disposition of shares by a jurisdiction, such as Brazil, that does not have an applicable income tax treaty with the United States, although such taxes may be applied to reduce the amount realized by the U.S. Holder on the disposition.

Subject to generally applicable limitations under U.S. law, a U.S. Holder may, at its election, deduct otherwise creditable taxes in computing taxable income in lieu of claiming a credit. An election to deduct creditable foreign taxes instead of claiming foreign tax credits applies to all such foreign taxes paid or accrued in the taxable year.

The rules governing foreign tax credits are complex and, therefore, U.S. Holders are urged to consult their own tax advisors regarding the creditability or deductibility of any Brazilian tax in their particular circumstances (including any applicable limitations).

Other Brazilian Taxes

Any Brazilian IOF/Bond Tax and the IOF/Exchange Tax imposed on the deposit of common shares in exchange for ADSs and the cancellation of ADSs in exchange for common shares (as discussed above under "—Brazilian Tax Considerations—Tax on Foreign Exchange and Financial Transactions") will not be treated as creditable foreign taxes for U.S. federal income tax purposes. U.S. Holders should consult their tax advisers regarding the treatment of these taxes for U.S. federal income tax purposes.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a PFIC for any taxable year if: (1) 75% or more of its gross income consists of passive income (the "income test") or (2) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income (including cash and cash equivalents). Generally, "passive income" includes interest, dividends, rents, royalties and certain gains. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. The Company believes that it was not a PFIC for U.S. federal income tax purposes for its 2021 taxable year. However, because the Company's PFIC status is an annual determination that can be made only after the end of each taxable year and will depend on the composition of its income and assets and the value of its assets for each such year, there can be no assurance that the Company will not be a PFIC for the current or any other taxable year.

If the Company were a PFIC for any taxable year during which a U.S. Holder held common shares or ADSs, gain recognized by a U.S. Holder on a sale or other disposition (including, under certain circumstances, a pledge) of the common shares or ADSs would be allocated ratably over the U.S. Holder's holding period for the common shares or ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on the amount allocated to that taxable year. Further, to the extent that any distribution received by a U.S. Holder on its common shares or ADSs exceeds 125% of the average of the annual distributions on common shares or ADSs received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment of the common shares). If we are a PFIC for any taxable year during which a U.S. Holder owned our shares, the U.S. Holder will generally be required to file Internal Revenue Service Form 8621 with their annual U.S. federal income tax returns, subject to certain exceptions. You should consult your tax adviser to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in your particular circumstances.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding unless (1) you are a corporation or other exempt recipient or (2) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding.

The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (and certain specified entities) may be required, subject to certain exceptions, to report information relating to their ownership of securities of a non-U.S. person, or non-U.S. accounts through which the securities are held. You should consult your tax adviser regarding the effect, if any, of these rules on your ownership and disposition of common shares or ADSs.

U.S. HOLDERS OF OUR COMMON SHARES OR ADSs SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE BRAZILIAN, U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR COMMON SHARES OR ADSs BASED UPON THEIR PARTICULAR CIRCUMSTANCES.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

Statements contained in this annual report as to the contents of any contract or other document referred to are not necessarily complete, and each of these statements is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit hereto. A copy of the complete annual report including the exhibits and schedules filed herewith may be inspected without charge at the public reference facilities maintained by the SEC at Room 1024, 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials may be obtained by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition the SEC maintains a website that contains information filed electronically with the SEC, which can be accessed over the Internet at <http://www.sec.gov>.

We are subject to the information and periodic reporting requirements of the Securities Exchange Act and, in accordance therewith, file periodic reports and other information with the SEC. However, as a foreign private issuer, we are exempt from the rules under the Securities Exchange Act relating to the furnishing and content of proxy statements and relating to short-swing profits reporting and liability.

We furnish to Citibank, N.A., as depositary, copies of all reports we are required to file with the SEC under the Securities Exchange Act, including our annual reports in English, containing a brief description of our operations and our audited annual consolidated financial statements which are prepared in accordance with Brazilian GAAP and include a reconciliation to U.S. GAAP. In addition, we are required under the deposit agreement to furnish the depositary with copies of English translations to the extent required under the rules of the SEC of all notices of meetings of shareholders and other reports and communications that are generally made available to shareholders. Under certain circumstances, the depositary will arrange for the mailing, at our expense, of these notices, other reports and communications to all ADS holders.

We also file financial statements and other periodic reports with the CVM, which are available to the public from CVM's website at <http://www.cvm.gov.br>.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks arising from the normal course of our business. These market risks mainly involve the possibility that changes in interest rates may impact the value of our financial liabilities. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Brazil.”

Interest rates

Our results of operations and profitability are affected by changes in interest rates due to the impact that these changes have on our interest expenses relating to our variable interest rate debt instruments and on our purchase and sale contracts and on our interest income generated from our financial investments.

The table below provides information about our significant interest rate-sensitive instruments (fixed and variable) as of December 31, 2021:

	As of December 31, 2021					Principal Index (1)	Fair Value
	Expected Maturity Date						
	Total	2022	2023	2024	2025 and later		
	(in millions of reais, unless otherwise indicated)						
Liabilities:							
Loans, financing and debentures:							
Debentures	689.8	20.2	9.2	435.2	224.9	CDI/IPCA	543.6
Average interest rate	13.50%	15.34%	15.74%	14.94%	14.74%	—	9.21%
Loans and financing (working capital)	541.1	157.2	40.0	66.7	277.1	CDI	368.0
Average interest rate	14.28%	16.13%	16.54%	15.74%	15.54%	—	9.15%
Loans and financing — SFH	334.1	225.3	8.1	21.8	78.9	TR/CDI	302.3
Average interest rate	12.7%	14.5%	14.9%	14.1%	13.9%	—	5.07%
Total loans, financing and debentures	1,564.9	402.7	57.3	523.7	580.9	CDI/IPCA/TR	
Derivate financial instrument	4.3	4.3	—	—	—	—	4.3
Real estate development obligations(2)	432.7	185.8	206.1	40.8	—	INCC	432.7
Obligations for purchase of land	325.7	198.8	103.6	23.3	0	INCC	325.7
Total	2,327.3	791.6	367.0	587.8	580.9	—	1,976.6
Assets:							
Cash and cash equivalent	35.4	35.4	—	—	—	CDI	35.4
Marketable securities (current and non-current)	978.3	577.4	400.9	—	—	CDI	978.3
Receivables from clients	541.8	425.5	41.5	32.4	42.4	INCC/IGP-M	541.8
Receivables from clients(2)	342.7	245.0	58.2	33.3	6.2	INCC/IGP-M	342.7
Total client receivables	884.5	670.5	99.7	65.7	48.6	—	885
Total	1,898.2	1,283.3	500.6	65.7	48.6	—	1,898.78

(1) See Notes 12 and 13 to our consolidated financial statements for information about the interest rates on our loans, financing and debentures. As of December 31, 2021, the annualized index was 4.42% for CDI, 0.05% for TR, 13.84% for INCC, 10.06% for IPCA and 17.79% for IGPM.

(2) Includes commitments and receivables arising from units sold after January 1, 2004 for which balances have not been recorded in our balance sheet—CFC Resolution No. 963.

We borrow funds at different rates and linked to different indices in order to try to match the financing that we provide to some of our clients. The mismatch between rates and terms on our funds borrowed and the financing we provide may adversely affect our cash flow. We constantly monitor and evaluate the impact of indexation on our assets and liabilities. If we anticipate the possibility of an interest rate mismatch between our assets and obligations, we may use derivative financial instruments in order to hedge against the risk that arises from interest rate variations.

Foreign Exchange Rate

During 2021, we had no derivative financial instruments with the objective of hedging against fluctuations in foreign exchange rates. As of December 31, 2021, we had no debt in foreign currency.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**A. American Depositary Shares****Depository Fees**

We and the holders and beneficial owners of our ADSs and the person depositing our common shares or surrendering ADSs for cancellation are responsible for the following fees of the depository:

Service	Rate	Paid By
Issuance of ADSs upon deposit of Shares (excluding issuances as a result of distributions described in paragraph (4) below).	Up to US\$5.00 per 100 ADSs (or fraction thereof) issued.	Person depositing our common shares or person receiving ADSs.
Delivery of common shares deposited under our deposit agreement against surrender of ADSs.	Up to US\$5.00 per 100 ADSs (or fraction thereof) issued.	Person surrendering ADSs for purpose of withdrawal of common shares deposited under our deposit agreement or person to whom common shares deposited under our deposit agreement are delivered.
Distribution of cash dividends or other cash distributions (i.e., sale of rights and other entitlements).	Up to US\$2.00 per 100 ADSs (or fraction thereof) held.	Person to whom distribution is made.
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs.	Up to US\$2.00 per 100 ADSs (or fraction thereof) held.	Person to whom distribution is made.
Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e., spin-off shares).	Up to US\$2.00 per 100 ADSs (or fraction thereof) held.	Person to whom distribution is made.
Depository services	Up to US\$4.00 per 100 ADSs (or fraction thereof) held.	Person holding ADSs on applicable record date(s) established by the depository.
Transfer of ADRs	US\$1.50 per certificate presented for transfer.	Person presenting certificate for transfer.

The depository may deduct applicable depository fees from the funds being distributed in the case of cash distributions. For distributions other than cash, the depository will invoice the amount of the applicable depository fees to the applicable holders.

Additional Charges

Holders and beneficial owners of our ADSs and person depositing our common shares for deposit and person surrendering ADSs for cancellation and withdrawal of our common shares will be required to pay the following charges:

- taxes (including applicable interest and penalties) and other governmental charges;
- such registration fees as may from time to time be in effect for the registration of our common shares or other common shares deposited under our deposit agreement on the share register and applicable to transfers of our common shares or other common shares deposited under our deposit agreement to or

from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;

- such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the deposit agreement to be at the expense of the person depositing or withdrawing our common shares or holders and beneficial owners of ADSs;
- the expenses and charges incurred by the depositary in the conversion of foreign currency;
- such fees and expenses as are incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to our common shares, common shares deposited under our deposit agreement, ADSs and ADRs; and
- the fees and expenses incurred by the depositary, the custodian or any nominee in connection with the servicing or delivery of common shares deposited under our deposit agreement.

Direct and Indirect Payments

Citibank N.A., located at 388 Greenwich Ave., New York, NY 10013, as depositary, has agreed to reimburse certain of our reasonable expenses related to our ADR program and incurred by us in connection with the program. As of December 31, 2021, we received from the depositary of our ADSs approximately US\$24 thousand, which was used for general corporate purposes such as the payment of costs and expenses associated with (1) the preparation and distribution of proxy materials, (2) the preparation and distribution of marketing materials and (3) consulting and other services related to investor relations.

PART II**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES***(a) Evaluation of Disclosure Controls and Procedures***

The Registrant maintains controls and procedures designed to ensure that it is able to collect the information it is required to disclose in the reports it files with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of the Registrant's disclosure controls and procedures as of the end of the period covered by this report conducted by the Registrant's management, with the participation of the Chief Executive and Chief Financial Officers, after evaluating together with other members of management the effectiveness of our disclosure controls and procedures (as defined in the U.S. Securities Exchange Act of 1934 under Rule 13a-15(e)) have concluded that our disclosure controls and procedures are effective, to ensure that the Registrant is able to collect, process and disclose the information it is required to disclose in the reports it files with the SEC within the required time periods.

(b) Management's Annual Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, as a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in conformity with Brazilian GAAP, including the reconciliation to U.S. GAAP in accordance with Item 18 of Form 20-F.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Registrant's internal controls over financial reporting as of December 31, 2021. In making this assessment, the Company's management used the criteria set forth by the Internal Control-Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management believes that, as of December 31, 2021, the Company's internal controls over financial reporting are effective based on those criteria.

(c) Attestation Report of Independent Registered Public Accounting Firm

The effectiveness of internal control over financial reporting as of December 31, 2021, has been audited by BKR – Lopes, Machado Auditores, an independent registered public accounting firm, as stated in its report which is included under Item 18 in this annual report on Form 20-F starting on page F-2.

(d) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

For the purposes of the Sarbanes-Oxley Act of 2002, our directors established an Audit Committee that convenes as often as it determines is appropriate to carry out its responsibilities, but at least quarterly. This committee has responsibility for planning and reviewing our annual and quarterly reports and accounts with the involvement of our auditors in that process, focusing particularly on compliance with legal requirements and accounting standards, and ensuring that an effective system of internal financial controls is maintained. The ultimate responsibility for reviewing and approving our annual and quarterly reports and accounts remains with our directors.

The Audit Committee convened 6 times in 2021. The Audit Committee currently comprises Thomas Cornelius Azevedo Reichenheim, Gilberto Braga and Pedro Carvalho de Mello. Our board of directors has determined that Thomas Cornelius Azevedo Reichenheim, Gilberto Braga and Pedro Carvalho de Mello are each independent for the purpose of Rule 10A-3 of the Securities Exchange Act. Our board of directors has determined that Gilberto Braga is an audit committee financial expert within the meaning of the regulations promulgated by the Securities and Exchange Commission.

ITEM 16B. CODE OF BUSINESS CONDUCT AND ETHICS

On July 10, 2007, we adopted a Code of Business Conduct and Ethics (The Code) that applies to our chief executive officer, chief financial officer, principal accounting officer and persons performing similar functions, as well as to our directors, other officers and employees. The objective of this code is (1) to reduce the subjectivity of personal interpretations of ethical principles; (2) to be a formal and institutional benchmark for the professional conduct of the employees, including the ethical handling of actual or apparent conflicts of interests, becoming a standard for the internal and external relationship of the Company with its shareholders, clients, employees, partners, suppliers, service providers, labor unions, competitors, society, government and the communities in which we operate; and (3) to ensure that the daily concerns with efficiency, competitiveness and profitability do not override ethical behavior.

The Code is regularly reviewed and updated, in order to address international and local requirements regarding ethics on business, conflict of interests, disclosure of information and anti-corruption procedures.

The Code can be obtained from our website (www.gafisa.com.br) or free of charge by requesting a copy from our Investor Relations Department at the following address: Av. Pres. Juscelino Kubitschek, No. 1830, Block 2, 3rd Floor, 04543-900 – São Paulo, SP – Brazil, telephone 55-11-3025-9242, fax 55-11-3025-9348 and e-mail ri@gafisa.com.br.

In July 2007, we established a “whistleblower channel” in order to receive “complaints,” by any person regarding any “unethical conduct” and “accounting, internal accounting controls, or auditing matters.” The complaints can be submitted confidentially and anonymously at the whistleblower’s discretion. The “whistleblower channel” can be accessed through our intranet, website, specific phone number or a letter that may be forwarded to our headquarters to the attention of our Ethics Committee and/or Audit Committee. Since its establishment, 1,086 issues were reported through our “whistleblower channel,” all of which related to personal conduct and information leaks and, therefore, without any financial impact on our results of operations.

In January 2014, we established a compliance and ethics program in order to help prevent, detect, rectify and report potential misconduct, including violations of the Foreign Corrupt Practices Act and Brazilian anti-corruption legislation (pursuant to Brazilian Law No. 12,846). This program comprises extensive risk assessment of our operations, ongoing training and advice to employees, incentives and disciplinary measures, and third party due diligence.

In 2021, we updated and restructured the compliance program to to align with our ESG - Environmental, Social and Governance program, adding to the objectives established in the Law of Foreign Corrupt Practices and Brazilian anti-corruption legislation (pursuant to Law No. 12,846). The program includes senior management support, mapping and risk assessment, internal controls, internal audit, internal investigation, manuals and policies, communication and training, reporting channel, due diligence and inclusion and diversity.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The relationship with our independent auditors in respect to the contracting of services unrelated to the external audit is based on principles that preserve the independence of the auditor. Our board of directors approves our financial statements, the performance by our auditors of audit and permissible non-audit services, and associated fees, supported by our Audit Committee.

The following table describes the total amount billed to us by BKR – Lopes, Machado Auditores (“BKR”), BDO RCS Auditores Independentes SS (“BDO”), and KPMG Auditores Independentes (“KPMG”) for services performed in 2021 and 2020, and the remuneration for these services in each year.

	<u>2021</u>	<u>2020</u>
	<u>(in thousands of reais)</u>	
Audit fees(1)	1,456.7	1,187
Audit related fees(2)	—	—
Tax fees(3)	—	—
All other fees(4)	246.2	442.9
Total	<u>1,702.9</u>	<u>1,629.9</u>

(1) “Audit fees” are the aggregate fees billed by BKR (R\$1,249.9 thousand in 2021 and R\$497.9 thousand in 2020), BDO (R\$206.9 thousand in 2021 and R\$402.0 thousand in 2020), and KPMG (R\$287.1 thousand in 2020) for the audit of our consolidated and annual financial statements including the audit of internal control over financial reporting, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

(2) There were no “audit related fees” billed by BKR, BDO, and KPMG during 2021 or 2020.

(3) There were no “Tax fees” billed by BKR, BDO, and KPMG during 2021 or 2020.

(4) “All other fees” are the aggregate fees billed by BKR (R\$246.2 thousand) for due diligence related services.

Audit Committee Pre-Approval Policies and Procedures

Our board of directors has established pre-approval policies and procedures for the engagement of registered public accounting firm for audit and non-audit services. Under such pre-approval policies and procedures, our board of directors reviews the scope of the services to be provided by each registered public accounting firm to be engaged in order to ensure that there are no independence issues and the services are not prohibited services as defined by Sarbanes-Oxley Act of 2002.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

See “Item 6. Directors, Senior Management and Employees—C. Board Practices.”

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18, in lieu of reporting to this Item.

ITEM 18. FINANCIAL STATEMENTS

See our audited consolidated financial statements beginning on page F-1.

ITEM 19. EXHIBITS

We are filing the following documents as part of this Annual Report Form 20-F:

Exhibit No.	Exhibit
1.1	Bylaws of Gafisa S.A., as amended (English), which is incorporated by reference to Exhibit 1.1 to our annual report on Form 20-F for the year ended December 31, 2010, filed with the Securities and Exchange Commission on July 5, 2012.**
2.1	Deposit Agreement dated March 21, 2007, among Gafisa S.A., Citibank, N.A., as depository, and the Holders and Beneficial Owners from time to time of American Depositary Shares issued thereunder, which is incorporated by reference to Exhibit 99(a) to our registration statement on Form F-6 filed with the Securities and Exchange Commission on February 22, 2007.**
2.2	Description of Securities registered under Section 12 of the Exchange Act.**
8.1	List of Subsidiaries*
11.1	Code of Business Conduct and Ethics (English), which is incorporated by reference to Exhibit 11.1 to our annual report on Form 20-F for the year ended December 31, 2007 filed with the Securities and Exchange Commission on June 18, 2008.**
12.1	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer.*
12.2	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer.*
13.1	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer.*
13.2	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer.*

* Filed herewith.

** Previously filed.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

GAFISA S.A.

By: /s/ Guilherme Benevides

Name: Guilherme Benevides

Title: Principal Executive Officer

By: /s/ Patricia Moraes

Name: Patricia Moraes

Title: Principal Financial Officer

Date: July 29, 2022

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Management's Annual Report on Internal Controls over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting as defined in Rules 13a - 15(f) and 15d - 15 (f) under the Securities and Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in Brazil ("Brazilian GAAP"), along with a reconciliation of net income and equity from Brazilian GAAP to accounting principles generally accepted in the United States of America ("US GAAP"). Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with Brazilian GAAP, along with a reconciliation of net income and equity from Brazilian GAAP to US GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of internal control to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control - Integrated Framework (2013 Framework)".

Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021, has been audited by BKR - Lopes, Machado Auditores, an independent registered public accounting firm, as stated in their report which appears herein.

São Paulo, Brazil
July 29, 2022

By: /s/ Guilherme Augusto Soares Benevides
Name: Guilherme Augusto Soares Benevides
Title: Principal Executive Officer and Investor Relations Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Gafisa S.A.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Gafisa S.A. and subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the years in the years ended December 31, 2021 and 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021 and 2020, in accordance with the accounting practices adopted in Brazil, applicable to Brazilian real estate development entities, registered with the Brazilian Securities and Exchange Commission (CVM).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated July 29, 2022, expressed an unqualified opinion thereon.

Differences from U.S. Generally Accepted Accounting Principles

Brazilian accounting practices, applicable to Brazilian real estate development entities, registered with the Brazilian Securities Commission (CVM), vary in certain significant respects from U.S. generally accepted accounting principles. Information relating to the nature and effect of such differences is presented in Note 32 to the consolidated financial statements.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which it relates.

Revenue Recognition

Critical Audit Matter Description

The Company recognizes real estate sales revenue during construction as established in the Circular Letter CVM/SNC/SEP 02/2018, as described in the Notes 2.1 and 2.2.2 to the consolidated financial statements. The recognition of the revenue of the Company and its subsidiaries requires the measurement of progress and satisfaction of performance obligation over time. This measurement requires significant and timely judgment by the Management of the Company and its subsidiaries of the estimate of inputs and expenditures necessary for satisfying the respective performance obligations, considering, for example, the costs to be incurred until the completion of construction works and measurement of the progress of the respective real estate ventures. Consequently, this matter was considered critical for our audit because we consider the high risk of subjectivity in the evaluation of the estimates made by the Company's Management, linked to the relevance and amounts involved in revenue recognition.

How the Critical Audit Matter was Addressed in the Audit

Our main audit procedures aimed at the appropriate recognition of the revenue from real estate sales during construction were the following: (i) Testing of the operating effectiveness of the internal controls directly related to the approval and revision of construction costs (incurred and to be incurred), used in the calculation of the percentage of completion of real estate ventures; (ii) On sampling basis, we have obtained budget maps – from the commencement of construction of the qualifiable asset until its latest version - and we compared them with the accounting records. (iii) We also compared, on sampling basis, the documents supporting the incurred costs, units sold, and amounts of sales contracts used in revenue calculation; (iv) Analytical reviews of the estimates of costs incurred and to be incurred; and (v) Evaluation of the disclosure in the consolidated financial statements.

Provisions and contingent liabilities

Critical Audit Matter Description

According to Note 2.2.1 – item c) and 16, the Company and its subsidiaries are parties to lawsuits of tax, civil and labor nature, for which Management estimates the involved amounts and records a provision in the consolidated financial statements for the cases it considers that there will be a probable loss, as established in the accounting standard CPC 25 (IAS 17) - Provisions, Contingent Liabilities and Contingent Assets. Besides the lawsuits considered as probable loss, the Company is party to labor and civil lawsuits in progress, for which no provision is recorded, as the likelihood of loss is considered possible or remote by the Company, based on the positions of its legal counsel. The risk evaluation and loss estimates are prepared by the Company based on available evidence and opinion of the legal counsel, involving high judgment level, given the complexity of themes. The progress of such lawsuits in the many applicable levels may result in change in the evaluation of risk of loss, and significantly impact the recognized provisions and the profit or loss of the Company and its subsidiaries. Due to the volume of claims, the criteria established for timely identifying the need for recognizing a provision and the existence of significant judgments involved in the process of evaluation and measurement of provisions and disclosures of contingent liabilities, we considered it a critical audit matter.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures included, but were not limited to the following: (i) testing of the operating effectiveness of the internal controls related to proper accrual of loss contingencies (ii) obtaining, reading and evaluating the mails of the legal counsel of the Company and its subsidiaries, (iii) matching the total contingent liabilities mentioned by the Company's legal counsel that are expected to lead to a probable outflow of funds with the existing provision in the consolidated financial statements, (iv) inspecting the Company's meeting minutes, and (v) analyzing the disclosures made in the notes to the consolidated financial statements.

Business combination

Critical Audit Matter Description

As detailed in Notes 2.1 and 9.3 to the consolidated financial statements, the Company completed the process of acquisition of two ventures (SPE's) from Wotan Realty Ltda ("Wotan") on October 29, 2021, these being SPE's that carry out operations in the same business segments of the Company. This transaction was recognized by using the acquisition method, which requires, among other procedures, that the Company determines at the effective control acquisition date, the fair value of the consideration transferred, the fair value of assets acquired, and liabilities assumed, and the determination of goodwill or gain from bargain purchase. Such procedures often involve a high level of judgment and are subject to a high level of uncertainty. In view of the related high judgment level and the impact that any change in assumptions may have on the consolidated financial statements, we consider this to be a critical audit matter.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, but were not limited to, (i) reading the documents that formalized the transaction, such as executed contracts and approval in the board minutes, and obtaining evidence that support the determination of the control acquisition date and consideration transferred, and calculation of the acquisition cost; (ii) with the support of our corporate finance experts, we analyzed the methodology adopted for measuring the previously held interest in acquired assets and liabilities assumed, and evaluated the adopted assumptions for impairment test, (iii) evaluated the sensitivity analysis regarding the main adopted assumptions and the impacts of possible changes in such assumptions on the measured amounts and their relevance in relation to the consolidated financial statements as a whole. and (v) Evaluation of the related disclosure in the consolidated financial statements.

We have served as the Company's auditors since 2020.

Rio de Janeiro - RJ, Brazil
July 29, 2022

/s/ BKR - Lopes, Machado Auditores

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Gafisa S.A.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Gafisa S.A. and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO criteria”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated balance sheet of the Company as of December 31, 2021, the related consolidated statements of profit or loss and comprehensive income (loss), changes in equity, value added and cash flows for the year then ended , and the related notes (collectively referred to as “the consolidated financial statements”) and our report dated July 29, 2022, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management’s assessment of the effectiveness of its internal control over financial reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board PCAOB (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Rio de Janeiro - RJ, Brazil
July 29, 2022

/s/ BKR - Lopes, Machado Auditores

Report of Independent Registered Public Accounting Firm

To Stockholders and Board of Directors of Gafisa S.A.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Gafisa S.A. (the “Company”) and subsidiaries as of December 31, 2019, the related consolidated statements of profit and loss and comprehensive income (loss), changes in equity, and cash flows for the year ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2019, and the results of their operations and their cash flows for the year ended December 31, 2019, in conformity with Brazilian accounting practices, applicable to Brazilian real estate development entities, registered with the Brazilian Securities Commission (“CVM”).

Change in Accounting Principle

As discussed in Note 3.1 to the consolidated financial statements, the Company changed its method for accounting for leases using the modified retrospective method in 2019. Differences from U.S. Generally Accepted Accounting Principles Brazilian accounting practices, applicable to Brazilian real estate development entities, registered with the Brazilian Securities Commission (CVM), vary in certain significant respects from U.S. generally accepted accounting principles. Information relating to the nature and effect of such differences is presented in Note 32 to the consolidated financial statements.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We served as the Company’s auditors from 2018 through September 21, 2020.

São Paulo, Brazil
July 29, 2022
/S/ BDO RCS Auditores Independentes SS

Gafisa S.A.

Consolidated balance sheets
As of December 31, 2021 and 2020
(In thousand of Brazilian Reais)

	Notes	2021	2020
Current assets			
Cash and cash equivalents	4.1	35,424	29,038
Short-term investments	4.2	577,361	593,082
Trade accounts receivable	5	425,508	487,083
Properties for sale	6	1,679,739	1,243,841
Receivables from related parties	21.1	31,667	1,102
Prepaid expenses	-	1,586	890
Non-current assets held for sale	8.1	7,045	7,014
Other assets	7	150,865	180,837
Total current assets		2,909,195	2,542,887
Non-current assets			
Long-term investments	4.2	400,893	-
Trade accounts receivable	5	116,223	217,169
Properties for sale	6	531,111	305,460
Receivables from related parties	21.1	66,766	115,502
Other assets	7	102,247	112,739
		1,217,240	750,870
Investments in ownership interests	9	272,009	307,412
Investment property	9.2	111,933	119,119
Property and equipment	10	44,033	25,181
Intangible assets	11	167,814	4,530
		595,789	456,242
Total non-current assets		1,813,029	1,207,112
Total assets		4,722,224	3,749,999

The accompanying notes are an integral part of these consolidated financial statements.

Gafisa S.A.

Consolidated balance sheets
As of December 31, 2021 and 2020
(In thousand of Brazilian Reais)

	Notes	2021	2020
Current liabilities			
Loans and financing	12	384,134	332,447
Debentures	13	20,291	120,737
Financial instrument	20	-	6,125
Payable for purchase of properties and advances from customers	17	256,113	336,029
Payables for goods and service suppliers	-	55,371	122,576
Taxes and contributions	-	87,018	86,831
Salaries, payroll charges and profit sharing	-	24,402	25,920
Provision for legal claims and commitments	16	125,547	147,066
Obligations assumed on the assignment of receivables	14	7,579	13,296
Payables to related parties	21.1	63,140	98,430
Other payables	15	344,030	186,466
Total current liabilities		1,367,625	1,475,923
Non-current liabilities			
Loans and financing	12	490,983	338,027
Debentures	13	669,488	143,588
Financial instrument	20	4,328	
Payable for purchase of properties and advances from customers	17	126,867	79,400
Deferred income tax and social contributions	19	86,701	14,649
Provision for legal claims and commitments	16	120,034	103,417
Obligations assumed on the assignment of receivables	14	6,552	10,896
Payables to related parties	21.1	10,427	
Other payables	15	23,265	34,648
Total non-current liabilities		1,538,645	724,625
Equity			
Capital	18.1	1,248,575	1,083,249
Treasury shares	18.1	(2,632)	(2,632)
Capital reserves and reserve for granting stock options	-	325,863	319,569
Profit reserve	18.2	243,445	153,254
Accumulated losses	18.2	-	-
		1,815,251	1,553,440
Non-controlling interests		703	(3,989)
Total equity		1,815,954	1,549,451
Total liabilities and equity		4,722,224	3,749,999

The accompanying notes are an integral part of these consolidated financial statements.

Gafisa S.A.

Consolidated statements of loss
 Years ended December 31, 2021, 2020 and 2019
 (In thousand of Brazilian Reais, except if stated otherwise)

	Notes	2021	2020	2019
Continuing operations				
Net operating revenue	22	818,308	884,045	400,465
Operating costs				
Real estate development and sales of properties	23	(609,678)	(715,264)	(282,684)
Gross profit		208,630	168,781	117,781
Operating (expenses) income				
Selling expenses	23	(44,195)	(28,992)	(14,889)
General and administrative expenses	23	(135,381)	(98,768)	(68,314)
Income (loss) from equity method investments	9	36,189	10,101	(5,003)
Other income (expenses), net	23	154,314	(44,157)	(31,627)
Profit (loss) before finance income and expenses and income tax and social contribution		219,557	6,965	(2,052)
Finance expenses	24	(110,448)	(101,532)	(76,830)
Finance income	24	65,867	28,537	17,206
Loss before income tax and social contribution		174,976	(66,030)	(61,676)
Current income tax and social contribution		(13,678)	(7,608)	(1,984)
Deferred income tax and social contribution		(71,312)	-	37,259
Total Income tax and social contribution	19. i	(84,990)	(7,608)	35,275
Net loss from continuing operations		89,986	(73,638)	(26,401)
Loss for the year		89,986	(73,638)	(26,401)
(-) Attributable to:				
Noncontrolling interests		(205)	(478)	(361)
Owners of the parent		90,191	(73,160)	(26,040)
Weighted average number of shares (in thousands)	27	296.036	179,882	68,584
Basic earnings (loss) per thousand shares - In Reais	27	0.305	(0.407)	(0.380)
From continuing operations		0.305	(0.407)	(0.380)
Diluted earnings (loss) per thousand shares - In Reais	27	0.302	(0.407)	(0.380)
From continuing operations		0.302	(0.407)	(0.380)

The accompanying notes are an integral part of these consolidated financial statements.

Gafisa S.A.

Consolidated statements of comprehensive loss
Years ended December 31, 2021, 2020 and 2019
(In thousand of Brazilian Reais, except if stated otherwise)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Loss for the year	89,986	(73,638)	(26,401)
Total comprehensive loss for the year, net of taxes	<u>89,986</u>	<u>(73,638)</u>	<u>(26,401)</u>
Attributable to:			
Owners of the parent	90,191	(73,160)	(26,040)
Non-controlling interests	(205)	(478)	(361)

The accompanying notes are an integral part of these consolidated financial statements.

Gafisa S.A.

Consolidated statements of changes in equity
Years ended December 31, 2021, 2020 and 2019
(In thousands of Brazilian Reais)

	Attributed to Owners of the Parent								
	Notes	Capital	Treasury shares	Reserve for capital and granting shares	Profit reserve	Accumulated losses	Total Company	Noncontrolling interests	Total Consolidated
Balance as of December 31, 2018		2,521,319	(58,950)	337,351	-	(2,308,403)	491,317	1,874	493,191
Capital increase	18.1	404,961	-	(157)	-	-	404,804	-	404,804
Stock option plan	18.3	-	-	417	-	-	417	-	417
Treasury shares sold	18.1	-	141	-	-	7	148	-	148
Treasury shares cancelled	18.1	-	5,747	-	-	(5,747)	-	-	-
Treasury shares reissued	18.1	-	(20,671)	-	-	20,671	-	-	-
Share repurchase program	18.1	-	30,216	-	-	(19,452)	10,764	-	10,764
Recognition of reserves	-	-	-	-	-	-	-	(78)	(78)
Loss for the year	-	-	-	-	-	(26,040)	(26,040)	(361)	(26,401)
Balance as of December 31, 2019		2,926,280	(43,517)	337,611	-	(2,338,964)	881,410	1,435	882,845
Capital reduction	18.1	(2,585,032)	-	-	-	2,585,032	-	-	-
Capital increase	18.1	742,001	-	-	-	-	742,001	-	742,001
Expenditures for issuing shares	-	-	-	(18,288)	-	-	(18,288)	-	(18,288)
Stock option plan	18.3	-	-	246	-	-	246	-	246
Treasury shares sold	18.1	-	40,885	-	-	(19,654)	21,231	-	21,231
Recognition of reserves	-	-	-	-	-	-	-	(1)	(1)
Retained earnings	18.1	-	-	-	153,254	(153,254)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(4,945)	(4,945)
Loss for the year	-	-	-	-	-	(73,160)	(73,160)	(478)	(73,638)
Balance as of December 31, 2020		1,083,249	(2,632)	319,569	153,254	-	1,553,440	(3,989)	1,549,451
Capital increase	18.1	165,326	-	-	-	-	165,326	4,793	170,119
Expenditures for issuing shares	-	-	-	2,941	-	-	2,941	-	2,941
Netincome for the year	-	-	-	-	-	90,191	90,191	(205)	89,986
Allocation:	18.4	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	4,510	(4,510)	-	-	-
Retained earnings	-	-	-	-	21,420	(21,420)	-	-	-
Reserve for investments	-	-	-	3,353	64,261	(64,261)	3,353	104	3,457
Balance as of December 31, 2021		1,248,575	(2,632)	325,863	243,445	-	1,815,251	703	1,815,954

The accompanying notes are an integral part of these consolidated financial statements.

Gafisa S.A.

Consolidated cash flow statements
 Years ended December 31, 2021, 2020 and 2019
 (In thousands of Brazilian Reais)

	2021	2020	2019
Operating activities			
Income (loss) before income tax and social contribution	174,976	(66,030)	(61,676)
Expenses/(income) not affecting cash and cash equivalents:			
Depreciation and amortization (Notes 10 and 11)	20,886	8,278	14,181
Stock option plan expense (Note 18.3)	2,007	(347)	(2,366)
Unrealized interests and charges, net	59,407	1,009	5,448
Warranty provision (Note 15)	7,541	9,208	(7,521)
Provision for legal claims and commitments (Note 16)	60,474	43,848	20,598
Provision for profit sharing (Note 25 (iii))	22,651	20,735	5,000
Allowance for expected credit losses and cancelled contracts (Note 5)	(19,997)	43,343	(47,257)
Provision for realization of non-financial assets:			
Properties and land for sale (Note 6 and 8)	(41,563)	(69,282)	(37,446)
Provision for penalties due to delay in construction works (Note 15)	-	2,137	5,283
Income from equity method investments (Note 9)	(36,189)	14,780	5,003
Derecognition of goodwill from Properties for sale (Note 9)	(39,824)	-	-
Recognition of goodwill from purchase price allocation report (Note 9)	(314,511)	-	-
Result of divestment in associate (Note 9)	-	-	78,008
Decrease/(increase) in operating assets			
Trade accounts receivable	172,457	(206,326)	115,003
Properties for sale and land available for sale	(466,779)	(426,592)	151,465
Other assets	217,620	(151,536)	(32,044)
Prepaid expenses	(696)	970	808
Increase/(decrease) in operating liabilities			
Payable for purchase of properties and advances from customers	(32,449)	193,001	(87,003)
Taxes and contributions	187	16,963	12,592
Payables for goods and service suppliers	(66,194)	27,559	(37,750)
Salaries, payroll charges and profit sharing	(24,169)	(7,072)	511
Other payables	101,541	51,061	(76,443)
Transactions with related parties	310	49,006	21,608
Paid taxes	(77,601)	(7,608)	(1,983)
Cash and cash equivalents from operating activities	(279,915)	(452,895)	44,019
Investing activities			
Acquisition of property and equipment and intangible assets (Notes 10 and 11)	(41,749)	(16,746)	(3,581)
Increase in short-term investments	(657,162)	(564,749)	(387,319)
Redemption of short-term investments	672,883	373,562	90,280
Investments	(258,055)	(30,000)	-
Cash used in investing activities	(284,083)	(237,933)	(300,620)
Financing activities			
Increase in loans, financing and debentures	763,268	625,677	122,639
Payment of loans, financing and debentures – principal	(133,815)	(382,666)	(229,846)
Payment of loans, financing and debentures – interest	(60,562)	(33,774)	(56,976)
Loan transactions with related parties	769	(12,604)	(11,179)
Repurchase of and proceeds from treasury shares (Note 18.1)	-	19,251	7,132
Capital increase	724	477,900	404,962
Cash and cash equivalents from (used in) financing activities	570,384	693,784	236,732
(+) Cash acquired from Upcon and Calçada	-	13,647	-
Net increase/(decrease) in cash and cash equivalents	6,386	16,603	(19,869)
Cash and cash equivalents			
At the beginning of the year	29,038	12,435	32,304
At the end of the year	35,424	29,038	12,435
Net increase (decrease) in cash and cash equivalents	6,386	16,603	(19,869)

The accompanying notes are an integral part of these consolidated financial statements.

Gafisa S.A.

Consolidated added value statement
 Years ended December 31, 2021, 2020 and 2019
 (In thousands of Brazilian Reais)

	2021	2020	2019
Revenues	854,059	935,013	437,289
Real estate development and sales of properties	834,062	978,360	390,032
Reversal (recognition) of allowance for doubtful accounts and cancelled contracts	19,997	(43,347)	47,257
Inputs acquired from third parties (including taxes on purchases)	(479,634)	(721,921)	(306,908)
Operating costs- Real estate development and sales	(567,815)	(623,106)	(244,409)
Materials, energy, outsourced labor and other	(87,259)	(98,815)	82,009
Gain from bargain purchase	-	-	16,592
Loss on realization of investment measured at fair value	-	-	(161,100)
Others	175,440	-	-
Gross value added	374,425	213,092	130,381
Depreciation and amortization	(20,886)	(8,278)	(14,181)
Net value added produced by the entity	353,539	204,814	116,200
Value added received on transfer	102,056	13,758	12,203
Income from equity method investments	36,189	(14,779)	(5,003)
Finance income	65,867	28,537	17,206
Total value added to be distributed	455,595	218,752	128,403
Value added distribution	455,595	218,752	128,403
Personnel and payroll charges	74,887	39,652	28,429
Taxes and contributions	137,754	67,271	7,106
Interest and rents	152,763	184,809	118,908
Retained earnings attributable to noncontrolling interests	205	478	361
Incurred losses	89,986	(73,638)	(26,401)

The accompanying notes are an integral part of these consolidated financial statements.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

1. Operations

Gafisa S.A. ("Gafisa" or "Company") is a publicly traded company with registered office at Avenida Presidente Juscelino Kubitschek, nº 1.830, conjunto comercial nº32, 3o andar, Bloco 2, in the city and state of São Paulo, Brazil, and began its operations in 1997 with the objectives of: (i) promoting and managing all forms of real estate ventures on its own behalf or for third parties (in the latter case, as construction company or proxy); (ii) selling and purchasing real estate properties; (iii) providing civil construction and civil engineering services; (iv) developing and implementing marketing strategies related to its own and third party real estate ventures; and (v) investing in other companies who share similar objectives.

The Company has stocks traded at B3 S.A. – Brasil, Bolsa, Balcão (former BM&FBovespa), reporting its information to the Brazilian Securities and Exchange Commission (CVM) and the U.S. Securities and Exchange Commission (SEC). The ADSs were delisted on the NYSE on December 17, 2018, and are currently traded over the counter (OTC).

The Company enters into real estate development projects with third parties through specific purpose partnerships ("Sociedades de Propósito Específico" or "SPEs") or through the formation of consortia and condominiums. Subsidiaries significantly share the managerial and operating structures, and corporate, managerial and operating costs with the Company. The SPEs, condominiums and consortia operate solely in the real estate industry and are linked to specific ventures.

1.1 Coronavirus – COVID-19

In the year 2021, the Company continued to observe the economic scenario and did not note any significant impact of the Coronavirus outbreak on its operations. The Crisis Management Committee continues to hold frequent meetings and has total availability for discussing and taking important disease prevention measures.

Awareness campaigns to promote actions that mitigate transmission (frequent hygiene, distancing, meeting through virtual platforms, exclusive service channel, among others) have been created. We have implemented a series of educative and preventative measures targeted at our construction site employees, reducing the staff considered to be in the risk group. The sales activities have focused on digital interactions with prospective customers. With the increase of the vaccination rate in the country, the Company keeps monitoring the scenario with its focus on the safety of its employees, and the implementation of the hybrid work model.

The Company will keep following the implementation of the necessary actions with the Government Authorities, Ministry of Health, and trade associations.

Until the disclosure date of these financial statements, the Company has not noted a significant increase in customer default and contract cancellation or reduction in sales volume. Moreover, the construction of ventures has been according to the original schedule, as it is considered an essential service by the federal government.

In addition, a volatility in the Company's stock price traded on the stock exchange has been noted as a result of the global concern for this pandemic and its developments.

Management understands that at present the projections used in the analysis of realization of its assets shall not suffer significant changes in the face of this event and keeps the adopted assumptions.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

1. Operations --Continued

1.2 Gafisa Propriedades

In the year 2020, the Company created a new business unit, which comprises real estate assets aimed to generate income, focused on management services of own and third-party real estate. Gafisa Propriedades (former Upcon S.A) is born with Gafisa S.A.'s then existing assets and others in development (Note 9.2) and with acquisitions of assets in unique locations and/or market opportunities. The following acquisitions are worthy of note in the year:

- In January 2021, the Company acquired shares in a real estate investment fund, focused on the acquisition of 32 studio apartments and the "Hotel Fasano Itaim" venture. The transaction totaled R\$ 310,000, with the interest of Gafisa Propriedades reaching 80.37% in Hotel Fasano Itaim and 100% in studio apartments.
- In January 2021, Gafisa Propriedades acquired shares in an equity fund, which made investments to obtain Jardim Guadalupe Shopping and signed an agreement for the acquisition of São Conrado Fashion Mall. The transaction totals R\$ 99,300, in two tranches, the first in January 2021, and the other in January 2022.
- In March 2021, the Company informed that Gafisa Propriedades acquired shares in an exclusive real estate investment fund, aiming at entering Cidade Matarazzo, related to the acquisition of private suites with hotel services.
- In October 2021, the Company completed the acquisition of two ventures from Wotan Reality S.A. (Note 9.1.1), located at Cabo Frio and Campo Grande, in the state of Rio de Janeiro. Such ventures are aligned with the Company's strategy to regain its position in the Rio de Janeiro's market. The acquisition was made through the issuance of debentures totaling R\$245,242.

In the year ended December 31, 2021, the Company made investments in the above-mentioned acquired assets, to maximize its profitability.

1.3 Gafisa Rio

On November 16, 2020, the Company completed the acquisition of four ventures of Calçada S.A. (Note 9.1.1), marking the return of Gafisa to Rio de Janeiro's real estate development market. "Gafisa Rio" becomes the Company's base for operating in the segment with local office and performing an active role on the acquisition of new land and launches in progress.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies

2.1. Basis of presentation and preparation of individual and consolidated financial statements

On July 29, 2022, the Company's Board of Directors approved these consolidated financial statements of the Company and authorized their disclosure.

The consolidated financial statements of the Company have been prepared and are being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the CPC, approved by the Brazilian Securities and Exchange Commission (CVM) ("Brazilian GAAP" or "BR GAAP").

Brazilian GAAP, differs from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in certain respects, including the fact that under Brazilian GAAP the application of percentage of completion accounting by real estate companies is applied under more circumstances than are permitted by IFRS, including interpretations on the accounting treatment for cancelations. This application of Brazilian GAAP is commonly referred to in Brazil as IFRS applicable to real estate development entities in Brazil, registered with the CVM. The aspects related to the transfer of control in the sale of real estate units follow the understanding expressed by the CVM in Circular Letter/CVM/SNC/SEP 02/2018 about the application of Technical Pronouncement CPC 47 – Revenue from contracts with customers (IFRS 15), regarding revenue recognition, and the respective costs and expenses arising from real estate development operations by reference to the stage of completion (percentage of completion method), including the accounting treatment for cancelations. Accordingly, for the purpose of its annual filing with the United States Securities and Exchange Commission, the accompanying consolidated financial statements prepared in accordance with BR GAAP have been reconciled to US GAAP as presented in Note 32 to these financial statements. US GAAP condensed consolidated balance sheets have been included in Note 32 (d)(i) for 2021, 2020 and 2019 US GAAP consolidated statements of profit or loss and comprehensive income (loss) for the years ended December 31, 2021, 2020 and 2019 have been included in Note 32 (d)(ii) and Note 32 (d)(iii), respectively.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.1. Basis of presentation and preparation of individual and consolidated financial statements--Continued

The consolidated financial statements have been prepared on historical cost, except for those measured at fair value, when indicated, and on a going concern basis. Management assesses the Company's ability to continue as going concern when preparing the consolidated financial statements.

2.1.1. Consolidated financial statements

The consolidated financial statements of the Company include the financial statements of Gafisa and its direct and indirect subsidiaries. The Company controls an entity when it is exposed to, or has right to variable returns arising from its involvement with the entity and has the ability to affect those returns through the power that it exerts over the entity. The existence and the potential effects of voting rights, which are currently exercisable or convertible, are taken into account when evaluating whether the Company controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control on which the control commences until the date on which control ceases.

The accounting practices have been applied consistently by all subsidiaries in the consolidated financial statements. The subsidiaries have the same fiscal year as the Company.

2.1.2. Functional and presentation currency

The functional and presentation currency of the Company is the Brazilian Real.

Gafisa S.A.

Notes to the consolidated financial statements
December 31, 2021
(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies

2.2.1. Accounting judgments, estimates and assumptions

Accounting estimates and judgments are evaluated on an ongoing basis based on historical experience and other factors, including expectations on future events, considered reasonable under the circumstances.

The preparation of the consolidated financial statements of the Company requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent liabilities, at the reporting date.

Assets and liabilities subject to estimates and assumptions include the provision for impairment loss of non-financial assets, transactions with share-based payment, provision for legal claims, fair value of financial instruments, measurement of the estimated cost of construction, deferred tax assets, among others.

The main assumptions related to sources of uncertainty over future estimates and other important sources of uncertainty over estimates at the reporting date, which may result in different amounts upon settlement are discussed below:

a) Impairment loss of non-financial assets

An impairment loss exists when the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use.

The calculation of the fair value less cost to sell is based on available information on sale transactions of similar assets or market prices less additional costs of disposal. The calculation of the value in use is based on the discounted cash flow model.

Cash flows are derived on the budget for the following five years, and do not include uncommitted restructuring activities or future significant investments that will improve the asset basis of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used under the discounted cash flow method, the estimated future cash inflows, and to the growth rate used for purposes of extrapolation.

Indefinite life intangible assets and goodwill attributable to future economic benefit are tested at least annually, and/or when circumstances indicate a decrease in the carrying value. The main assumptions used for determining the recoverable amount of cash-generating units are detailed in Note 9.

Gafisa S.A.

Notes to the consolidated financial statements
December 31, 2021
(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.1. Accounting judgments, estimates and assumptions --Continued

b) Share-based payment transactions

The Company measures the cost of transactions with employees to be settled with shares based on the fair value of equity instruments on the grant date. For cash-settled share-based transactions, the liability is required to be remeasured at the end of each reporting period through the settlement date, recognizing in profit or loss possible changes in fair value, which requires revaluation of the estimates used at the end of each reporting period. The estimate of the fair value of share-based payments requires the determination of the most adequate pricing model to grant equity instruments, which depends on the grant terms and conditions.

It also requires the determination of the most adequate data for the pricing model, including the expected option life, volatility and dividend income, and the corresponding assumptions. The assumptions and models used for estimating the fair value of share-based payments are disclosed in Note 18.3.

c) Provision for legal claims

The Company is party to many lawsuits and administrative proceedings and recognizes a provision for tax, labor and civil claims (Note 16). Provisions are recognized for all claims related to lawsuits which likelihoods of losses are considered probable. Provisions are reviewed and adjusted to take into account the changes in circumstances, such as applicable statutes of limitations, findings of tax inspections, or additional exposures found based on new court issues or decisions.

Contingent liabilities for which losses are considered possible are only disclosed in the notes to the consolidated financial statements, and those for which losses are considered remote are neither accrued nor disclosed.

Contingent assets are recognized only when there are secured guarantees or final and unappealable favorable court decisions. Contingent assets with probable favorable decision are only disclosed in the notes to the consolidated financial statements.

There are uncertainties inherent in the interpretation of complex tax rules and in the value and timing of future taxable income. In the ordinary course of business, the Company and its subsidiaries are subject to assessments, audits, legal claims and administrative proceedings in civil, tax and labor matters.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.1. Accounting judgments, estimates and assumptions --Continued

d) Allowance for expected credit losses

The Company recognizes an allowance for expected credit losses for all sale contracts of real estate units, and the amounts are accrued as contra-entry to the recognition of the respective development revenue, based on data history of its current operations and estimates. This allowance is calculated based on the percentage of completion of the construction work, the methodology used for recognizing profit or loss (Note 2.2.2). Such analysis is individually made by sale contract, in line with CPC 48 – Financial Instruments, item 5.5.17 (c).

Such estimates are annually reviewed to consider any changes in circumstances and histories.

e) Warranty provision

The measurement of the warranty provision, to cover expenditures for repairing construction defects covered during the warranty period, is based on the estimate that considers the history of incurred expenditures adjusted by the future expectation, which is regularly reviewed, except for the subsidiaries that operate with third-party companies, which are the own guarantors of the provided construction services. The warranty term provided is five years from the delivery of the venture.

f) Estimated cost of construction

Estimated costs, mainly comprising the incurred and estimated costs for completing the construction works, are regularly reviewed, based on the progress of construction, and any resulting adjustments are recognized in profit or loss of the Company.

g) Realization of deferred income tax

A deferred tax asset is recognized when it is probable that a taxable profit will be available in subsequent years to offset the deferred tax asset, based on projections of results, and based on internal assumptions and future economic scenarios that enable its total or partial use.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.1. Accounting judgments, estimates and assumptions --Continued

h) Allowance for contract cancellation

The Company recognizes an allowance for contract cancellation when a cash inflow risk is identified. Contracts are monitored to identify the moment when these conditions are mitigated.

While there is such risk, no revenue or cost is recognized in profit or loss, and the amounts are only recorded in asset and liability accounts.

The other provisions recognized in the Company are described in Note 2.2.22.

2.2.2. Recognition of revenue and expenses

The Company applied CPC 47 – Revenue from Contracts with Customers from January 1, 2018, including the guidance contained in Circular Letter CVM/SNC/SEP 02/2018, of December 12, 2018, which establishes the accounting procedures for recognition, measurement and disclosure of certain types of transactions arising from contracts for purchase and sale of real estate unit not yet completed in real estate development entities.

According to CPC 47, the recognition of revenue from contracts with customers is based on transfer of control over promised goods or service, which can be at a point in time or over time, according to the satisfaction or not of the “contractual performance obligations”. Revenue is measured in an amount that reflects the consideration the entity expects to be entitled and is based on a five-step model detailed as follows: 1) identification of contract; 2) identification of performance obligations; 3) determination of transaction price; 4) allocation of transaction price to performance obligations; 5) revenue recognition.

The Company records the accounting effects of contracts only when: (i) the parties have approved the contract; (ii) it can identify each party's rights and the established payment terms; (iii) the contract has commercial substance; and (iv) is probable that it will collect the consideration to which the Company is entitled.

(i) *Real estate development and sales*

- (a) For the sales of completed units, revenues are recognized upon completion of the sale with transfer of control, regardless of the timing of cash receipt from the customer.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.2. Recognition of revenue and expenses--Continued

(i) Real estate development and sales --Continued

(b) For the construction phase of units sold, but not yet completed:

- The incurred cost (including cost of land, and other directly related expenditures) that corresponds to the units sold is included in profit or loss. For the units not yet sold, the incurred cost is included in properties for sale (Note 2.2.7);
- Sales revenues are appropriated to profit or loss, using the percentage-of-completion method for each project, this percentage being measured in view of the incurred cost in relation to the total estimated cost of the respective project;
- Revenue recognized in excess of actual payments received from customers is recorded as either a current or non-current asset in "Trade accounts receivable". Any payment received in connection with the sales of units that exceeds the amount of revenues recognized is recorded as "Payables for purchase of properties and advances from customers";
- Interest and inflation-indexation charges on accounts receivable from the time the units are sold and delivered, as well as the adjustment to present value of account receivable, are included in "Real estate development, sale, barter transactions and construction services" when incurred, on a pro rata basis using the accrual basis of accounting;
- Financial charges on account payable for acquisition of land and those directly associated with the financing of construction are capitalized and recorded in properties for sale and included in the incurred cost of units under construction until their completion, and follow the same recognition criteria as the cost of real estate development for units sold while under construction;
- The taxes levied and deferred on the difference between real estate development revenues and the cumulative revenue subject to tax are calculated and recognized when this difference in revenue is recognized;
- Other expenses, including advertising and publicity, are recognized in profit or loss when incurred.

(ii) Construction services

Revenues from real estate services are recognized as services are rendered and tied to the construction management activities for third parties and technical advisory services.

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Notes to the consolidated financial statements
December 31, 2021
(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.2. Recognition of revenue and expenses--Continued

(iii) *Barter transactions*

Barter transactions have the objective of receiving land from third parties that are settled with the delivery of real estate units or transfer of portions of the revenue from the sale of real estate units of ventures. The value of land acquired is determined on fair value of the units to be delivered, as a component of "properties for sale", with a corresponding entry to "payables for purchase of properties and advances from customers". Revenues and costs incurred from barter transactions are included in profit or loss over the course of construction period of ventures, as previously described in item (i)(b).

(iv) *Investment property operations*

Income related to the properties held to be leased under operating lease, recognized on straight-line basis over the lease term.

2.2.3. Financial instruments

Financial instruments are recognized from the date the Company becomes a party to the contractual provisions of financial instruments.

(a) Financial assets

The Company determines the classification of its financial assets upon initial recognition, when it becomes a party to the contractual provisions of the instrument, based on the instrument model in which the asset is managed and its contractual cash flow characteristics.

Financial assets are initially recognized at fair value, plus, in the case of investments not measured at fair value through profit or loss, directly attributable transaction costs. After initial recognition, the Company's financial instruments are measured as described below:

(i) *Financial instruments at fair value through profit or loss*

A financial instrument is classified at fair value through profit or loss when it is held for trading, or designated as such upon initial recognition.

Financial instruments are designated at fair value through profit or loss if the Company manages these investments and makes purchase and sale decisions based on their fair value in accordance with the documented investment strategy and risk management. After initial recognition, related transaction costs are recognized in profit or loss when incurred.

Financial instruments at fair value through profit or loss are measured at fair value, and their changes therein are recognized in profit or loss.

In the year ended December 31, 2021, the Company entered into derivative financial instruments to mitigate the risk arising from its exposure to index and interest volatility recognized at fair value in profit or loss for the year. In accordance with its treasury policies, the Company had derivative contracts to hedge the interest rate fluctuation, maturing in May 2022. The Company does not adopt the hedge accounting practice.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.3. Financial instruments --Continued

(a) Financial assets --Continued

(ii) *Financial instruments at amortized cost*

The Company classifies financial assets as measured at amortized cost only if both criteria are met, the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows, at specific dates, which relate only to the payments of principal and interest.

Financial assets measured as at amortized cost by the Company includes: cash and cash equivalents, certain short-term financial investments, accounts receivable, and other receivables.

Derecognition (write-off)

A financial asset (or, as the case may be, a portion of a financial asset or portion of a group of similar financial assets) is derecognized when:

- The rights to receive cash inflows of an asset expire;
- The Company transfers its rights to receive cash inflows of an asset or assume an obligation to fully pay the cash inflows received, without significant delay, to a third party because of a "transfer" agreement; and (a) the Company substantially transfers the risks and rewards of the asset, or (b) the Company does not substantially transfer or retain all risks and rewards related to the asset, but transfers the control over the asset.

When the Company has transferred its rights to receive cash inflows of an asset, or signed an agreement to transfer it, and has not substantially transferred or has retained all risks and rewards related to the asset, an asset is recognized to the extent of the continuous involvement of the Company with the asset. In this case, the Company also recognizes a related liability. The transferred asset and related liability are measured based on the rights and obligations that the Company has maintained.

The continuous involvement by means of a guarantee on the transferred asset is measured at the lower of the original carrying value of the asset and the highest consideration that may be required from the Company.

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Notes to the consolidated financial statements
December 31, 2021
(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.3. Financial instruments --Continued

(a) Financial assets--Continued

Impairment of Financial assets:

Financial assets, except for those designated at fair value through profit or loss, are tested for indication of impairment at the end of each reporting period. The impairment losses are recognized if, and only if, there is objective evidence of impairment of the financial asset as a result of one or more events that have occurred after its initial recognition, with impact on the estimated future cash flows of such asset.

For financial assets recorded at cost, the impairment loss corresponds to the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the current return rate of a similar asset. This impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is directly reduced by the impairment loss for all financial assets, except for accounts receivable, in which the carrying amount is reduced by allowance. Subsequent recoveries of previously derecognized amounts are credited to the allowance. The changes in the carrying amount of the allowance are recognized in profit or loss.

(b) Financial liabilities

Financial liabilities are classified at initial recognition at amortized cost or measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated at initial recognition as fair value through profit or loss.

Loans and financing

Subsequent to initial recognition, loans and financing accruing interest are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss, at the time liabilities are derecognized, as well as during the amortization process using the effective interest rate method.

A debt security convertible into the Company's common shares is presented separately in the statement of financial position between the liability and equity components. The issuer's obligation to make payments of interest and principal is a liability that exists while the instrument is not converted and the equity instrument is an embedded option to convert the liability into the issuer's shares.

Gafisa S.A.

Notes to the consolidated financial statements
December 31, 2021
(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.3. Financial instruments --Continued

(b) Financial liabilities --Continued

Derecognition (write-off)

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

When an existing financial liability is substituted for another from the same creditor, under substantially different terms, or when the terms of an existing liability are significantly modified, this substitution or change is treated as a derecognition of the original liability and recognition of a new liability, the difference in between the carrying amount and the fair value of the new liability is recognized in profit or loss.

2.2.4. Cash and cash equivalents and short-term investments

Cash and cash equivalents substantially comprise demand deposits and bank certificates of deposit held under repurchase agreements, denominated in Reais, with high market liquidity and contractual maturities of 90 days or less, and for which there are no penalties or other restrictions for the immediate redemption thereof.

Cash equivalents are classified as financial assets at fair value through profit or loss and are recorded at the original amounts plus income earned, calculated on a "pro rata basis", which are equivalent to their market values, not having any impact to be accounted for in the Company's equity.

Short-term investments include bank deposit certificates, federal government bonds, exclusive investment funds that have their underlying assets fully consolidated and also restricted cash in guarantee to loans, which are classified at fair value through profit or loss (Note 4.2).

2.2.5. Trade accounts receivable

Trade accounts receivable are presented at present and net realizable values. The classification between current and non-current is made based on the expected maturity of contract installments.

The installments due are indexed based on the National Civil Construction Index (INCC) during the period of construction, and based on the General Market Price Index (IGP-M) and interest at 12% p.a., after the delivery of the units.

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.5. Trade accounts receivable--Continued

The adjustment to present value is calculated between the contract signature date and the estimated date to transfer the completed property keys to the buyer, using a discount rate represented by the average rate of the financing obtained by the Company, net of inflation, as mentioned in Note 2.2.19.

Considering that financing its customers is an important part of the Company operations, the reversal of the present value adjustment was carried out as contra-entry to the group "Real estate development, sale, barter transactions and construction services" revenue, consistently with interest incurred on the portion of receivables balance related to the period subsequent to the handover of keys.

2.2.6. Housing Loan Certificate (CCI)

The Company and its subsidiaries carry out the assignment and/or securitization of receivables related to completed projects and those still under construction. This securitization is carried out through the issuance of the Housing Loan Certificate ("Cédula de Crédito Imobiliário" or CCI), which is assigned to financial institutions. When there is no right of recourse, this assignment is recorded as reduction of accounts receivable. When there is right of recourse against the Company, the assigned receivable is maintained in the balance sheet and the funds from assignment are classified into the account "Obligations assumed on assignment of receivable", until receivables are settled by customers.

In this situation, the transaction cost is recorded in finance expenses in the consolidated statement of profit or loss for the year in which it is made.

2.2.7. Properties for sale

The Company and its subsidiaries acquire land for future real estate developments, on payment conditions in current currency or through barter transactions. Land acquired through barter transaction is stated at fair value of the units to be delivered, and the revenue and cost are recognized according to the criteria described in Note 2.2.2 (iii).

Properties are measured at the lower of construction cost and net realizable value. In the case of real estate under construction, the portion in inventories corresponds to the cost incurred for units that have not yet been sold. The incurred cost comprises construction costs (materials, own or outsourced labor, and other related items), and legal expenses relating to the acquisition of land and projects, land costs, and financial charges which relate to a project over the construction period.

The classification of land between current and non-current assets is based on the expected period for launching real estate ventures. The Company periodically revises the estimates of real estate ventures launches.

Gafisa S.A.

Notes to the consolidated financial statements
December 31, 2021
(Amounts in thousands of Brazilian Reais, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.8. Prepaid expenses

Prepaid expenses are recognized in profit or loss as incurred using the accrual basis of accounting.

2.2.9. Land available for sale

Land available for sale is measured at the lower of the carrying value and the fair value less costs to sell, and is classified as held for sale if its carrying value is to be recovered through a sale transaction of the land. This condition is considered fulfilled only when the sale is highly probable, and the asset is available for immediate sale under its current condition. The Company shall commit to sell it within one year of the classification date.

2.2.10. Investments in associates

Investments in associates are recorded using the equity method.

When the Company's share of the losses of associates is equal to or higher than the amount invested, since the Company assumes obligations and makes payments on behalf of these companies, the Company recognizes a provision at an amount considered appropriate to meet the obligations of the associates (Note 9).

2.2.11. Property and equipment

Items of property and equipment are measured at cost, less accumulated depreciation and/or any accumulated impairment losses, if applicable.

An item of property and equipment is derecognized when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognized in profit or loss upon derecognition.

Depreciation is calculated based on the straight-line method considering the estimated useful lives of the assets (Note 10).

Expenditures incurred in the construction of sales stands, display apartments and related furnishings are capitalized as property and equipment of the Company and its subsidiaries. Depreciation of these assets commences upon launch of the development and is recorded over the average term the stand is in use, and is written-off when it is retired.

Property and equipment are subject to periodic assessments of impairment.

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Notes to the consolidated financial statements
December 31, 2021
(Amounts in thousands of Brazilian Reals, except as otherwise stated)

2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.12. Intangible assets

- (i) Expenditures related to the acquisition and implementation of computer systems and software licenses are recorded at acquisition cost and amortized on straight-line basis over a period of up to five years and are subject to periodic assessments of impairment of assets.
- (ii) The Company's investments in subsidiaries include goodwill when the acquisition cost exceeds the market value of net assets of the acquiree.
- (iii) A portion of the allocation of goodwill arising from the acquisition of subsidiaries was given to the licenses obtained for development of ventures and acquisition of assets.

Impairment testing of goodwill is performed at least annually, or whenever circumstances indicate an impairment loss.

2.2.13. Payables for purchase of properties and advances from customer

Payables for purchase of properties are recognized at the amounts corresponding to the contractual obligations assumed. Subsequently they are measured at amortized cost, plus, when applicable, interest and charges proportional to the incurred period ("pro rata" basis), net of present value adjustment.

The obligations related to barter transactions of land in exchange for real estate units are stated at fair value of the units to be delivered.

2.2.14. Income tax and social contribution on net income

(i) *Current income tax and social contribution*

Current tax is the expected tax payable or receivable/to be offset in relation to taxable profit for the year.

Income taxes in Brazil comprise income tax (25%) and social contribution on net income (9%), for entities on the standard profit regime, for which the composite statutory rate is 34%. Deferred taxes for these entities are recognized on all temporary differences at the reporting date between the tax bases of assets and liabilities, and their carrying values.

As permitted by tax legislation, certain subsidiaries opted for the presumed profit regime, a method under which the taxable profit is calculated as a percentage of gross sales. For these companies, the income tax is calculated on estimated profits at rate of 8% and 12% of gross revenues, respectively, on which the rates of the respective tax and contribution are levied.

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2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.14. Income tax and social contribution on net income --Continued

(i) *Current income tax and social contribution--Continued*

As permitted by legislation, the development of certain ventures are subject to the "afetação" regime, based on which the land and any other related right where a real estate will be developed, as well as other binding assets, rights and obligations, are separated from the developer's assets, and comprise the "patrimônio de afetação" (detached assets), of the corresponding development and which real estate units will be delivered to the buyers. Its main objective is to provide guarantees to the buyers' rights in acquisition of units in construction. In addition, certain subsidiaries made the irrevocable option for the Special Taxation Regime (RET), adopting the "patrimônio de afetação", according to which the income tax and social contribution are calculated at 1.92% on gross revenues (4% also levying PIS and COFINS on revenues).

(ii) *Deferred income tax and social contribution*

Deferred taxes are recognized in relation to tax losses and temporary differences between the carrying amount of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes.

They are recognized to the extent that it is probable that future taxable profit will be available to be used for offsetting deferred tax assets, based on profit projections made using internal assumptions, and considering future economic scenarios that make it possible their full or partial use, upon the recognition of a provision for the non-realization of the balance. The recognized amounts are periodically reviewed, and the impacts of realization or settlement are reflected in compliance with tax legislation provisions.

Deferred tax on accumulated tax losses does not have an expiration date, however, they can only be offset against up to 30% of the taxable profit for each year. Companies that opt for the presumed profit tax regime cannot offset tax losses for a period in subsequent years.

Deferred tax assets and liabilities are stated at net amount in the balance sheet when there is the legal right and intention to offset them when determining the current taxes, related to the same legal entity and the same tax authority.

2.2.15. Other current and non-current liabilities

These liabilities are stated at their known or estimated amounts, plus, when applicable, adjustment for charges and inflation-indexed variations through the balance sheet date, which contra-entry is recorded in profit or loss. When applicable, current and non-current liabilities are recorded at present value based on interest rates that reflect the term, currency and risk of each transaction.

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Notes to the consolidated financial statements
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2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.16. Stock option plans

As approved by its Board of Directors, the Company offers executives and employees share-based compensation plans (stock options), as payments for services received.

The fair value of options is determined on the grant date, considering that it is recognized as expense in profit or loss (as contra-entry to equity), to the extent services are provided by employees and executives.

In an equity-settled transaction, in which the plan is modified, a minimum expense is recognized corresponding to the expense that would have been recorded if the terms have not been changed. An additional expense is recognized for any modification that increases the total fair value of granted options, or that otherwise benefits the employee, measured on the modification date.

In case of cancellation of a stock option plan, this is treated as if it had been vested on the cancellation date, and any unrecognized plan expense is immediately recognized. However, if a new plan replaces the cancelled plan, and a substitute plan is designated on the grant date, the cancelled plan and the new plan are treated as if they were a modification of the original plan, as previously mentioned.

The Company annually revises its estimates of the amount of options that shall be vested, considering the vesting conditions not related to the market and the conditions based on length of service. The Company recognizes the impact of the revision of the initial estimates, if any, in the statement of profit or loss, as contra-entry to equity.

2.2.17. Share-based payment – Phantom Shares

The Company has a cash-settled share-based payment plan (phantom shares) under fixed terms and conditions. There is no expectation of the effective negotiation of shares, once there shall be no issue and/or delivery of shares for settling the plan.

These amounts are recorded as a liability, with contra-entry in profit or loss for the year, based on the fair value of the phantom shares granted, and during the vesting period. The fair value of this liability is remeasured and adjusted every reporting period, according to the change in the fair value of the benefit granted and vesting.

Gafisa S.A.

Notes to the consolidated financial statements

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2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.18. Other employee benefits

The salaries and benefits granted to the Company's employees and executives include fixed compensation (salaries, social security contributions (INSS), Government Severance Indemnity Fund for Employees (FGTS), vacation pay, and 13th monthly salary, among other) and variable compensation such as profit sharing, bonus, and stock option-based payments. These benefits are recorded in profit or loss for the year, under the account "General and administrative expenses", as they are incurred.

The bonus system operates with individual and corporate targets, structured based on the efficiency of corporate goals, followed by the business goals and, finally, individual goals.

The Company and its subsidiaries do not offer private pension or retirement plans.

2.2.19. Present value adjustment – assets and liabilities

Assets and liabilities are adjusted to present value, if the financing component is significant.

In installment sales of not completed units, real estate development entities adjust receivables by an inflation index, including the installment related to the delivery of units, without accrual of interest, and shall be discounted to present value, as the agreed inflation rates do not include interest.

Borrowing costs and other financing costs directly attributable to the construction of real estate ventures are capitalized. Therefore, the reversal of the present value adjustment of an obligation related to these items is included in the cost of real estate unit sold or in the inventories of properties for sale, as the case may be, until the period of construction of the project is completed.

Accordingly, certain assets and liabilities are adjusted to present value based on discount rates that reflect the best estimate of the time value of money.

The applied discount rate's underlying economic basis and assumption is the average rate of the financing and loans obtained by the Company, net of the inflationary effect (Notes 5 and 12).

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2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.20. Debenture and public offering costs

Transaction costs and premiums on issuance of securities are accounted for as a direct reduction in the amount raised by the Company and are amortized over the terms of the instrument and the net balance is classified as reduction in the respective transaction (Note 13).

2.2.21. Loans and financing costs

Loans and financing costs which are directly attributable to the development of assets for sale and land, are capitalized as part of the cost of that asset during the construction period, which are recognized in profit or loss to the extent units are sold. All other loans and financing costs are expensed when incurred. These costs comprise interest and other related costs incurred, including those for debt issuance.

2.2.22. Provisions

(i) *Provision for penalties due to delay in construction work*

As contractually provided, the Company has the practice of provisioning the charges payable to eligible customers for projects whose delivery is delayed over 180 days, pursuant to the respective contractual clause and history of payments.

2.2.23. Sales taxes

For companies under the non-cumulative taxable profit regime, the PIS and COFINS contribution rates are 1.65% and 7.6%, respectively, levied on gross revenue and discounting certain credits determined based on incurred costs and expenses. For companies that opt for the presumed profit taxation regime, under the cumulative taxation regime, the PIS and COFINS contribution rates are 0.65% and 3%, respectively, on gross revenue, without discounts of credits in relation to incurred costs and expenses. In addition, certain subsidiaries made the irrevocable option for the Special Taxation Regime (RET), adopting the "patrimônio de afetação", according to which the PIS and COFINS are calculated at 0.37% and 1.71%, respectively, on gross revenue.

2.2.24. Treasury shares

The Company's equity instruments that are repurchased (treasury shares) are recognized at cost and charged to equity. No gain or loss is recognized in the consolidated statement of profit or loss upon purchase, sale, issue, or cancellation of the Company's own equity instruments.

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Notes to the consolidated financial statements

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2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.25. Interest on equity and dividends

The portion of declared dividends and interest on equity are recorded as current liabilities in the heading "Dividends payable". Mandatory dividends are also recorded as current liabilities since it is a legal obligation provided for in the By-laws of the Company.

2.2.26. Earnings (loss) per share – basic and diluted

Basic earnings (loss) per share are calculated by dividing the net income (loss) attributable (allocated) to common shareholders by the weighted average number of common shares outstanding over the period.

Diluted earnings per share are calculated in a similar manner, except that the weighted average number of shares outstanding are increased, to include the additional shares that would be outstanding, in case the shares with dilutive potential attributable to stock option had been issued over the respective periods, using the weighted average price of shares.

2.2.27. Non-current asset held for sale

The Company classifies a disposal group as held for sale if its carrying value is expected to be recovered by means of a sale transaction. In such case, the asset or group of assets held for sale must be available for immediate sale on current conditions, subject to the usual and customary terms for selling such assets held for sale and its sale must be highly probable.

For a sale to be considered highly probable, the Company must be committed to a plan to sell the asset and have initiated a program for finding a buyer and complete the plan at a price that is reasonable in relation to its current fair value. In addition, the sale must be expected to be completed within one year of the classification date, unless events beyond the control of the Company change such period.

The asset held for sale is measured at the lower of its carrying value and fair value less cost to sell. In case the carrying value exceeds its fair value, an impairment loss is recognized in profit or loss for the year. Any reversal or gain shall only be recognized to the extent of such recognized loss.

The assets and liabilities of the group of assets held for sale are presented separately in the consolidated financial statements.

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Notes to the consolidated financial statements

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2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.28. Business combination and divestment of associate and recognition of subsidiary's net assets received at fair value

The cost of an acquisition is measured by the sum of the transferred consideration, measured at fair value at the acquisition date, and the amount of any non-controlling interests in the acquired entity. The acquisition directly related costs shall be recognized as expense when incurred.

In the acquisition of a business, the Company evaluates the financial assets and liabilities assumed to classify and allocate them according to the contractual terms, the economic circumstances, and the pertinent conditions that exist at the acquisition date.

Goodwill is initially measured as the excess of the consideration transferred over the fair value of the acquired net assets (identifiable assets and assumed liabilities, net). If the consideration is lower than the fair value of acquired net assets, the difference shall be recognized as gain in the consolidated statement of profit or loss. Gains from a bargain purchase are immediately recognized in profit or loss.

After initial recognition, goodwill is measured at cost, less any accumulated loss on recoverable amount. For purposes of testing the recoverable amount, the goodwill acquired in a business combination, from the acquisition date, shall be allocated to each of the cash-generating units of the Company that are expected to be benefitted from the combination synergies, regardless of the other assets or liabilities of the acquired entity that are attributed to such units.

In the year ended December 31, 2021, the Company made a business combination transaction, related to the acquisition of the totality of shares in two real estate ventures from Wotan Realty S.A., in Rio de Janeiro (Note 9.3).

In the year ended December 31, 2020, the Company made a business combination transaction, related to the acquisition by Gafisa of the totality of shares issued by Upcon, which became a subsidiary of the Company, and the acquisition of the totality of interest in four real estate ventures of Calçada S.A. in Rio de Janeiro (Note 9.3).

2.2.29. Investment property

Investment properties are properties held to earn rentals or for capital appreciation, and are initially measured at cost, including transaction costs. After initial recognition, investment properties are measured at fair value. All income from operating lease of assets for purposes of earning rental or capital appreciation are recorded as investment properties and measured using the fair value model. The gains and losses arising from changes in the fair value of investment property are recognized in profit or loss for the period in which they arise.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from the property derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the profit or loss for the period in which it is derecognized.

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Notes to the consolidated financial statements
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2. Presentation of financial statements and summary of significant accounting policies--Continued

2.2. Summary of significant accounting policies--Continued

2.2.30. Unincorporated Joint venture (SCP)

In order to make real estate projects viable, the Company signed agreements with partners in some businesses, called silent partners, according to Article 991 of the Civil Code. The obligations to partners comprise the amounts contributed by them in the respective ventures, being recorded in the group of other payables to third parties (Note 15). The obligations will be settled as the profits from real estate ventures are distributed. In these agreements, the Company is defined as general partner, being the one legally responsible for the risks and obligations arising from the real estate venture as established in the Law, therefore, all assets and liabilities related to such agreements are fully reported in the financial statements.

3. New standards, changes and interpretation of standards issued and adopted from 2021, and not yet adopted

3.1 New standards, changes and interpretation of standards issued and adopted from 2021

The standards and amendments issued during the year 2021 did not exert significant impact on the Company's financial statements.

3.2 New standards, changes and interpretation of standards issued and not yet adopted

A series of new standards are coming into effect for years beginning after January 1, 2022. The Company has not adopted these standards in the preparation of the accompanying Financial Statements. The following amended standards and interpretations shall not have a significant impact on the Company's consolidated financial statements.

- (i) Onerous contracts - costs of fulfilling a contract (amendments to CPC 25/IAS 37)
- (ii) Interest rate benchmark reform – Phase 2 (amendments to CPC 48/IFRS 9, CPC 38/IAS39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS 16),
- (iii) Property, plant and equipment: Proceeds before intended use (amendments to CPC 27/IAS 16)
- (iv) Reference to the Conceptual Framework (amendments to CPC 15 / IFRS 3)
- (v) Classification of Liabilities as Current or Non-current (amendments to CPC 26/IAS 1)
- (vi) IFRS 17 Insurance Contracts.
- (vii) IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to CPC 32)
- (viii) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (ix) Annual improvements for the IFRS 2018-2020 cycle (amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41);

There is no other standard, changes to standards or interpretation issued and not yet adopted that could, on the Management's opinion, have significant impact arising from their adoption on its financial statements, however, studies on them are in progress.

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4. Cash and cash equivalents and short-term investments

4.1. Cash and cash equivalents

	2021	2020
Cash and banks	35,424	29,038
Total cash and cash equivalents (Note 20.i.d, 20.ii.a and 20.iii)	35,424	29,038

4.2. Short-term investments

	2021	2020
Fixed-income funds (a)	277,868	144,437
Government bonds (LFT) (a)	-	3,078
Real estate investment fund (a)	29,292	151,553
Bank certificates of deposit (b)	110,252	118,466
Restricted credits (c)	159,949	175,548
Total Short-term investments (Note 20.i.d, 20.ii.a and 20.iii)	577,361	593,082
Long-term investment funds (d)	400,893	-
Total Short and Long-term investments	978,254	593,082

(a) Exclusive fund managed by Planner Trustee Distribuidora de Títulos e Valores Mobiliários and open-end funds whose purpose is to invest in financial assets and/or fixed-income investment modalities that follow the fluctuations in interest rates in the interbank deposit market (CDI), by investing its funds mostly in investment fund shares and/or investment funds comprising investment fund shares. The Company entered into a swap contract to mitigate the risk of its exposure to index and interest rate volatility (Note 20(i)(b)).

(b) As of December 31, 2021, Certificates of Bank Deposit (CDBs) include interest earned through the statement of financial position's reporting date, ranging from 95.5% to 105.5% (93.5% to 103.5% as of December 31, 2020).

(c) Restricted cash in guarantee to loans are represented to funds pledged to transactions with financial institutions.

(d) According to Note 1.2, in the year ended December 31, 2021, Gafisa Propriedades acquired shares in investment funds that are disclosed in their quota fair value, in the context of the following acquisitions:

- i. Hotel Fasano, transaction made through multi-asset fund
- ii. Cidade Matarazzo, transaction made through a real estate investment fund.
- iii. Shopping Fashion Mall and Jardim Guadalupe Shopping, made through equity fund.

The Company, through its subsidiary Gafisa Propriedades, measured the amount representing investment funds at fair value through profit or loss, according to CPC 38 – Financial Instruments, and the total amount measured of fund share appreciation was R\$42,852 (Note 24).

5. Trade accounts receivable

	2021	2020
Real estate development and sales	599,459	749,065
(-) Allowance for expected credit losses	(9,447)	(16,365)
(-) Allowance for cancelled contracts	(67,648)	(80,727)
(-) Present value adjustment	(7,219)	(7,038)
Services and construction and other receivables	26,586	59,317
Total trade accounts receivable (Note 20.i.d e 20.ii.a)	541,731	704,252
Current	425,508	487,083
Non-current	116,223	217,169

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5. Trade accounts receivable--Continued

The current and non-current portions have the following maturities:

Maturity	2021	2020
Overdue:		
Up to 90 days	12,493	42,726
From 91 to 180 days	6,460	38,081
Over 180 days	163,077	157,484
	182,030	238,291
Maturity:		
2021	-	350,078
2022	322,089	72,280
2023	45,198	46,790
2024	33,279	27,269
2025 onwards	43,449	73,674
	444,015	570,091
(-) Present value adjustment	(7,219)	(7,038)
(-) Allowance for expected credit losses and cancelled contracts	(77,095)	(97,092)
	541,731	704,252

The balance of accounts receivable from units sold and not yet completed is not fully reflected in the consolidated financial statements. Its recording is limited to the portion of the recognized revenues net of the amounts already received, according to the accounting practice mentioned in Note 2.2.2(i)(b).

As of December 31, 2021, the amount received from customers in excess of the recognized revenues totaled R\$57,356 (R\$151,172 in 2020) in the consolidated statements, and are classified as Payables for purchase of properties and advances from customers (Note 17). Additionally, as of December 31, 2021, the amount related to contract assets totaled R\$213,334 (R\$240,006 in 2020).

Accounts receivable from completed real estate units financed by the Company are in general subject to IGP-M variation plus annual interest of 12%, with revenue being recorded in profit or loss in the account "Revenue from real estate development and sale, barter transactions and construction services".

The balances of allowance for expected credit losses are considered sufficient by the Company to cover the estimate of future losses on realization of the accounts receivable.

During the years ended December 31, 2021 and 2020, the changes in the allowance for expected credit losses are summarized as follows:

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5. Trade accounts receivable--Continued

Balance at December 31, 2019	(53,750)
Acquired balance from Upcon and assets from Calçada	(3,568)
Additions (Note 22)	(76,905)
Write-offs / Reversals (Note 22)	37,131
Balance at December 31, 2020	(97,092)
Additions (Note 22)	(28,080)
Write-offs / Reversals (Note 22)	48,077
Balance at December 31, 2021	(77,095)

The present value adjustment recognized in revenue from real estate development for the year ended December 31, 2021 totaled R\$181 (R\$1,479 in 2020) in the consolidated financial statements.

Receivables from units not yet completed were measured at present value using a discount rate determined according to the criteria described in Note 2.2.2. The discount rate applied by the Company was 3.76% for the year 2020 (2.21% in 2020), net of Civil Construction National Index (INCC).

The Company entered into the following Housing Loan Certificate (CCI) transactions, consisting of the assignment of a portfolio comprising select residential and business real estate receivables arising out of Gafisa and its subsidiaries. The assigned portfolios, discounted to present value, are recorded under the heading "obligations assumed on the assignment of receivables".

	Transaction date	Assigned portfolio	Portfolio discounted to present value	Transaction balance (Note 14)	
				2021	2020
(i)	Jun/27/2011	203,915	171,694	10	23
(ii)	Nov/14/2012	181,981	149,025	-	85
(iii)	Dec/27/2012	72,021	61,647	607	972
(iv)	Nov/29/2013	24,149	19,564	96	480
(v)	Nov/25/2014	15,200	12,434	12	486
(vi)	Dec/03/2015	32,192	24,469	1,233	3,148
(vii)	Feb/19/2016	27,954	27,334	2,360	3,682
(viii)	May/09/2016	17,827	17,504	1,706	3,062
(ix)	Ago/19/2016 (a)	15,418	14,943	1,229	1,774
(x)	Dec/21/2016	21,102	19,532	4,076	5,067
(xi)	Mar/29/2017	23,748	22,993	2,802	5,413
				14,131	24,192

(a) The consolidated balance of the transaction as of December 31, 2021 and 2020 (Note 14) does not include the jointly-controlled entities, which are accounted for using the equity method, according to CPCs 18(R2) and 19(R2).

Transaction (i) was entered into with Banco BTG Pactual S.A. (Note 14).

Transactions (ii), (iii), (iv) and (v) were entered into with Polo Multisetorial Fundo de Investimento em Direitos Creditórios Não Padronizados (Note 14).

Transactions (vi), (vii), (viii), (ix), (x) and (xi) were entered into with Polo Capital Securitizadora S.A. (Note 14).

In the transactions above, the Company is jointly responsible until the time of the transfer of the collateral to the securitization company.

For the items (i) to (iii) and (vi) to (xi) above, the Company was engaged to perform, among other duties, the management of the receipt of receivables, the assignment's underlying assets, collection of defaulting customers, among other, according to the criteria of each investor, being paid for these services.

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6. Properties for sale

	<u>2021</u>	<u>2020</u>
Land (a)	1,221,023	607,564
(-) Write-down to net realizable value of land (b)	(68,101)	(111,307)
(-) Adjustment to present value	(1,118)	(676)
Property under construction (Note 29)	818,068	880,471
Completed units (c)	193,586	107,882
		(9,131)
(-) Write-down to net realizable value of properties under construction and completed units	(10,774)	
Allowance for cancelled contracts	58,166	74,498
Total properties for sale	<u>2,210,850</u>	<u>1,549,301</u>
Current portion	1,679,739	1,243,841
Non-current portion	531,111	305,460

(a) Change related to the acquisition of land, according to the Company's business plan, in the states of São Paulo and Rio de Janeiro (Note 9.3).

(b) Change related to the review of projects in the year ended December 31, 2021.

(c) The increase is due to the delivery of ten ventures in the year ended December 31, 2021.

In the years ended December 31, 2021 and 2020, the change in the write-down to net realizable value of land and properties under construction and completed units is summarized as follows:

Balance at December 31, 2019	<u>(177,280)</u>
Additions	(4,608)
Write-offs (a)	61,450
Balance at December 31, 2020	<u>(120,438)</u>
Additions	(4,459)
Write-offs (a)	14,598
Reversal	31,424
Balance at December 31, 2021	<u>(78,875)</u>

(a) The amount of write-offs refers to the respective units sold in the period.

The amount of properties for sale offered as guarantee for financial liabilities is described in Note 12.

As disclosed in Note 12, the balance of capitalized financial charges as of December 31, 2021 was R\$199,618 (R\$173,228 in 2020) in the consolidated statements.

7. Other assets

	<u>2021</u>	<u>2020</u>
Advances to suppliers (a)	38,308	15,217
Advance reg. Fasano transaction (Notes 4.2)	-	62,000
Recoverable taxes (IRRF, PIS, COFINS, among other)	11,813	18,833
Arbitration decision amount (b)	66,391	66,391
Judicial deposit (Note 16.a)	107,343	120,407
Other (c)	29,257	10,728
Total other assets	<u>253,112</u>	<u>293,576</u>
Current portion	150,865	180,837
Non-current portion	102,247	112,739

(a) The change s related to new venture launches and construction work progress in the year ended in December 31, 2021.

(b) Amount related to the outcome of the arbitration decision related to venture construction contracts with partners, which was awarded on November 12, 2019 by the Arbitration Court, managed by the Center for Arbitration and Mediation of the Chamber of Commerce Brazil – Canada.

(c) Other assets related to several diluted amounts.

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8. Non-current assets held for sale**8.1 Land available for sale**

The Company, in line with its strategic direction, opted to sell land not included in the business plan in effect. Likewise, it devised a specific plan for the sale of such land. The carrying value of such land, adjusted to market value when applicable, after the test for impairment, is as follows:

	Cost	Provision for impairment	Net balance
Balance at December 31, 2018	149,488	(58,900)	90,588
Reclassification to properties for sale (Note 6)	(83,579)	39,756	(43,823)
Reversal/Write-offs (a)	(50,117)	10,366	(39,751)
Balance at December 31, 2019 and 2020	15,792	(8,778)	7,014
Reversal/Write-offs (a)	31	-	31
Balance at December 31, 2021	15,823	(8,778)	7,045

(a) The amount of write-offs over the period mainly refers to the cancelled land sales contract in January 2019, located in the city of Rio de Janeiro – RJ.

The sale of assets held for sale is considered highly probable, as the Company has negotiations in progress related to such assets. Additionally, Management has made the necessary efforts to successfully dispose such assets for amounts not below the recorded ones. Changes in economic conditions or transactions currently in discussion may result in the recognition of losses in addition to those already recognized.

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Notes to the consolidated financial statements --Continued
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9. Investments
9.1 Investments in associates and jointly-controlled investees
(i) Information on associates and jointly-controlled investees

		Interest in capital - %		Total assets	Total liabilities	Equity and advance for future capital increase		Profit (loss) for the year		Investments		Income from equity method investments		
		2021	2020			2021	2020	2021	2020	2021	2020	2021	2020	2019
Jointly-controlled investees:														
Gafisa e Ivo Rizzo SPE-47 Emp. Imob. Ltda.	(a)	80%	80%	93,060	2,803	90,256	32,310	50,881	12,404	72,205	25,849	40,705	12,412	5
Sítio Jatiuca Emp. Imob. SPE Ltda	-	50%	50%	37,519	3,775	33,744	32,345	1,399	2,709	16,872	16,173	700	1,355	111
Varandas Grand Park Emp. Imob. Spe Ltda.	-	50%	50%	42,796	4,014	38,782	29,059	9,723	457	19,391	14,529	4,861	143	1,917
Parque Arvores Empr. Imob. Ltda.	-	50%	50%	28,999	2,913	26,086	25,911	175	1,716	13,043	12,956	88	648	1,407
Atins Emp. Imob.s Ltda.	-	50%	50%	17,266	919	16,347	19,293	(946)	4,859	8,174	9,646	(473)	2,430	1,542
Gafisa SPE-116 Emp. Imob. Ltda.	-	50%	50%	22,321	1,143	21,177	20,863	314	(909)	10,589	10,432	157	(454)	1,287
FIT 13 SPE Emp. Imob. Ltda.	(b)	50%	50%	22,025	1,411	20,614	19,724	745	(55)	10,322	9,862	460	(27)	36
Performance Gafisa General Severiano Ltda	-	50%	50%	11,706	34	11,673	11,625	-	(6)	5,836	5,813	-	(3)	(35)
Gafisa SPE 55 Emp. Imob. Ltda.	-	80%	80%	8,346	1,751	6,595	6,146	448	2,981	5,276	4,917	359	2,384	-
Other (*)	(a)	80%	80%	51,823	16,056	35,768	35,421	3,045	(9,819)	27,837	27,794	1,705	(5,878)	(6,651)
Subtotal Jointly-controlled investees				335,861	34,819	301,042	232,697	65,784	14,337	189,545	137,971	48,562	13,010	(381)
Associates:														
Città Ville SPE Emp. Imob. Ltda.	(b)	50%	50%	4,239	443	3,796	4,378	(810)	107	1,898	2,189	(405)	53	785
Gafisa Tiner Campo Belo I Emp. Imob. Ltda.	-	45%	45%	1,144	34	1,110	1,128	(18)	(60)	500	508	(8)	(27)	-
Other				-	-	-	-	-	(1)	729	716	1	-	31
Indirect jointly-controlled investees Gafisa				5,383	477	4,906	5,506	(828)	46	3,127	3,413	(412)	26	816
Goodwill from acquisition of subsidiaries	(c)									3,182	166,028			
Goodwill for future economic benefits - UPCON	(d)									25,054	-			
Goodwill for future economic benefits – Perú and CG	(e)									51,101	-			
Total Investments										272,009	307,412	48,150	13,036	435

(*)Includes companies with investment balances below R\$ 5,000.

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9. Investments--Continued

9.1 Investments in associates and jointly-controlled investees--Continued

(i) *Information on associates and jointly-controlled investees --Continued*

Provision for net capital deficiency (f):	Interest in capital - %		Total assets	Total liabilities	Equity and advance for future capital increase		Profit (loss) for the year		Investments		Income from equity method investments		
	2021	2020	2021	2021	2021	2020	2021	2020	2021	2020	2021	2020	2019
Manhattan Square Emp. Imob. Res. 01 SPE Ltda	50%	50%	2,349	17,759	(15,410)	(12,932)	(730)	(149)	(7,705)	(6,467)	(1,239)	(3,178)	(1,130)
Manhattan Square Emp.Imob. Com. 01 SPE Ltda	50%	50%	3,384	12,126	(8,741)	(6,546)	(1,124)	(4)	(4,371)	(3,273)	(1,098)	4	(2,175)
Prime Grand Park Emp. Imob. Spe Ltda.	50%	50%	8	4,527	(4,518)	-	(5,162)	-	(2,259)	-	(2,581)	-	-
Other (*)			71	84	(15)	(15,789)	(1)	(8,664)	(8,958)	3,332	(7,043)	239	(2,133)
Total provision for net capital deficiency			5,812	34,496	(28,684)	(35,267)	(7,017)	(8,817)	(23,293)	(6,408)	(11,961)	(2,935)	(5,438)
Total Income from equity method investments											36,189	10,101	(5,003)

(*) (Includes companies with investment balances below (R\$ 5,000).

- (a) In the year ended December 31, 2021, the Company adjusted to fair value the amount of land from the line item Properties for Sale to Investment Property due to a change in its use. Accordingly, the Company recorded a gain in the amount of R\$41,610 according to the fair value report.
- (b) The Company recorded expense of R\$1,407 in Income from equity method investments for the year ended December 31, 2021 related to the recognition, by jointly-controlled entities, of prior year adjustments, in accordance with the ICPC09 (R2) - Individual, Separate and Consolidated Financial Statements and the Equity Method of Accounting.
- (c) During the year 2020, the Company acquired 100% interest in the capital of four SPEs of the Calçada holding for the amount of R\$73,164, which transaction initially gave rise to a goodwill of R\$ 35,384, recorded in the Company's investment. The Company commissioned a Purchase Price Allocation (PPA) study through an expert company, allocating the surplus of assets in the amount of R\$35,346 and a surplus (not allocated portion) of R\$38, according to Note 9.3. Such surplus arises from the ventures located in the city of Rio de Janeiro, where the company has a great synergy with the market.
- (d) During the year 2020, the Company acquired 100% interest in the capital of Upcon Incorporadora S.A. (currently called Gafisa Propriedades S.A.) for R\$252,895. Initially, the acquisition transaction gave rise to a goodwill of R\$130,063, being recorded in the Company's investment. The Company implemented a Purchase Price Allocation (PPA) study through an expert company, allocating the surplus (net) of assets in the amount of R\$103,013 and a goodwill (not allocated portion) of R\$25,054, according to Note 9.3. The goodwill is tested for impairment, as required by CPC 01/IAS 36. At present, there is no indication of impairment in such amount.
- (e) During the year 2021, the Company acquired 100% interest in the capital of two SPEs of the Wotan Realty holding for the amount of R\$245,515, which transaction initially gave rise to a goodwill of R\$190,171, recorded in investment of the subsidiary Gafisa Propriedades. The Company commissioned a Purchase Price Allocation (PPA) study through an expert company, allocating the surplus of assets in the amount of R\$314,509, such reclassification gave rise to a surplus (not allocated portion) of R\$175,440 for the SPE Perú and a goodwill for future economic benefits of R\$51,101, according to Note 9.3.
- (f) The provision for net capital deficiency is recorded in the heading "Other payables" (Note 15).

(ii) *Information on significant investees*

	Other investees: Jointly-controlled investees		
	2021	2020	2019
Cash and cash equivalents	6.938	12,174	
Current assets	162.369	239,756	
Non-current assets	173.492	40,968	
Current liabilities	26.011	28,661	
Non-current liabilities	8.808	19,366	
Net revenue	39.309	40,601	63,551
Operating costs	(21.582)	(18,545)	(45,014)
Depreciation and Amortization	-	(5)	(21)
Finance income (expenses)	(500)	(273)	670
Income tax and social contribution	(933)	(1,182)	(1,883)
Profit (loss) from Continued Operations	65.784	(10,594)	10,669

(iii) *Change in investments*

	Consolidated
Balance at December 31, 2020	307,412
Income from equity method investments	48,150
Capital contribution (reduction)	(684)
Other investments	(82,869)
Balance at December 31, 2021	272,009

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9. Investments--Continued**9.2 Investment property**

As mentioned in Note 1, in the year of 2020 the Company created a new business unit, Gafisa Propriedades, for carrying out the management of real estate that are completed and of third parties, aimed at generating income.

In this context, as of December 31, 2021 the investment properties of this new business unit comprise commercial properties of ventures located in the state of São Paulo and Rio de Janeiro and acquired from Gafisa S.A. and subsidiaries. These properties were initially recognized at cost and measured at fair value in the year 2021, the effect of such measurement amounting to R\$6,377.

The Company does not have restriction to the capacity of realization of its investment property or for repairs, maintenance, or improvements. During the year ended December 31, 2021, the change is summarized as follows:

	2020	Change (a)	Fair value adjustment	2021
Commercial properties				
Rio de Janeiro	73,229	(5,878)	(2,385)	64,966
São Paulo	45,890	(7,685)	8,762	46,967
Balance as of December 31,	119,119	(13,563)	6,377	111,933

(a) Refers to units reclassified to Properties for Sale for realization through sale.

9.3 Business combination

In the years of 2020 and 2021, the company made the acquisitions below, for which the Company commissioned a study from a company specialized in determining Purchase Price Allocation (PPA) for allocation of goodwill, according to CPC 15(R1) - Business Combinations.

(i) *Gafisa Propriedades (former UPCON S.A)*

On September 23, 2020, the Company completed the acquisition of the interest in UPCON S/A, current Gafisa Propriedades, settled through the Company's shares for the equivalent to R\$252,895, such transaction gave rise to a goodwill in the amount of R\$130,063.

(ii) *Ventures of Calçada S.A*

On November 31, 2020, the Company also acquired four ventures from Calçada S.A., the negotiation of these SPEs was by issuing the Company's shares in the amount equivalent to R\$72,016, such transaction gave rise to a goodwill of R\$31,091.

(iii) *Costa Perú and Campo Grande*

On October 29, 2021, the Company also acquired two ventures from Wotan Realty Ltda, the negotiation of these SPEs was made through the issuance of debentures convertible into the Company's shares in the amount equivalent to R\$245,515, such transaction gave rise to a goodwill upon acquisition in the amount of R\$190,176. As Wotan Realty is a shareholder of the Company since 2019 and it is treated as related party, the transaction was negotiated based on the market value of the assets, validated by a valuation report of an expert company.

The following table shows the amounts of assets acquired and liabilities assumed as of acquisition date:

Gafisa S.A.

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9. Investments--Continued

9.3 Business Combination--Continued

Acquisition date:	Gafisa Propriedades Calçada S.A		Peró and CG
	09/30/2020	11/30/2020	10/31/2021
Current assets	42,951	39,118	161,271
Inventories	489,742	121,553	235,866
Non-current assets	7,884	1,055	20
Current liabilities	(235,803)	(55,530)	(19,546)
Non-current liabilities	(75,578)	(33,069)	(7,760)
Equity	(125,893)	(40,925)	(55,342)
Total identifiable assets, net	103,303	32,202	314,509

The Company allocated the goodwill arising from the acquisition transaction based on the PPA report according to the table below:

	Gafisa Propriedades	Calçada S.A	Peró and CG
	12/31/2021	12/31/2021	12/31/2021
Consideration transferred	252,895	73,165	245,515
Non-controlling interests	3,641	-	-
Acquired net assets	(125,893)	(40,925)	(55,342)
Goodwill at acquisition	130,643	32,240	190,173
Allocation of Goodwill, Net	(103,013)	(32,202)	(314,509)
Allocation of goodwill – Inventory	(103,303)	(32,202)	(153,238)
Allocation of goodwill - Intangible assets (Note 9.3)	-	-	(161,271)
Allocation of Surplus for bargain purchase (a)	-	-	175,437
Goodwill \ Surplus (Note 9.1(i))	27,630	38	51,101

(a) On this amount the Deferred tax liability of Income tax (IR)/Social contribution (CS) was calculated and amounted to R\$59,649, totaling the net effect of R\$115,788

The goodwill for future economic benefits recognized at the acquisition of the company is mainly attributed by the fair value of the ventures in construction phase and inventories of land without project or in approval phase.

9.4 Divestment of associate and recognition of subsidiary's net assets received at fair value

On December 27, 2019, the Company disclosed the completion of the divestment of its 21.20% interest in Alphaville. The total amount of the transaction is equivalent to R\$100,000, settled by offsetting receivables amounting to R\$33,500 and receipt of shares in the investee against assets amounting to R\$66,500, measured at fair value.

By the means of this transaction, through the receipt of shares, the Company acquired the control of SPE GDU Loteamentos Ltda. According to ICPC 09 (R2) and IFRS3/CPC (15 (R1), as a result of this transaction, the Company made the allocation of the amount of R\$39,886 in the line item "Properties for sale", in the consolidated information and recognized the amount of R\$16,592 as gain from bargain purchase.

The following table shows the determination of the acquisition cost determined according to CVM Resolution 665/11:

Disposal of Alphaville (goodwill)	161,100
Net assets received at fair value of GDU	83,092
Result of this transaction (effect on profit or loss)	78,008

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9. Investments--Continued
9.4 Divestment of associate and recognition of subsidiary's net assets received at fair value--Continued

The Company commissioned a specialized company to make a study to obtain the Purchase Price Allocation (PPA) for measurement of the fair value of the identified assets and allocation of amount. We summarize below the allocation of goodwill arising from the transaction, considering the fair values of the assets and liabilities of the SPE received at the acquisition date:

	Acquired net assets	CPC 15 (R1) adjustments	Acquired net assets at fair value
Properties for sale	43,206	39,886	83,092
Total current assets	43,206	39,886	83,092
Total non-current assets	-	-	-
Total assets	43,206	39,886	83,092
Equity	43,206	39,886	83,092
Total liabilities	43,206	39,886	83,092

10. Property and equipment

Type	2019	Additions from Upcon acquisition	Addition	Write-off	100% depreciated items	2020	Addition	Write-off	100% depreciated items	2021
Cost										
Hardware	9,111	-	-	-	(4,946)	4,165	2	(2,973)	-	1,194
Leasehold improvements and installations	771	9	2,655	(1,389)	-	2,046	4,590	-	-	6,636
Furniture and fixtures	741	122	-	-	-	863	-	(473)	-	390
Machinery and equipment	2,561	22	-	-	(2,528)	55	-	(3)	-	52
Right-of-use asset	3,235	726	1,039	617	-	5,617	6,625	-	-	12,242
Sales stands	11,638	7,904	8,666	(3,018)	-	25,190	32,708	(12,053)	-	45,845
	28,057	8,783	12,360	(3,790)	(7,474)	37,936	43,925	(15,502)	-	66,359
Accumulated depreciation										
Hardware	(3,905)	-	(2,372)	-	4,946	(1,331)	(1,964)	2,972	-	(323)
Leasehold improvements and installations	737	(7)	(406)	1,984	-	834	(1,593)	(2)	-	(761)
Furniture and fixtures	(604)	(78)	(66)	-	-	(748)	(27)	473	-	(302)
Machinery and equipment	(2,315)	(8)	(240)	-	2,528	(35)	(3)	3	-	(35)
Right-of-use asset	(1,711)	(714)	(688)	-	-	(3,113)	(1,177)	-	-	(4,290)
Sales stands	(4,626)	(3,176)	(1,386)	826	-	(8,362)	(11,276)	3,023	-	(16,615)
	(13,898)	(3,983)	(5,158)	2,810	7,474	(12,755)	(16,040)	6,469	-	(22,326)
Total property and equipment	14,159	4,800	7,202	(980)	-	25,181	27,885	(9,033)	-	44,033

The following useful lives and rates are used for calculating depreciation:

	Useful life	Average annual depreciation rate - %
Leasehold improvements and installations	4 years	25
Furniture and fixture	10 years	10
Hardware	5 years	20
Machinery and equipment	10 years	10
Sales stands	1 year	100

The residual value, useful life, and depreciation methods are reviewed at the end of each year; no change having been made in relation to the information for the prior year.

Property and equipment are subject to periodic analysis of impairment. As of December 31, 2021 and 2020 there was no indication of impairment of property and equipment.

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11. Intangible assets

	2019				2020	
	Balance	Addition	Write-down	Amortization	100% amortized items	Balance
Software – Cost	17,353	42	(3,190)	-	(3,514)	10,691
Software – Depreciation	(10,269)	-	2,209	(3,026)	3,514	(7,572)
Other	-	1,505	-	(94)	-	1,411
Total intangible assets	7,084	1,547	(981)	(3,120)	-	4,530

	Consolidated					
	2020			2021		
	Balance	Additions	Write-offs	Amortizations	100% amortized items	Balance
Software – Cost	10,691	4,621	(4,364)	-	-	10,948
Software – Depreciation	(7,572)	(346)	4,281	(1,774)	-	(5,411)
Allocation surplus – licenses (a)	-	161,271	-	-	-	161,271
Other	1,411	2,667	-	(3,072)	-	1,006
Total intangible assets	4,530	168,213	(83)	(4,846)	-	167,814

(a) Amount related to the allocation of goodwill regarding licenses for the Pero venture (Note 9.3).

As of December 31, 2021, the test of recovery of the intangible assets of the Company resulted in the need for recognition of a provision for loss on realization (impairment) in the amount of R\$83 (R\$981 in 2020), related to the Company's software.

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12.Loans and financing

Type	Maturity	Annual interest rate	2021	2020
National Housing System - SFH /SFI (i)	May 2019 to July 2025	7.00% to 14.20% + TR 13.66% and 143% of CDI	334,063	389,258
Certificate of Bank Credit - CCB (ii)	January 2022 to November 2025	Fixed 16.77% 3.5%/ 3.70%/ 4.25%/ 6%+CDI	476,943	257,123
Other transactions			64,111	24,093
Total loans and financing(Note 20.i.d, 20.ii.a and 20.iii)			875,117	670,474
Current portion			384,134	332,447
Non-current portion			490,983	338,027

(i) The SFH financing is used for covering costs related to the development of real estate ventures of the Company and its subsidiaries, and backed by secured guarantee by the first-grade mortgage of real estate ventures and the fiduciary assignment or pledge of receivables.

(ii) In the year ended December 31, 2021, the Company made payments totaling R\$194,316, of which R\$157,021 related to principal and R\$35,295 related to the interest payable. There were also settlements of CCBs, which were converted into shares in this year totaling R\$82,573 (Note 18.1). Additionally, during the year, the Company entered into CCB transactions in the total amount of R\$552,950 with final maturity between January 2022 and June 2025.

Rates

- CDI - Interbank Deposit Certificate;
- TR - Referential Rate.

The current and non-current installments have the following maturities:

Maturity	2021	2020
2021	-	332,447
2022	384,134	27,664
2023	47,800	73,106
2024	74,506	7,800
2025	368,677	229,457
	875,117	670,474

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12. Loans and financing--Continued

The Company and its subsidiaries have restrictive covenants under certain loans and financing that limit their ability to perform certain actions, such as issuing debt, and that could require the acceleration or refinancing of loans if the Company does not fulfill certain restrictive covenants.

The ratios and minimum and maximum amounts required under restrictive covenants for loan and financing transactions are as follows:

	2021	2020
Loans and financing		
Total accounts receivable ⁽¹⁾ plus inventory required to be below zero or 2.0 times over venture debt ⁽²⁾	9.69 times	7.35 times
Total accounts receivable ⁽¹⁾ plus inventory of completed units required to be below zero or 2.0 times over net debt less venture debt ⁽²⁾	(4.42) times	(34.63) times
Total debt, less venture debt, less cash and cash equivalents and short-term investments ⁽³⁾ , cannot exceed 75% of equity plus non-controlling interests	13.12%	-2.03%
Total receivables ⁽¹⁾ plus unrecognized income plus total inventories of completed units required to be 1.5 time over the net debt plus payable for purchase of properties plus unrecognized cost	1.92 times	2.52 times

⁽¹⁾ Total receivables, whenever mentioned, refer to the amount reflected in the Statement of Financial Position plus the amount not shown in the Statement of Financial Position.

⁽²⁾ Venture debt and secured guarantee debt refer to SFH debts, defined as the sum of all disbursed borrowing contracts which funds were provided by the SFH.

⁽³⁾ Cash and cash equivalents and short-term investments refer to cash and cash equivalents and marketable securities.

Financial expenses of loans, financing and debentures (Note 13) are capitalized at the cost of each venture and land, according to the use of funds, and recognized in profit or loss for the year, according to the criteria for revenue recognition. The capitalization rate used in the determination of costs of loans eligible to capitalization was 14.33% as of December 31, 2021 (8.93% in 2020).

The following table shows the summary of financial expenses and charges and the capitalized portion in the line item properties for sale.

	2021	2020	2019
Total financial charges for the year	80,649	95,116	89,737
Capitalized financial charges (Note 30)	(37,045)	(35,516)	(30,358)
Subtotal (Note 24)	43,604	59,600	59,379
Financial charges included in "Properties for sale":			
Opening balance	173,228	206,935	223,807
Capitalized financial charges	37,045	35,516	30,358
Financial charges related to cancelled land sales contract	(360)	(3,840)	(8,955)
Charges recognized in profit or loss (Note 23)	(41,863)	(79,719)	(38,275)
Balance acquired from subsidiaries	38,588	14,336	-
Closing balance (Note 6)	206,638	173,228	206,935

The amount of properties for sale offered as guarantee for loans, financing and debentures is R\$708,297 (R\$307,233 in 2020).

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13. Debentures

Program/placement	Principal - R\$	Annual interest	Final Maturity	2021	2020
Tenth placement (i)	22,453	IPCA + 7.8%	December 2023	21,963	29,833
Twelfth placement (ii)	39,843	CDI + 3.75 %	December 2020	-	32,503
Thirteenth placement (iii)	17,777	CDI + 3.00%	June 2022	-	9,236
Fourteenth placement (iv)	22,835	CDI + 5.00%	October 2020	-	1,920
Fifteenth placement (Note 18.1)(c)	33,750	IGPM - 0.50%	July 2021	-	39,875
RB Capital (v)	90,083	CDI + 6.00%	September 2024	187,860	125,383
Sixteenth placement (a)	25,570	100% CDI	February 2021	-	25,575
Debenture 229 ^a e 230 ^a (b)	165,000	IPCA + 6,25%	August 2028	172,789	-
Seventeenth placement (d)	245,515	100% CDI	December 2024	242,757	-
Eighteenth placement (e)	64,308	CDI + 4,5%	November 2027	64,410	-
Total debentures (Note 20.i.d, 20.ii.a, 20.iii and 30.ii)				689,779	264,325
Current				20,291	120,737
Non-current				669,488	143,588

- (a) During the period ended June 30, 2021, the sixteenth debenture placement in the total amount of R\$ 25,580 (Note 18.1) was converted into common shares, resulting in a gain of R\$ 4,715 (Note 24).
- (b) In the period ended March 31, 2021, the subsidiary Gafisa Propriedades signed the indenture of the first non-convertible debenture issue, with secured guarantee, in two series, in the total amount of R\$165,000, with unit value of R\$1,000, maturing in August 2028. The coupon rate applied to the face value corresponds to the change of the Broad Consumer Price Index (IPCA) plus a surcharge of 6.25% per year. The net proceeds will be used for reimbursing the expenditures, costs and expenses of real estate nature and previously agreed, related to property acquisition.
- (c) In the period ended September 30, 2021, the fifteenth debenture was settled, with conversion of the amount of R\$ 45,454 into 9,902,784 shares in the company. (Note 18.1)
- (d) In December 2021, the Company issued the seventeenth debenture, convertible into common shares, in two series, with secured guarantee, in the total amount of R\$245,523, maturing on December 14, 2024. This transaction is aimed at paying the shares in the companies that have the ventures located in Cabo Frio and Campo Grande, in the city of Rio de Janeiro. (Note 9.3 (iii)). As of December 31, 2021, the amount of the additional fair value measurement of the transaction is R\$4,328 (Note 20 (i)(d)). The coupon rate applied to the face value corresponds to the cumulative change of Interbank Deposits (DI).
- (e) In December 2021, the Company issued the eighteenth non-convertible debenture, with secured guarantee, in a single series, in the total amount of R\$85,000 maturing in November 2027. The proceeds from this issuance will be used in the development of select real estate ventures, their guarantees will be represented by the fiduciary assignment of receivables. The coupon rate applied to the face value of the debt corresponds to the cumulative change of Interbank Deposits (DI) plus a surcharge equivalent to 4.5% p.a.

In the year ended December 31, 2021, the Company made the following payments:

	Face value placement	Interest payable	Total amortization
(i)	10,605	2,206	12,811
(ii)	31,762	2,473	34,235
(iii)	9,520	219	9,739
(iv)	1,920	18	1,938
(v)	-	18,295	18,295
(b)	4,500	8,074	12,574
(e)	-	202	202
	58,307	31,487	89,794

The current and non-current portions have the following maturities:

Maturity	Company and Consolidated	
	2021	2020
2021	-	120,737
2022	20,291	11,428
2023	9,280	7,115
2024	435,228	125,045
2025 onwards	224,980	-
	689,779	264,325

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13. Debentures--Continued

The Company is compliant with the restrictive covenants of debentures at the reporting date of these consolidated financial statements. The ratios and minimum and maximum amounts required under such restrictive covenants are as follows:

	2021	2020
Tenth placement		
Total receivables ⁽¹⁾ plus inventories required to be below zero or 2.0 times over net debt less venture debt ⁽²⁾	13.02 times	(81.57) times
Total debt, less venture debt ⁽²⁾ , less cash and cash equivalents and short-term investments ⁽³⁾ , cannot exceed 75% of equity plus non-controlling interests	13.12%	-2.03%

(1) Total receivables, whenever mentioned, refers to the amount reflected in the Statement of Financial Position plus the amount not shown in the Statement of Financial Position.

(2) Venture debt and secured guarantee debt refer to SFH debts, defined as the sum of all disbursed borrowing contracts which funds were provided by SFH.

(3) Cash and cash equivalents and short-term investments refer to cash and cash equivalents and marketable securities.

14. Obligations assumed on the assignment of receivables

The transactions of assignment of the receivable portfolio are as follows:

	2021	2020
Obligation CCI June/2011 - Note 5(i)	10	23
Obligation CCI November/2012 - Note 5(ii)	-	85
Obligation CCI December/2012 - Note 5(iii)	607	972
Obligation CCI November/2013 - Note 5(iv)	96	480
Obligation CCI November/2014 - Note 5(v)	12	486
Obligation CCI December/2015 - Note 5(vi)	1,233	3,148
Obligation CCI February/2016 - Note 5(vii)	2,360	3,682
Obligation CCI May/2016 - Note 5(viii)	1,706	3,062
Obligation CCI August/2016 - Note 5(ix)	1,229	1,774
Obligation CCI December/2016 - Note 5(x)	4,076	5,067
Obligation CCI March/2017 - Note 5(xi)	2,802	5,413
Total obligations assumed on assignment of receivables (Note 20.i.d and 20.ii.a)	14,131	24,192
Current	7,579	13,296
Non-current	6,552	10,896

The current and non-current portions have the following maturities:

Maturity	2021	2020
2021	-	13,296
2022	7,579	2,977
2023	1,616	2,493
2024	2,796	2,455
2025 onwards	2,140	2,971
	14,131	24,192

Regarding the above transactions, the assignor is required to fully formalize the guarantee instruments of receivables in favor of the assignee. Until it is fully fulfilled, these amounts will be classified into a separate account in current and non-current liabilities.

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14. Obligations assumed on the assignment of receivables--Continued

Transaction (i) was entered into with Banco BTG Pactual S.A. at rates of 11.48% plus INCC for receivables of units not delivered, and IGP-M or IPCA for the period after the certificate of occupancy.

Transactions (ii), (iii), (iv) and (v) were entered into with Polo Multisetorial Fundo de Investimento em Direitos Creditórios Não Padronizados at rates that range between 10.50% and 11.48%, plus INCC for receivables of units not delivered, and IGP-M or IPCA for the period after the certificate of occupancy.

Transactions (vi), (vii), (viii), (ix), (x) and (xi) were entered into with Polo Capital Securitizadora S.A. at rates of 12.00%, plus INCC for receivables of units not delivered, and IGP-M or IPCA for the period after the certificate of occupancy.

15. Other payables

	<u>2021</u>	<u>2020</u>
Payables to venture partners (a)	205,828	-
Provision for penalties due to delay in construction work	9,572	7,420
Cancelled contract payable and allowance for cancelled contracts	82,409	91,711
Warranty provision	31,169	23,628
Long term PIS and COFINS (deferred and payable)	13,836	18,166
Provision for net capital deficiency (Note 9.i.c)	23,293	6,730
Long-term suppliers (Note 20.i.d)	1,011	1,816
Share-based payment - Phantom Shares (Note 18.4)	177	1,109
Other liabilities	-	70,534
Total other payables	367,295	221,114
Current portion	344,030	186,466
Non-current portion	23,265	34,648

(a) In the year ended December 31, 2021 the company formed unincorporated joint ventures (SCP), with the main objective of holding shares in other companies, as established in Art. 991 of the Civil Code. The total contribution of silent partners will be mandatorily used by the SCPs to purchase select land, pay onerous grant of building rights and reimbursement of the acquisition price of the land previously acquired by Gafisa. Accordingly, the silent partners will be entitled to a share of the profits of the real estate ventures.

16. Provisions for legal claims and commitments

The Company and its subsidiaries are parties to lawsuits and administrative proceedings at various courts and government bodies that arise from the ordinary course of business, involving tax, labor, civil, and other matters. Management, based on information provided by its legal counsel, analysis of the pending claims and, with respect to the labor claims, based on past experience regarding the amounts claimed, recognized a provision in an amount considered sufficient to cover the estimated losses on pending decisions. The Company does not expect any reimbursement in connection with these claims.

In the years ended December 31, 2021 and 2020, the changes in the provision are summarized as follows:

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16. Provisions for legal claims and commitments --Continued

Consolidated	Civil lawsuits	Tax proceedings	Labor claims	Total
Balance at December 31, 2019	239,467	2,702	34,742	276,911
Additional provision (Note 23)	43,850	-	-	43,850
Payment and reversal of provision not used	(62,665)	(971)	(15,666)	(79,302)
Acquired balance from Upcon	9,024	-	-	9,024
Balance at December 31, 2020	229,676	1,731	19,076	250,483
Additional provision (Note 23)	60,474	-	-	60,474
Payment and reversal of provision not used	(52,461)	(694)	(12,221)	(65,376)
Balance at December 31, 2021	237,689	1,037	6,855	245,581
Current portion	117,979	1,019	6,549	125,547
Non-current portion	119,710	18	306	120,034

(a) Civil lawsuits, tax proceedings and labor claims

As of December 31, 2021, the Company and its subsidiaries have deposited in court the amount of R\$107,343 (R\$120,407 in 2020) in the consolidated statements (Note 7).

	2021	2020
Civil lawsuits	56,887	65,401
Tax proceedings	41,202	46,537
Labor claims	9,254	8,469
Total (Note 7)	107,343	120,407

- (i) As of December 31, 2021, the provision amounting to R\$17,707 is related to civil lawsuits in which the Company is included in the defendant side to be liable for in and out of court debts which original debtor is a former shareholder of the Company, Cimob Companhia Imobiliária ("Cimob"), or involve other companies of the same economic group of Cimob. In these lawsuits, the plaintiff argues that the Company should be liable for Cimob's debts, because in its understanding the requirements for piercing of the corporate veil of Cimob to reach the Company (business succession, merger of assets and/or formation of a same economic group involving the Company and the Cimob Group) are present.

The Company does not agree with the statement of facts based on which it has been included in these lawsuits and continues to dispute in court its liability for the debts of a third company, as well as the amount charged by the plaintiffs. The Company has already obtained favorable and unfavorable decisions in relation to this matter, which is the reason why it is not possible to estimate a uniform outcome in all lawsuits. The Company also aims to file a lawsuit against Cimob and its former and current parent companies for obtaining the recognition that it should not be liable for the debts of that company, as well as indemnity of the amounts already paid by the Company in lawsuits relating to the charge of debts owed by Cimob.

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16. Provisions for legal claims and commitments --Continued

(ii) Environmental risk

Considering the diversity of environmental legislation in the federal, state and municipal levels, which may restrict or impede the development of real estate ventures, the Company analyzes all environmental risks, including the possible existence of hazardous or toxic materials, residues, vegetation and proximity of the land to permanent preservation areas, in order to mitigate risks in the development of ventures, during the process of land acquisition for future ventures.

In addition, the environmental legislation establishes criminal, civil and administrative sanctions to individuals and legal entities for activities considered as environmental infringements or offense. The penalties include the stop of development activities, loss of tax benefits, confinement and fines. The lawsuits in dispute by the Company in civil court are considered by the legal counsel as possible loss in the amount of R\$1,936 in the consolidated statements (R\$375 in 2020).

(iii) The Company requested an Arbitration Procedure to the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada, on July 31, 2018, against Yogo Participações e Empreendimentos Imobiliários S.A. ("Yogo"); Polo Real Estate Fundo de Investimentos e Participações, and Polo Capital Real Estate Gestão de Recursos Ltda. as shareholders of Yogo; and Comasa – Construtora Almeida de Martins Ltda., in view of the breach of contractual obligations. As of December 31, 2020, no decision has been awarded yet.

(iv) Lawsuits in which likelihood of loss is rated as possible

As of December 31, 2021, the Company and its subsidiaries are aware of other claims, and civil, labor and tax risks. Based on the history of probable lawsuits and the specific analysis of main claims, the measurement of the claims with likelihood of loss considered possible amounted to R\$537,760 (R\$428,888 in 2020, based on average past outcomes adjusted to current estimates, for which the Company believes it is not necessary to recognize a provision for any losses. The change in the period was caused by change in the volume of lawsuits with diluted amounts, and review of the involved amounts.

	2021	2020
Civil lawsuits	303,390	258,063
Tax proceedings	163,617	118,037
Labor claims	70,753	52,788
	537,760	428,888

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16. Provisions for legal claims and commitments --Continued(b) Payables related to the completion of real estate ventures

The Company commits to complete units sold and to comply with the laws regulating the civil construction sector, including obtaining licenses from the proper authorities, and compliance with the terms for starting and delivering the ventures, being subject to legal and contractual penalties. As of December 31, 2021, the Company and its subsidiaries have restricted cash in guarantee to loans, which will be released to the extent the guarantee ratios described in Note 4.2 are met, which include land and receivables pledged in guarantee of 120% of the debt outstanding.

(c) Other commitments

In addition to the commitments mentioned in Notes 6, 12 and 13, the Company has commitments related to the rental of two commercial properties where its facilities are located, at a monthly cost of R\$433 (including rent, condominium fees, and IPTU), indexed to the IGP-M/FGV change and termination of contract in August 2024.

The estimate of minimum future rent payments of this new contract for commercial property (cancellable leases) totals R\$10,899, considering the above-mentioned contract expiration, as follows.

Estimate of payment	2021
2022	3,987
2023	4,617
2024 onwards	2,295
	10,899

17. Payables for purchase of properties and advances from customers

	Maturity	2021	2020
	January 2022 to June 2025		163,597
Payables for purchase of properties		135,539	
Present value adjustment		(1,281)	(819)
Advances from customers			
Development and services (Note 5)		57,356	151,172
Barter transaction - Land (Note 30 (i))		191,366	101,479
Total payables for purchase of properties and advance from customers (Notes 20.i.d and 20.ii.a)		382,980	415,429
Current portion		256,113	336,029
Non-current portion		126,867	79,400

The current and non-current portions have the following maturities:

Maturity	2021	2020
2021	-	336,029
2022	256,113	32,177
2023	39,542	38,086
2024	42,974	586
2025 onwards	44,351	8,551
	382,980	415,429

As of December 31, 2021, the amount related to contract liabilities totaled R\$248,722 (R\$252,651 in 2020).

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18. Equity
18.1. Capital

The Company's Board of Directors ratified the following capital increases in the year ended December 31, 2021:

- Subscription of 8,876,083 common shares, totaling an increase of R\$ 37,299 (Note 30.ii), as follows:
 - (i) Conversion of the debentures issued in the sixteenth placement, with subscription of 5,633,857 common shares;
 - (ii) 3,243,126 common shares through the stock option plan for employees.
- Subscription of 27,892,638 common shares, totaling an increase of R\$128,027 (Note 30.ii).
 - (i) Conversion of the debentures issued in the fifteenth placement, with subscription of 9,902,784 common shares (Note 13(c)) represented by R\$45,454;
 - (ii) 17,989,854 common shares represented by R\$82,573 through capitalization of the credits issued at market value represented by the average price of R\$4.59 in (Note 12.ii).

Therefore, as of December 31, 2021, the Company's authorized and paid-in capital amounted to R\$1,248,575 (R\$1,083,249 in 2020), represented by 337,445,727 (300,676,101 in 2020) registered common shares, with no par value, of which 296,221 (341,570 in 2020) were held in treasury.

According to the Company's Articles of Incorporation, capital may be increased without the need to amend it upon resolution of the Board of Directors, which shall set the conditions for issuance within the limit of 600,000,000 (six hundred million) common shares.

		Treasury shares						
Type		GFSA3	R\$	%	Market value (*) R\$ thousand		Carrying value R\$ thousand	
Acquisition date		Number	Weighted average price	% - on shares outstanding	2021	2020	2021	2020
2001	11/20/2001	44,462	38.9319	0.01%	115	193	1,731	1,731
2013	Acquisitions	1,372,096	51.9927	0.43%	3,539	5,969	71,339	71,339
2014	Acquisitions	3,243,947	35.5323	1.02%	8,369	14,111	115,265	115,265
2014	Transfers	(405,205)	43.3928	-0.13%	(1,046)	(1,763)	(17,583)	(17,583)
2014	Cancellations	(2,039,086)	44.9677	-0.64%	(5,261)	(8,870)	(91,693)	(91,693)
2015	Acquisitions	884,470	27.3124	0.28%	2,282	3,847	24,157	24,157
2015	Transfers	(90,622)	33.3473	-0.03%	(234)	(394)	(3,022)	(3,022)
2015	Cancellations	(2,225,020)	33.3543	-0.70%	(5,741)	(9,679)	(74,214)	(74,214)
2016	Acquisitions	334,020	26.0254	0.10%	862	1,453	8,693	8,693
2016	Transfers	(68,814)	31.2290	-0.02%	(177)	(299)	(2,149)	(2,149)
2017	Transfers	(112,203)	30.6320	-0.04%	(290)	(488)	(3,435)	(3,435)
2018	Acquisitions	13,221,300	13.4953	4.15%	34,111	57,513	178,425	178,425
2018	Transfers	(17,319)	30.6022	-0.01%	(45)	(75)	(530)	(530)
2018	Cancellation	(1,030,326)	-	-0.32%	(2,658)	(4,482)	-	-
2018	Disposal	(9,168,280)	16.1463	-2.88%	(23,654)	(39,882)	(148,034)	(148,034)
2019	Acquisitions	6,794,011	14.7355	2.13%	17,529	29,554	100,113	100,113
2019	Transfers	(9,174)	15.3695	-0.00%	(24)	(40)	(141)	(141)
2019	Cancellation	(370,000)	15.5324	-0.12%	(955)	(1,610)	(5,747)	(5,747)
2019	Disposal	(7,377,205)	14.5999	-2.32%	(19,034)	(32,091)	(109,658)	(109,658)
2020	Disposal	(2,684,831)	15.2281	-0.84%	(6,927)	(11,481)	(40,885)	(40,885)
		296,221	8.8853	0.09%	761	1,486	2,632	2,632

(*) Market value calculated based on the closing share price on December 31, 2021 of R\$2.01 (R\$4.35 in 2020) not considering the effect of occasional volatilities.

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18. Equity --Continued**18.1. Capital --Continued**

The change in the number of outstanding shares is as follows:

	Common shares - In thousands
Outstanding shares as of December 31, 2019	117,005
Subscription of shares	180,677
Disposal of shares	2,640
Change in shares held by the management members of the Company	(9,809)
Outstanding shares as of December 31, 2020	290,513
Subscription of shares	36,770
Change in shares held by the management members of the Company	(8,807)
Outstanding shares as of December 31, 2021	318,476
Weighted average shares outstanding (Note 27)	296,036

18.2. Allocation of profit (loss) for the year

According to the Company's Articles of Incorporation, profit for the year is allocated as follows, after deduction for any accumulated losses and provision for income taxes: (i) 5% to legal reserve, reaching up to 20% of paid-in capital, or when the legal reserve balance plus capital reserves is in excess of 30% of capital; (ii) 25% of the remaining balance to pay mandatory dividends; and (iii) amount not in excess of 71.25% to set up the Reserve for Investments, with the purpose of financing the expansion of the operations of the Company and its subsidiaries.

The Board of Directors, by resolution at the Annual Shareholders' Meeting, shall examine the accounts and financial statements related to the fiscal year 2021.

In view of the profit as of December 31, 2021, the allocation of profit was as follows:

Balance of accumulated losses for 2019	(2,338,964)
Absorption of retained losses	2,585,032
Net loss for the year 2020	(73,160)
Proceeds from disposal of treasury shares	(19,654)
Retained earnings	(153,254)
Balance of accumulated losses for 2020	-
Net income for the year 2021	90,191
Legal reserve	(4,510)
Unrealizable revenue reserve	(21,420)
Investment reserve	(64,261)
Balance of accumulated losses for 2021	-

18.3. Stock option plan

Expenses for granting stocks are recorded under the account "General and administrative expenses" (Note 23) and showed the following effects on profit or loss in the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Equity-settled stock option plans (i)	(2,941)	246	417
Phantom Shares (Note 18.4)	934	(593)	(2,783)
Total option grant expenses (Note 23)	(2,007)	(347)	(2,366)

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18. Equity --Continued

18.3. Stock option plan --Continued

(i) Gafisa

The Company has a total of seven stock option plans comprising common shares, launched in 2012, 2013, 2014, 2015, 2016, 2018 and 2021 which follows the rules established in the Stock Option Plan of the Company.

The granted options entitle their holders (employees) to subscribe common shares of the Company's capital, after periods that range from one to four years of employment (essential condition to exercise the option), and expire six to ten years after the grant date.

The fair value of options is set on the grant date, and it is recognized as expense in profit or loss (as contra-entry to equity) during the grace period of the plan, to the extent the services are provided by employees and management members.

Changes in the stock options outstanding in the years ended December 31, 2021 and 2020, including the respective weighted average exercise prices are as follows:

	2021		2020	
	Number of options	Weighted average exercise price (Reais)	Number of options	Weighted average exercise price (Reais)
Options outstanding at the beginning of the year	985,439	16.56	1,230,383	16.64
Options granted	3,243,126	3.49	-	-
Options exercised	(1,029,013)	3.49	-	-
Options expired	(276,758)	(16.16)	(244,944)	(16.98)
Options outstanding at the end of the year	2,922,794	5.90	985,439	16.56

As of December 31, 2021, the stock options outstanding and exercisable are as:

Options outstanding			Options exercisable	
Number of options	Weighted average remaining contractual life (years)		Number of options	Weighted average exercise price (R\$)
2,922,794	0.84	5.90	275,283	19.41

During the year ended December 31, 2021, the Company granted 3,243,126 options in connection with its stock option plans comprising common shares. During the years ended December 31, 2020 and 2019, the Company did not grant any option in connection with its stock option plans comprising common shares.

The models used by the Company for pricing granted options are the Binomial model for traditional options and the MonteCarlo model for options in the Restricted Stock Options format.

The fair value of options granted in 2021 totaled R\$4,530, which was determined based on the following assumptions:

	2021
Pricing model	Binomial
Exercise price of options (R\$)	R\$ 3.49
Weighted average price of options (R\$)	R\$ 3.49
Expected volatility (%) - (*)	60%
Expected life of options (years)	3
Dividend yield (%)	1.98%
Risk-free interest rate (%)	3.40%

(*) The volatility was determined based on regression analyses of the relationship between the volatility of Gafisa S.A.'s shares and the Ibovespa index.

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18. Equity --Continued**18.4. Share-based payment – Phantom Shares**

The Company has one cash-settled share-based payment plan with fixed terms and conditions, according to the plans approved by the Company, launched in 2016.

As of December 31, 2021, the amount of R\$177 (R\$1,109 in 2020), related to the fair value of the phantom shares granted, is recognized in the heading "Other payables" (Note 15).

19. Income tax and social contribution

The reconciliation of the effective tax rate for the years ended December 31, 2021, 2020 and 2019 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Loss before income tax and social contribution, and statutory interest	174,976	(66,030)	(61,676)
Income tax calculated at the applicable rate - 34%	(59,492)	22,451	20,970
Net effect of subsidiaries and ventures taxed by presumed profit and RET	8,760	18,559	17,951
Income from equity method investments	62,195	21,248	(1,701)
Stock option plan	1,000	(84)	(142)
Net effect on divestment of associate	-	-	22,610
Other permanent differences	3,433	10,913	19,102
Charges on payables to venture partners	(32,530)	-	18
Recognized (unrecognized) tax credits	(68,356)	(80,695)	(43,533)
	(84,990)	(7,608)	35,275
Tax expenses – current	(13,678)	(7,608)	(1,984)
Tax income (expenses) – deferred	(71,312)	-	37,259

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19. Income tax and social contribution --Continued

(ii) Deferred income tax and social contribution

The Company recognized deferred tax assets on tax losses and income tax and social contribution carryforwards for prior years, which have no expiration, and for which offset is limited to 30% of annual taxable profit, to the extent the taxable profit is probable to be available for offsetting temporary differences, based on the assumptions and conditions established in the business model of the Company.

As of December 31, 2021 and 2020, deferred income tax and social contribution are from the following sources:

(ii) Deferred income tax and social contribution --Continued

	2021	2020
Assets		
Provisions for legal claims	83,497	85,164
Temporary differences – Deferred PIS and COFINS	11,720	15,708
Provisions for realization of non-financial assets	248,210	256,227
Temporary differences – CPC adjustment	10,282	8,363
Other provisions	7,999	18,204
Income tax and social contribution loss carryforwards	520,032	516,369
	881,740	900,035
Unrecognized tax credits of continued operations	(818,513)	(827,055)
	(818,513)	(827,055)
Liabilities		
Discounts	(63,864)	(2,069)
Temporary differences –CPC adjustment	(20,260)	(6,211)
Income taxed between cash and accrual basis	(65,804)	(79,349)
	(149,928)	(87,629)
Total net	(86,701)	(14,649)

The balances of income tax and social contribution loss carryforwards for offset are as follows:

	2021			2020		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Balance of income tax and social contribution loss carryforwards	1,529,508	1,529,508	-	1,518,733	1,518,733	-
Deferred tax asset (25%/9%)	382,376	137,656	520,032	379,683)	136,686	516,369
Recognized deferred tax asset	4,926	1,773	6,699	1,826	658	2,484
Unrecognized deferred tax asset	377,450	135,883	513,333	381,509	137,344	518,853

In the years ended December 31, 2021 and 2020, the credit effect of income tax and social contribution on statement of profit or loss of the Company is mainly caused by the write-off and impairment recorded at the initial value of the portion of remeasurement of the investment stated at fair value, respectively.

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20. Financial instruments --Continued

(i) Risk considerations--Continued

b) *Derivative financial instruments --Continued*

The estimated fair value of derivative financial instruments purchased by the Company was determined based on information available in the market and specific valuation methodologies. However, considerable judgment was necessary for interpreting market data to produce the estimated fair value of each transaction, which may vary upon the financial settlement of transactions.

c) *Interest rate risk*

Interest rate risk arises from the possibility that the Company and its subsidiaries may experience gains or losses arising from fluctuations in the interest rates of its financial assets and liabilities. Aiming to mitigate this kind of risk, the Company and its subsidiaries seek to diversify funding in terms of fixed and floating rates. The interest rates on loans, financing and debentures are disclosed in Notes 12 and 13. The interest rates contracted on financial investments are disclosed in Note 4. Accounts receivable from completed real estate units (Note 5) are subject to annual interest rate of 12%, recognized on a *pro rata* basis.

d) *Liquidity risk*

Liquidity risk refers to the possibility that the Company and its subsidiaries do not have sufficient funds to meet their commitments in view of the settlement terms of its rights and obligations.

To mitigate liquidity risks, and to optimize the weighted average cost of capital, the Company and its subsidiaries monitor on an on-going basis the indebtedness levels according to the market standards, and the fulfillment of covenants provided for in loan, financing and debenture agreements, in order to guarantee that the operating-cash generation and the advance funding, when necessary, are sufficient to meet the schedule of commitments, appropriately mitigating liquidity risk to the Company or its subsidiaries (Notes 12 and 13).

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20. Financial instruments --Continued(i) Risk considerations--Continuedd) *Liquidity risk --Continued*

The maturities of financial instruments of loans, financing, suppliers, debentures, forward transactions, obligations assumed on assignment of receivables, suppliers, payables for purchase of properties and advance from customers are as follows:

Year ended December 31, 2021						
Liabilities	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total	
Loans and financing (Note 12)	384,134	490,983	-	-	875,117	
Debentures (Note 13)	20,291	669,488	-	-	689,779	
Financial instrument – debenture option (Note 13)	-	4,328	-	-	4,328	
Obligations assumed on assignment of receivables (Note 14)	7,579	4,413	1,635	504	14,131	
Suppliers (Note 15 and Note 20.ii.a)	55,371	1,011	-	-	56,382	
Payables for purchase of properties and advances from customers (Note 17)	256,113	103,588	23,279	-	382,980	
	723,488	1,273,811	24,914	504	2,022,717	
Assets						
Cash and cash equivalents and short-term investments (Notes 4.1 and 4.2)	612,785	400,893	-	-	1,013,678	
Trade accounts receivable (Note 5)	425,508	32,690	83,533	-	541,731	
	1,038,293	433,583	83,533	-	1,555,409	

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20. Financial instruments --Continued(i) Risk considerations--Continuedd) *Liquidity risk* --ContinuedFair value classification

The Company uses the following classification to determine and disclose the fair value of financial instruments by the valuation technique o:

Level 1: quoted prices (without adjustments) in active markets for identical assets or liabilities;

Level 2: inputs other than the quoted market prices within Level 1 that are observable for asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for asset or liability not based on observable market data (unobservable inputs).

The classification level of fair value for financial instruments measured at fair value through profit or loss of the Company as of December 31, 2021 and 2020 is as follows:

As of December 31, 2021	Fair value classification		
	Level 1	Level 2	Level 3
Financial assets			
Short-term investments (Note 4.2)	-	978,254	-
Financial liabilities			
Convertible debenture option (Note 13)	-	4,328	-
As of December 31, 2020	Fair value classification		
	Level 1	Level 2	Level 3
Financial assets			
Short-term investments (Note 4.2)	-	593,082	-
Financial liabilities			
Premium of convertible debenture option (Note 13)	-	6,125	-

In the years ended December 31, 2021 and 2020, there was no transfer between the Levels 1 and 2 fair value classifications, nor were transfers between Levels 3 and 2 fair value classifications.

(ii) Fair value of financial instrumentsa) *Fair value measurement*

The following estimated fair values were determined using available market information and proper measurement methodologies. However, a considerable amount of judgment is necessary to interpret market information and estimate fair value. Accordingly, the estimates presented in this document are not necessarily indicative of amounts that the Company could realize in the current market. The use of different market assumptions and/or estimation methodology may have a significant effect on estimated fair values.

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20. Financial instruments —Continued(ii) Fair value of financial instruments--Continueda) *Fair value measurement --Continued*

The following methods and assumptions were used in order to estimate the fair value of each financial instrument type for which the estimate of values is practicable.

- (i) The amounts of cash and cash equivalents, short-term investments, accounts receivable, other receivables, suppliers, and other current liabilities approximate to their fair values recorded in the financial statements.
- (ii) The fair value of bank loans and other financial debts is estimated through future cash flows discounted using benchmark interest rates available for similar and outstanding debts or terms.

The most significant carrying values and fair values of financial assets and liabilities as of December 31, 2021 and 2020 are as follows:

	2021		2020		
	Carrying value	Fair value	Carrying value	Fair value	Classification
Financial assets					
Cash and cash equivalents (Note 4.1)	35,424	35,424	29,038	29,038	(*)
Short-term investments (Note 4.2)	978,254	978,254	593,082	593,082	(*)
Trade accounts receivable (Note 5)	541,731	541,731	704,252	704,252	(**)
Loans receivable (Note 21.1)	44,972	44,972	44,972	44,972	(**)
Financial liabilities					
Loans and financing (Note 12)	875,117	670,315	670,474	436,294	(**)
Debentures (Note 13)	689,779	543,550	264,325	294,487	(**)
Financial instrument – debenture option (Note 20(i)(d))	4,328	4,328	6,125	6,125	(**)
Suppliers	56,382	56,382	124,392	124,392	(**)
Obligations assumed on assignment of receivables (Note 14)	14,131	14,131	24,192	24,192	(**)
Payable for purchase of properties and advances from customers (Note 17)	382,980	382,980	415,429	415,429	(**)
Loans payable (Note 21.1)	9,001	9,001	8,232	8,232	(**)

(*) Fair value through profit or loss

(**) Amortized cost

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20. Financial instruments --Continued(ii) Fair value of financial instruments--Continueda) *Risk of debt acceleration*

As of December 31, 2021, the Company has loans and financing contracts with restrictive covenants related to cash generation, indebtedness ratios, capitalization, debt coverage, maintenance of shareholding position, and others. The breach of such obligations by the Company may give rise to the acceleration of its debts and/or acceleration of other debts of the Company, including due to the performance of any cross default or cross acceleration clauses, which may negatively impact the profit or loss of the Company and the value of its shares.

(iii) Capital stock management

The objective of the Company's capital stock management is to guarantee the maintenance of a strong credit rating in institutions and an optimum capital ratio, in order to support the Company's business and maximize value to shareholders.

The Company controls its capital structure by making adjustments and adapting to current economic conditions. In order to maintain its structure adjusted, the Company may pay dividends, return on capital to shareholders, take out new loans and issue debentures, among others.

There were no changes in objectives, policies or procedures during the years ended December 31, 2021 and 2020.

The Company included in its net debt structure: loans and financing, debentures, obligations assumed on assignment of receivables, and payables to venture partners less cash and cash equivalents and short-term investments):

	<u>2021</u>	<u>2020</u>
Loans and financing (Note 12)	875,117	670,474
Debentures (Note 13)	689,779	264,325
(-) Cash and cash equivalents and (Note 4.1 e 4.2)	(1,013,678)	(622,120)
Net debt	551,218	312,679
Equity	1,815,954	1,549,451

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20. Financial instruments --Continued

(iv) Sensitivity analysis

The sensitivity analysis of financial instruments for the year ended December 31, 2020 describes the risks that may give rise to material changes in the Company's profit or loss, as provided for by CVM, through Rule 475/08, in order to show a 10%, 25% and 50% increase/decrease in the risk variable considered.

As of December 31, 2021, besides the derivative instruments, the Company has the following financial instruments:

- a) Short-term investments, loans and financing and debentures linked to the Interbank Deposit Certificate (CDI);
- b) Loans and financing linked to the Referential Rate (TR) and CDI, and debentures linked to the CDI and Broad Consumer Price Index (IPCA);
- c) Accounts receivable and payable for purchase of properties, linked to the National Civil Construction Index (INCC) and General Market Price Index (IGP-M).

For the sensitivity analysis in the year ended December 31, 2021, the Company considered the interest rates of investments, loans and accounts receivable, the CDI rate at 4.42%, TR at 0.05%, INCC at 13.84%, IPCA at 10.06% and IGP-M at 17.79%. The scenarios considered were as follows:

Scenario I - Probable: 10% increase/decrease in the risk variables used for pricing

Scenario II - Possible: 25% increase/decrease in the risk variables used for pricing

Scenario III - Remote: 50% increase/decrease in the risk variables used for pricing

The Company shows in the following chart the sensitivity to risks to which the Company is exposed, taking into account that the possible effects would impact the future results, based on the exposures shown as of December 31, 2021. The effects on equity are basically the same of the profit or loss ones.

Transaction	Risk	Scenario					
		I Increase 10%	II Increase 25%	III Increase 50%	III Decrease 50%	II Decrease 25%	I Decrease 10%
Financial investments	Increase/decrease of CDI	1,745	4,363	8,726	(8,726)	(4,363)	(1,745)
Loans and financing	Increase/decrease of CDI	(2,363)	(5,908)	(11,816)	11,816	5,908	2,363
Debentures	Increase/decrease of CDI	732	1,830	3,660	(3,660)	(1,830)	(732)
Net effect of CDI change		114	285	570	(570)	(285)	(114)
Loans and financing	Increase/decrease of TR	(15)	(38)	(76)	76	38	15
Net effect of TR change		(15)	(38)	(76)	76	38	15
Debentures	Increase/decrease of IPCA	(201)	(502)	(1,004)	1,004	502	201
Net effect of IPCA change		(201)	(502)	(1,004)	1,004	502	201
Receivables	Increase/decrease of INCC	3,994	9,984	19,968	(19,968)	(9,984)	(3,994)
Payables for purchase of properties	Increase/decrease of INCC	2,250	5,626	11,251	(11,251)	(5,626)	(2,250)
Net effect of INCC change		6,244	15,610	31,219	(31,219)	(15,610)	(6,244)
Receivables	Increase/decrease of IGP-M	3,222	8,056	16,112	(16,112)	(8,056)	(3,222)
Net effect of IGP-M change		3,222	8,056	16,112	(16,112)	(8,056)	(3,222)

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21. Related parties

21.1. Balances with related parties

The transactions between the Company and related companies are made under conditions and prices established between the parties.

Current account	2021	2020
Assets		
Current account (a):		
Total SPEs	35,607	56,964
Subsidiaries	30,821	51,421
Jointly-controlled investees	4,753	5,510
Associates	33	33
Condominium, consortia (b) and third-party works(c)	17,854	14,668
Loans receivable (d) (Note 20.ii.a)	44,972	44,972
	98,433	116,604
Current	31,667	1,102
Non-current	66,766	115,502
Liabilities		
Current account (a):		
Total SPEs	(64,566)	(90,198)
Subsidiaries	(16,911)	(38,565)
Jointly-controlled investees	(45,336)	(48,749)
Associates	(2,319)	(2,884)
Loans payables (d) (Note 20.ii.a)	(9,001)	(8,232)
	(73,567)	(98,430)
Current	(63,140)	(98,430)
Non-current	(10,427)	-

(a) The Company participates in the development of real estate ventures with other partners, directly or through related parties, based on the formation of condominiums and/or consortia. The management structure of these ventures and the cash management are centralized in the lead partner of the venture, which manages the construction schedule and budgets. Thus, the lead partner ensures that the investments of the necessary funds are made and allocated as planned. The sources and use of resources of the venture are reflected in these balances, observing the respective interest of each investor, which are not subject to indexation or financial charges and do not have a fixed maturity date. Such operations aim at simplifying business relations that demand the joint management of amounts reciprocally owed by the involved parties and, consequently, the control over the change of amounts reciprocally provided which offset against each other at the time the current account is closed. The average term for the development and completion of the ventures in which the resources are invested is between 24 and 30 months. The Company receives a compensation for the management of these ventures.

(b) Refers to transactions between the lead partner of consortium, partners, and condominiums.

(c) Refers to operations in third-party's works.

(d) The loans of the Company with its subsidiaries, shown below, are made to provide subsidiaries with cash to carry out their respective activities, subject to the respective agreed-upon financial charges. The businesses and operations with related parties are carried out strictly at arm's length, in order to protect the interests of the both parties involved in the business.

The composition, nature and conditions of the balances of loans receivable and payable of the Company are as follows. Loans have maturity from January 2022 and are tied to the cash flows of the related ventures.

	2021	2020	Nature	Interest rate
Lagunas - Tembok Planej. e Desenv. Imob. Ltda.	6,624	6,624	Construction	12% p.a. + IGPM
Manhattan Residencial I - OAS Empreendimentos	407	407	Construction	10% p.a. + TR
Target Offices & Mall- SPE Yogo Part. Emp. Imob. e Comasa Const.	37,941	37,941	Construction	12% p.a. + IGPM
Total receivable	44,972	44,972		
Dubai Residencial - Franere, Com. Const. e Imob. Ltda.	1,352	1,273	Construction	6% p.a.
Parque Árvores - Franere, Com. Const. e Imob. Ltda.	3,962	3,724	Construction	6% p.a.
Parque Águas - Franere, Com. Const. e Imob. Ltda.	3,687	3,235	Construction	6% p.a.
Total payable	9,001	8,232		

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21. Related parties--Continued**21.1. Balances with related parties--Continued**

In the year ended December 31, 2021 the recognized finance income from interest on loans amounted to R\$804 (R\$12,160 in 2020) (Note 24).

The information regarding management transactions and compensation is described in Note 25.

21.2. Endorsements, guarantees and sureties

The financial transactions of the subsidiaries are guaranteed by the endorsement or surety in proportion to the interest of the Company in the capital stock of such companies, in the amount of R\$926,281 as of December 31, 2021 (R\$323,125 in 2020).

22. Net operating revenue

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Gross operating revenue			
Real estate development, sale, barter transactions and construction services	834,063	974,787	390,032
(Recognition) Reversal of allowance for expected losses and cancelled contracts (Note 5)	19,997	(39,774)	47,257
Taxes on sale of real estate and services	(35,752)	(50,968)	(36,824)
Net operating revenue	818,308	884,045	400,465

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23. Costs and expenses by nature

These are represented by the following:

	2021	2020	2019
Cost of real estate development and sale:			
Construction cost	(324,730)	(619,791)	(199,538)
Land cost	(242,258)	(28,798)	(67,082)
Development cost	(16,562)	(18,038)	(6,227)
Provision for loss on realization of properties for sale (Note 6 and 8)	41,235	56,842	27,079
Capitalized financial charges (Note 12)	(41,863)	(79,719)	(38,275)
Maintenance / warranty	(25,500)	(25,760)	1,359
Total cost of real estate development and sale	(609,678)	(715,264)	(282,684)
Selling expenses:			
Product marketing	(20,364)	(11,222)	(3,950)
Brokerage and sale commission	(11,355)	(8,356)	(4,331)
Customer Relationship Management (CRM) and corporate marketing	(5,442)	(8,337)	(6,473)
Other	(7,034)	(1,077)	(135)
Total selling expenses	(44,195)	(28,992)	(14,889)
General and administrative expenses:			
Salaries and payroll charges	(36,880)	(27,903)	(20,650)
Employee benefits	(4,701)	(3,784)	(1,982)
Travel and utilities	(940)	(643)	(218)
Services	(38,913)	(29,077)	(16,035)
Rents and condominium fees	(4,781)	(3,558)	(3,803)
IT	(7,594)	(4,123)	(7,751)
Stock option plan (Note 18.3)	(2,007)	347	2,366
Reversal (Expense) of reserve for profit sharing (Note 25.iii)	(22,651)	(20,735)	(5,000)
Depreciation and amortization (Notes 10 and 11)	(20,886)	(8,278)	(14,181)
Other	3,972	(1,014)	(1,060)
Total general and administrative expenses	(135,381)	(98,768)	(68,314)
Other income (expenses), net:			
Expenses with lawsuits (Note 16)	(60,474)	(43,848)	(20,598)
Gain from bargain purchase (Note 9)	175,440	-	-
Result of divestment in associate (Note 9.1)	-	-	(78,008)
Other (a)	39,348	(309)	66,979
Total other income (expenses), net	154,314	(44,157)	(31,627)

(a) Amount of R\$66,391 in the consolidated statements related to the outcome of the arbitration decision related to venture construction contracts with partners, which was awarded on November 12, 2019 by the Arbitration Court, managed by the Center for Arbitration and Mediation of the Chamber of Commerce Brazil – Canada. In 2021, the amount is represented by diluted low amounts.

24. Finance income (expenses)

	2021	2020	2019
Finance income			
Income from financial investments (a)	21,786	10,178	12,649
Appreciation investment fund quotas (Note 4.2)	42,852	-	-
Finance income on loans (Note 21.i)	804	12,160	4,195
Other finance income	425	6,199	362
Total finance income	65,867	28,537	17,206
Finance expenses			
Interest on funding, net of capitalization (Note 12)	(39,276)	(59,600)	(59,379)
Amortization of debenture cost	(1,632)	(2,609)	(2,857)
Banking expenses	(48,313)	(14,042)	(8,931)
Derivative transactions (Note 20.i.b)	(4,328)	(6,125)	-
Discounts and other finance costs (b)	(16,899)	(19,156)	(5,663)
Total finance expenses	(110,448)	(101,532)	(76,830)

(a) Of this amount, R\$ 4,715 refer to the gain on the conversion of the sixteenth debenture placement performed on June 30, 2021 (Note 13.(a)).

(b) Of this amount, R\$6,578 refer to the loss incurred on the sale of Tecnisa's shares (TCSA3), and mark to market as of December 31, 2020. On February 3, 2021, the Company ended the totality of Tecnisa's shares that it held and incurred in a loss of R\$4,310.

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25. Transactions with management and employees(i) Management compensation

In the years ended December 31, 2021, 2020 and 2019, the amounts recorded in the line item "General and administrative expenses" related to the compensation of the Company's Management are as follows:

Year ended December 31, 2021	Management compensation		Fiscal Council
	Board of Directors	Executive Management	
Number of members	7	9	3
Annual fixed compensation (in R\$)			
Salary/Fees	996	4,077	240
Direct and indirect benefits	-	262	-
Other (INSS)	193	2,034	42
Average monthly compensation (in R\$)	99	531	24
Total compensation	1,189	6,373	282
Profit sharing (Note 25.iii)	9,500	3,123	-
Total compensation and profit sharing	10,689	9,496	282

Year ended December 31, 2020	Management compensation		Fiscal Council
	Board of Directors	Executive Management	
Number of members	8	7	-
Annual fixed compensation (in R\$)			
Salary/Fees	859	3,955	-
Direct and indirect benefits	-	396	-
Other (INSS)	152	563	-
Average monthly compensation (in R\$)	84	410	-
Total compensation	1,011	5,004	-
Profit sharing (Note 25.iii)	-	9,845	-
Total compensation and profit sharing	1,011	14,849	-

Year ended December 31, 2019	Management compensation		Fiscal Council
	Board of Directors	Executive Management	
Number of members	10	6	3
Annual fixed compensation (in R\$)			
Salary/Fees	765	5,915	93
Direct and indirect benefits	-	10	-
Other (INSS)	153	1,083	19
Average monthly compensation (in R\$)	77	584	9
Total compensation	918	7,008	112
Profit sharing (Note 25.iii)	-	-	-
Total compensation and profit sharing	918	7,008	112

There is no amount related to expenses with option grant to current management members of the Company for the years ended December 31, 2021, 2020 and 2019.

The maximum aggregate compensation of the Company's management members for the year 2021 was established at R\$11,986 (R\$16,527 in 2020), as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on April 30, 2021. As the compensation amount exceeded the approved limit, it will be submitted to re-ratification in the next Annual Shareholders' Meeting to be held on April 20, 2022.

(ii) Sales transactions

In the year ended December 31, 2021, the amount of transactions made involving the units sold to the Management is R\$2,817, and there is no amount receivable from such transactions. In the years ended December 31, 2020 and December 31, 2019 no transaction of sale of units to current Management was carried out.

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25. Transactions with management and employees --Continued(iii) Profit sharing

The Company has a profit sharing plan that entitles its employees and management members, as well as those of its subsidiaries, to participate in the distribution of profits of the Company.

This plan is tied to the achievement of specific targets, established, agreed-upon and approved by the Board of Directors at the beginning of each year.

In the year ended December 31, 2019, the Company recorded a reserve for profit sharing expenses amounting to R\$20,735 in the consolidated statement (R\$5,000 in 2019) in the account "General and Administrative Expenses " (Note 23).

	2021	2020	2019
Executive officers (Note 25.i)	3,123	9,845	-
Other employees	19,528	10,890	5,000
Total profit sharing	22,651	20,735	5,000

Profit sharing is calculated and reserved based on the achievement of the Company's targets for the year.

As the compensation amount exceeded the approved limit, it will be submitted to re-ratification in the next Annual Shareholders' Meeting to be held on April 20, 2022.

26. Insurance

Gafisa S.A. and its subsidiaries maintain insurance policies against engineering risk, barter guarantee, completion bond, and civil liability related to unintentional personal damages caused to third parties and material damages to tangible assets, as well as against fire hazards, lightning strikes, electrical damages, natural disasters and gas explosion. The contracted coverage is considered sufficient by management to cover possible risks involving its assets and/or responsibilities.

The liabilities covered by insurance and the respective amounts as of December 31, 2021 are as follows:

Insurance type	Coverage
Engineering risks and completion bond	2,604,812
Civil liability (Directors and Officers – D&O)	280,000
	2,884,812

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27. Earnings (loss) per share

In accordance with CPC 41, the Company is required to report basic and diluted losses per share. The comparison data of basic and diluted earnings/losses per share is based on the weighted average number of shares outstanding for the year, and all dilutive potential shares outstanding for each reported year, respectively.

Diluted earnings per share is computed similarly to basic earnings per share except that the outstanding shares are increased to include the number of additional shares that would have been outstanding if the potential dilutive shares attributable to stock options and redeemable shares of noncontrolling interest had been issued during the respective periods, using the weighted average stock price.

The following table shows the calculation of basic and diluted earnings and losses per share. In view of the losses for the years ended December 31, 2020 and 2019, shares with dilutive potential are not considered, because the impact would be antidilutive.

	2021	2020	2019
Basic numerator			
Undistributed loss from continued operations	90,191	(73,160)	(26,040)
Undistributed profit (loss), available for the holders of common shares	90,191	(73,160)	(26,040)
Basic denominator (in thousands of shares)			
Weighted average number of shares (Note 18.1)	296,036	179,882	68,584
Basic earnings (loss) per share in Reais	0.305	(0.407)	(0.380)
From continued operations	0.305	(0.407)	(0.380)
Diluted numerator			
Undistributed loss from continued operations	90,191	(73,160)	(26,040)
Undistributed loss, available for the holders of common shares	90,191	(73,160)	(26,040)
Diluted denominator (in thousands of shares)			
Weighted average number of shares (Note 18.1)	296,036	179,882	68,584
Stock options	3,022	6,613	836
Anti-dilution effect	-	(6,613)	(836)
Diluted weighted average number of shares	299,058	179,882	68,584
Diluted earnings (loss) per share in Reais	0.302	(0.407)	(0.380)
From continued operations	0.302	(0.407)	(0.380)

28. Segment information

From the year ended December 31, 2020, the Company's Management analyses segment information through the different segments in which it operates and the geographical location of its operations.

The segments in which the Company operates are the following: Gafisa, for luxury and medium-income ventures in Brazil, except Rio de Janeiro, Gafisa Rio, for luxury and medium-income ventures in the state of Rio de Janeiro, and Gafisa Propriedades, focused on management of own and third-party real estate aimed to generate income.

The Company's Management, responsible for allocating funds to businesses and monitor their progresses, uses present value information, derived from a combination of historical and projected operational results.

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28. Segment information--Continued

The Company shows below the main line items of the statement of profit or loss and statement of financial position related to each operating segment.

Segment information do not separate operating expenses. Revenues from individual customers do not represent more than 10% of net sales or service revenue.

	Gafisa S.A.	Gafisa Rio	Gafisa Propriedades	Consolidated 2021
Net operating revenue	700,976	75,628	41,704	818,308
Operating costs	(512,017)	(55,815)	(41,846)	(609,678)
Gross profit	188,959	19,813	(142)	208,630
Selling expenses	(40,705)	(3,490)	-	(44,195)
General and administrative expenses	(128,802)	(6,579)	-	(135,381)
Other income/(expenses)	(19,435)	(1,691)	-	(21,126)
Allocation surplus	-	-	175,440	175,440
Income from equity method investments	36,189	-	-	36,189
Finance expenses	(66,413)	(4,188)	(39,847)	(110,448)
Finance income	22,223	1,179	42,465	65,867
Tax expenses	(83,332)	(1,658)	-	(84,990)
Net income (loss) for the year attributed to the owners of the parent	(26,333)	3,135	113,389	90,191
Customers (short and long terms)	523,042	18,689	-	541,731
Inventories (short and long terms)	1,965,946	244,904	-	2,210,850
Investment property	-	-	111,933	111,933
Other assets	1,395,270	61,844	400,596	1,857,710
Total assets	3,884,258	325,437	512,529	4,722,224
Total current and non-current liabilities	2,560,594	234,040	111,636	2,906,270

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29. Real estate ventures under construction – information and commitments

In compliance with Circular Letter CVM/SNC/SEP 02/2018, related to the recognition of revenue from contracts for purchase and sale of real state units not yet completed in Brazilian real estate development companies, the Company reports information on the ventures in construction as of December 31, 2021:

	Consolidated
	2021
Unrecognized sales revenue of units sold	347,777
Unrecognized estimated cost of units sold	(208,843)
Unrecognized estimated cost of units in inventory	(555,321)
(i) Unrecognized sales revenue of units sold	
Ventures under construction:	
(a) Contracted sales revenue	1,229,666
Recognized sales revenue:	
Recognized revenue	955,074
Cancelled contracts – reversed revenue	(73,185)
(b) Net recognized sales revenue	881,889
Unrecognized sales revenue (a+b) (a)	347,777
(ii) Income from damages for cancelled contracts	1,227
(iii) Unrecognized sales revenue of contracts not eligible to revenue recognition	45,844
(iv) Allowance for cancelled contracts (liabilities)	
Adjustments in recognized revenues	110,295
Adjustments in trade accounts receivable	76,658
Income from damages for cancelled contracts	(13,455)
Liabilities – return due to cancelled contracts	20,182
(v) Unrecognized estimated costs of units sold	
Ventures under construction:	
(a) Estimated cost of units	(724,922)
Incurred cost of units:	
Construction cost	(533,099)
Cancelled contracts – construction costs	17,020
(b) Net incurred cost	(516,079)
Cost to be incurred of units sold (a+b) (b)	(208,843)
(iii) Unrecognized estimated cost of units in inventory	
Ventures under construction:	
Estimated cost of units	(1,373,389)
Incurred cost of units (Note 6)	818,068
Unrecognized estimated cost	(555,321)

(a) The unappropriated sales revenue of units sold are measured by the face value of contracts, plus the contract adjustments and deducted for cancellations, not considering the effects of the levied taxes and adjustment to present value, and do not include ventures that are subject to restriction due to a suspensive clause (legal period of 180 days in which the Company can cancel a development), and therefore is not appropriated to profit or loss.

(b) The estimated cost of units sold and in inventory to be incurred do not include financial charges, which are appropriated to properties for sale and profit or loss (cost of real estate sold) in proportion to the real estate units sold as they are incurred.

As of December 31, 2021, the percentage of assets consolidated in the financial statements related to ventures included in the equity segregation structure of the development stood at 52.6% (53.0% in 2020).

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Notes to the consolidated financial statements

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30. Additional Information on the Statement of Cash Flows

(i) Transactions that did not affect Cash and Cash Equivalents

The Company and its subsidiaries performed the following investing and financing activities that did not affect cash and cash equivalents, which were not included in the statements of cash flows:

	2021	2020	2019
Capital contribution (reduction)	(684)	3,246	19,846
Capitalized financial charges (Note 12)	(37,045)	(33,107)	(30,358)
Physical barter – Land (Note 17)	(27,931)	(43,917)	(29,871)
Divestment in Alphaville Urbanismo	-	-	78,008
	(65,660)	(73,778)	37,625

(ii) Reconciliation of the asset and liability changes with the cash flows from financing activities

	Transactions affecting cash				Transactions not affecting cash		Closing balance 2020
	Opening balance 2020	Funding/ Receipt	Interest Payment	Principal Payment	Interests and inflation adjustment	Other	
Consolidated							
Loans, financing and debentures (Notes 12 and 13)	(940,924)	(710.250)	7.544	138.145	(59.410)	-	(1.564.895)
Loans (Note 21.1)	36,740	-	-	7.725	(53.466)	-	(9.001)
Paid-in capital (Note 18.1)	(1,083,249)	(724)	-	-	-	(164.602)	(1.248.575)
Capital reserve (Note 18.1)	(250,599)	-	-	-	-	-	(250.599)
	(2,238,032)	(710.974)	7.544	145.870	(112.876)	(164.602)	(3.073.070)

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31. Subsequent events

(i) Transformation of “Fundo Akita” into a “Sociedade Anonima”

On March 17, 2022, Gafisa Propriedades, a subsidiary of the Company, approved the transformation of the real estate investment fund Akita into a “Sociedade Anonima – S/A”, which will enable it to use the assets owned by the fund more efficiently. The transformation does not change the fund’s equity and will be made to give continuity, which after registry with the competent bodies will only replace shares for stocks. Finally, it is worth noting that the corporate purpose of Akita shall remain unchanged, enabling the use of assets to generate sales revenue or rental income at market prices, which is in line with the Company’s strategy to maximize its operational efficiency.

(ii) M&A transactions

a. Acquisition proposal of Bait Incorporadora

On March 21, 2022, the Company informed its shareholders and the market in general that it has executed a binding proposal for the acquisition of the totality of the capital stock of Bait, Inc. (“Bait”), one of the most important real estate developers in the high and very high-income segment in Rio de Janeiro. The Company believes that the future combination of its assets with those of Bait has great potential for value generation, and that this is a relevant step in the company’s repositioning towards the high and very high-income segment, and further reinforcing Gafisa’s position in the large real estate market of Rio de Janeiro. On June 27, 2022, the Company informed that it has proceeded with the filing of the transaction before the Brazilian Antitrust Agency (Conselho Administrativo de Defesa da Concorrência – “CADE”), one of the conditions precedent to the closing of the transaction.

The transaction will involve the payment of cash and real estate assets, with a part in cash having certain future events as a necessary condition for the disbursement of additional financial resources. The completion of the acquisition will depend on the fulfillment of conditions precedent and the signing of definitive documents.

b. São Jose transaction

On May 11, 2022, the Company informed its shareholders and the market in general that that a preliminary Memorandum of Understanding (“MOU”) aiming to acquiring Construtora São José (“São José”), a reference in the development of high-luxury real estate projects in the greater São Paulo. If concluded, this transaction will entail both cash assets and debt assumption, and any amount are still subject to confirmation and due diligence. On May 18, 2022, the Company informed it has proceeded with the filing of the transaction before the Brazilian Antitrust Agency (Conselho Administrativo de Defesa da Concorrência – “CADE”). The closing of this transaction is subject to the fulfillment of certain conditions precedent – among which approval by Conselho Administrativo de Defesa da Concorrência – CADE, the Brazilian anti-trust organization, as well as due diligence, obtaining necessary authorizations, and the negotiation of the final documents.

(iii) Transactions with the financial market

On March 22, 2022 and April 27, 2022, the Company informed that it has closed two transactions with Kinea Investimentos for the development of Real Estate projects, in the amounts of approximately (i) R\$ 70 million for a development with R\$175 million of PSV and (ii) R\$ 80 million for a development with R\$ 230 million of PSV, respectively. Both projects are located in the in the high-end neighborhood of Itaim in São Paulo.

(iv) Shareholding movements

On March 28, 2022, the Company informed its shareholders and the market in general that JPMorgan Chase & Co, through its subsidiaries, reached a stake position of 5.06%. Additionally, on April 13, 2022, the Company informed its shareholders and the market that JP Morgan had decreased its stake position to less than 5.0%.

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019

(a) Description of the GAAP differences

The Company's accounting policies and its consolidated financial statements comply with and are prepared in accordance with Brazilian GAAP.

A summary of the Company's principal accounting policies under Brazilian GAAP that differ significantly from US GAAP is set forth below.

(i) Revenue recognition

Under both Brazilian GAAP and US GAAP, the Company should apply the following steps for revenue recognition: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; 5) recognize revenue when the Company satisfies a performance obligation.

Under Brazilian GAAP, real estate development sales revenues, costs and related expenses are recognized based on the transfer of control, which is performed over time, according to the satisfaction or not of the contractual performance obligations. Revenue is recognized using the percentage-of-completion method for each project, this percentage being measured in view of the incurred cost in relation to the total estimated cost of the respective project. Land is treated as a portion of budgeted construction costs and is appropriated proportionally to each real estate development. Under the percentage-of-completion method of accounting, revenues for work completed are recognized prior to receipt of actual cash proceeds or vice-versa. Revenues start to be recognized under the percentage-of-completion when the Company is no longer able to cancel the launched project, after the sales period established by law.

Under US GAAP, the Company follows the guidance of ASC 606-10-25-30 (ASU 2014-09 – Revenue from contracts with customers (Topic 606)) to recognize the sale of individual units upon delivery of keys for each real estate unit, as an indicator of the transfer of the control, to depict the transfer of promised real estate units to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those real estate units. Revenues start to be recognized when the Company satisfies a performance obligation at a point in time by transferring the real estate units to customers, which occurs when the customer obtains control of it. The amount of recognized revenue is the transaction price that is allocated to that performance obligation.

ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017. As a transition method, the Company has recognized the cumulative effect of initially applying this guidance as an adjustment to the opening balance of retained earnings as of January 01, 2017 to all contracts at the date of initial adoption (Notes 3.1 and 32 (c)(i)).

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019--Continued

(a) Description of the GAAP differences--Continued

(i) Revenue recognition--Continued

(a) Allowance for credit losses

Under Brazilian GAAP, expected losses are measured using one of the following bases: 12-month expected credit losses, and full lifetime expected credit losses, and the Company carries out the measurement of the allowance regarding the expected credit losses on contracts sold, which is recorded together with the recognition of the respective revenue.

Under US GAAP, ASU 2016-13: Financial Instruments—Credit Losses (Topic 326) related to the allowance for credit losses is effective for fiscal years beginning after December 15, 2019. Therefore, for US GAAP purposes, the Company has derecognized its allowance for expected credit losses for the year ended December 31, 2019.

(ii) Net realizable value for properties for sale

Under Brazilian GAAP, a new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused properties for sale to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of write-down is reversed, so that the new carrying amount is the lower of the cost and the revised net realizable value.

Under US GAAP, ASC 330-10-35-14, a reversal of a write-down for an increase in market value is not permitted.

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Notes to the consolidated financial statements

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019--Continued

(a) Description of the GAAP differences--Continued

(iii) Classification of balance sheet line items

Under Brazilian GAAP, the classification of certain balance sheet items is presented differently from US GAAP. The Company has recast its consolidated balance sheet under Brazilian GAAP to present a condensed consolidated balance sheet in accordance with US GAAP (Note 32(d)(i)). The reclassifications are summarized as follows:

- Under Brazilian GAAP, restricted cash is presented as short-term investment in the balance sheet (Note 4.2(d)). For US GAAP purposes, restricted cash is presented separately.
- Under Brazilian GAAP, the assets and liabilities included within a disposal group classified as held for sale, must be presented separately in a single line only for the current year. For US GAAP purposes, according to ASU 2014-08, an entity is required to present, for each comparative period, the assets and liabilities of a disposal group that includes an asset classified as held for sale separately in the asset and liabilities sections.

(iv) Classification of statement of income (operations) line items

Under Brazilian GAAP, in addition to the issues noted above, the classification of certain income and expense items is presented differently from US GAAP. The Company has recast its statement of income (loss) prepared under the Brazilian GAAP to present a condensed consolidated statement of income (loss) in accordance with US GAAP (Note 32(d)(ii)). The reclassifications are summarized as follows:

- Under Brazilian GAAP, accounts receivable present value adjustment and monetary variation are recorded in the operating revenue. For US GAAP purposes the realization of accounts receivable present value adjustment and monetary variation are classified in the financial income/expense.
- The net income differences between Brazilian GAAP and US GAAP (Note 32(b)(i)) were incorporated in the consolidated statement of profit or loss in accordance with US GAAP.

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Notes to the consolidated financial statements

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(Amounts in thousands of Brazilian Reals, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019--Continued

(a) Description of the GAAP differences--Continued

(v) Deferred taxes

Deferred tax differences between Brazilian GAAP and US GAAP arise related to the adjustments mentioned above.

Under Brazilian GAAP, deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the asset can be utilized.

Under US GAAP, deferred tax assets are recognized in full. A valuation allowance reduces the deferred tax asset to the amount that is the more-likely-than-not to be realized.

Deferred tax assets are recognized to the extent supported by reversing taxable temporary differences under both Brazilian GAAP and US GAAP for our most significant tax-paying components. Furthermore, for US GAAP purposes, deferred income tax results are allocated between the pretax loss from operations and the gain on discontinued operations. The differences in the amount of deferred tax asset considered realizable for the respective years are an income of R\$7,141 and R\$11,380 in 2021 and 2020, respectively, and an expense of R\$12,102 in 2019. Additionally, there is no tax benefit associated with share-based payments due to the valuation allowance position.

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued
(b) Reconciliation of significant differences between Brazilian GAAP and US GAAP
(i) Net income (loss)

	Note	2021	2020	2019
Net income (loss) under Brazilian GAAP attributable to owners of Gafisa S.A.		90,191	(73,160)	(26,040)
Revenue recognition - net operating revenue	32(a)(i)	(91,014)	141,406	(13,536)
Revenue recognition - operating costs	32(a)(i)	62,558	(87,273)	7,551
Revenue recognition – allowance for expected credit losses	32(a)(i)	-	-	(719)
Equity pick-up	32(a)(i)	(322)	5,526	(3,134)
Present value adjustment on revenue recognition adjustments above and other		998	(1,844)	2,796
Deferred tax on adjustments above, net of valuation allowance	32(a)(v)	7,027	1,851	31
Reversal of write-down in net realizable value due to an increase in market value	32(a)(ii)	(19,068)	(12,640)	(27,638)
Net income (loss) attributable to shareholders of Gafisa under US GAAP		50,370	(26,134)	(60,689)
Net income attributable to the non-controlling interests under US GAAP		(204)	(479)	(361)
Net income (loss) under US GAAP		50,166	(26,613)	(61,050)
Weighted-average number of shares outstanding in the year (in thousands)				
Common shares		296,036	179,882	68,584
Earnings (loss) per share attributable to shareholders of Gafisa				
Basic	32(d)(iv)	0.1695	(0.1479)	(0.8901)
Diluted	32(d)(iv)	0.1677	(0.1479)	(0.8901)

(a) Net income (loss) from continuing operations

	Note	2021	2020	2019
Net income (loss) under Brazilian GAAP from continuing operations.		89,986	(73,638)	(26,401)
Revenue recognition - net operating revenue	32(a)(i)	(91,014)	141,406	(13,536)
Revenue recognition - operating costs	32(a)(i)	62,558	(87,273)	7,551
Revenue recognition – allowance for expected credit losses	32(a)(i)	-	-	(719)
Equity pick-up	32(a)(i)	(322)	5,526	(3,134)
Present value adjustment on revenue recognition adjustments above and other		999	(1,845)	2,796
Deferred tax on adjustments above, net of valuation allowance	32(a)(v)	7,027	1,851	31
Reversal of write-down in net realizable value due to an increase in market value	32(a)(ii)	(19,068)	(12,640)	(27,638)
Net income (loss) under US GAAP from continuing operations		50,166	(26,613)	(61,050)
Weighted-average number of shares outstanding in the year (in thousands)				
Common shares		296,036	179,882	68,584
Earnings (loss) per share from continuing operations				
Basic	32(d)(iv)	0.1695	(0.1479)	(0.8901)
Diluted	32(d)(iv)	0.1677	(0.1479)	(0.8901)

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019--Continued

(b) Reconciliation of significant differences between Brazilian GAAP and US GAAP--Continued

(ii) Equity

	Note	2021	2020	2019
Equity under Brazilian GAAP		1,815,251	1,553,440	881,410
Revenue recognition - net operating revenue	32(a)(i)	(1,347,100)	(1,282,587)	(1,144,341)
Revenue recognition - operating costs	32(a)(i)	1,062,863	1,026,904	890,934
Revenue recognition – allowance for expected credit losses	32(a)(i)	-	(1,101)	1,101
US GAAP adjustment equity accounted investees	32(a)(i)	(5,943)	(5,621)	(11,147)
Reversal of write-down in net realizable value due to an increase in market value	32(a)(ii)	(59,346)	(40,278)	(27,638)
Deferred tax on adjustments above, net of valuation allowance	32(a)(v)	17,676	10,656	3,669
Business combination, due to revenue recognition		52,202	52,202	-
Equity attributable to shareholders of Gafisa under US GAAP		1,535,603	1,313,615	593,988
Equity attributable to non-controlling interests under US GAAP		703	(3,989)	1,435
Equity under US GAAP		1,536,306	1,309,626	595,423
<u>Condensed changes in total equity under US GAAP</u>		2021	2020	2019
At beginning of the year		1,309,626	595,423	240,418
Changes in equity, BRGAAP		3,353	2,944	10,755
Stock options		2,941	245	417
Net profit (loss) attributable to Gafisa		50,370	(26,134)	(60,689)
Capital increase		165,326	742,001	404,961
Non-controlling interests		4,692	(5,424)	(439)
Other		(2)	571	-
At end of the year		1,536,306	1,309,626	595,423
<u>Condensed equity under US GAAP</u>		2021	2020	2019
Equity				
Common shares, comprising 337,149,506 shares outstanding (2020 – 300,334,531; 2019 – 117,018,984)		1,248,575	1,083,249	2,926,280
Treasury shares		(2,632)	(2,632)	(43,517)
Accumulated reserve (losses)		289,660	232,998	(2,288,775)
Total equity attributable to shareholders of Gafisa		1,535,603	1,313,615	593,988
Equity attributable to non-controlling interests		703	(3,989)	1,435
Total equity		1,536,306	1,309,626	595,423

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019-- Continued

(c) Recent US GAAP accounting pronouncements

(i) Recently adopted US GAAP accounting standards

The adoption of the following Updates is neither applicable nor had a material impact on our consolidated financial statements.

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued

(c) Recent US GAAP accounting pronouncements--Continued

(i) Recently adopted US GAAP accounting standards--Continued

In June 2016, the FASB issued ASU 2016-13: Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this Update require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. In addition, available-for-sale accounting recognizes that value may be realized either through collection of contractual cash flows or through sale of the security. Therefore, the amendments limit the amount of the allowance for credit losses to the amount by which fair value is below amortized cost because the classification as available for sale is premised on an investment strategy that recognizes that the investment could be sold at fair value, if cash collection would result in the realization of an amount less than fair value. The amendments in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

In February 2017, the FASB issued ASU 2017-06: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965). The amendments in this Update require all plans to disclose (1) their master trust's other asset and liability balances and (2) the dollar amount of the plan's interest in each of those balances. The amendments will require the health and welfare benefit plan to disclose the name of the defined benefit pension plan in which those investment disclosures are provided, so that participants can easily access those statements for information about the 401(h) account assets, if needed. The amendments in this Update are effective for fiscal years beginning after December 15, 2018.

In March 2017, the FASB issued ASU 2017-08: Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities. The amendments in this Update shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued

(c) Recent US GAAP accounting pronouncements--Continued

(i) Recently adopted US GAAP accounting standards--Continued

In May 2017, the FASB issued ASU 2017-11: Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. The amendments in this Update change the classification of certain equity-linked financial instruments (or embedded features) with down round features. The amendments also clarify existing disclosure requirements for equity-classified instruments. For freestanding equity-classified financial instruments, the amendments require entities that present earnings per share in accordance with FASB ASC 260, Earnings Per Share, to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic earnings per share. Convertible instruments with embedded conversion options that have down round features would be subject to the specialized guidance for contingent beneficial conversion features (in FASB ASC 470), including related earnings per share guidance (in FASB ASC 260). The amendments in Part II of this Update recharacterize the indefinite deferral of certain provisions of FASB ASC 480, Distinguishing Liabilities from Equity, that now are presented as pending content in the Codification, to a scope exception. For public business entities, the amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2018.

In August 2017, the FASB issued ASU 2017-12: Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities. This Update improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. In addition to that main objective, the amendments in this Update make certain targeted improvements to simplify the application of the hedge accounting guidance in current GAAP. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018.

In February 2018, the FASB issued ASU 2018-02: Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this Update require an entity to disclose a description of its accounting policy for releasing income tax effects from accumulated other comprehensive income. The amendments in this Update are effective for fiscal years beginning after December 15, 2018.

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued

(c) Recent US GAAP accounting pronouncements--Continued

(i) Recently adopted US GAAP accounting standards--Continued

In June 2018, the FASB issued ASU 2018-07: Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. The amendments in this update expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The amendments in this Update are effective for fiscal years beginning after December 15, 2018.

In January 2017, the FASB issued ASU 2017-04: Intangibles—Goodwill and Other (Topic 350). Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The amendments in this Update are effective for the Company's annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019.

In August 2018, the FASB issued ASU 2018-13: Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments in this Update are effective for fiscal years beginning after December 15, 2019.

In March 2020, the FASB issued ASU 2020-03: Codification improvements to financial instruments. The amendments related to Issue 1, Issue 2, Issue 4, and Issue 5 are conforming amendments. For public business entities, the amendments are effective upon issuance of this final Update. The amendment related to Issue 3 is a conforming amendment that affects the guidance in the amendments in Accounting Standards Update No. 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments. That guidance relates to the amendments in Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The effective date of Update 2019-04 for the amendments to Update 2016-01 is for fiscal years beginning after December 15, 2019. The amendments related to Issue 6 and Issue 7 affect the guidance in the amendments in Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial

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Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued

(c) Recent US GAAP accounting pronouncements--Continued

(i) Recently adopted US GAAP accounting standards--Continued

Instruments. The effective date of Update 2016-13 varies depending on the type of entity. Public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding eligible smaller reporting companies (SRCs) as defined by the SEC, should adopt the amendments in Update 2016-13 during 2020. All other entities should adopt the amendments in Update 2016-13 during 2023. Early adoption will continue to be permitted. For entities that have not yet adopted the guidance in Update 2016-13, the effective dates and the transition requirements for these amendments are the same as the effective date and transition requirements in Update 2016-13. For entities that have adopted the guidance in Update 2016-13, the amendments are effective for fiscal years beginning after December 15, 2019,. For those entities, the amendments should be applied on a modified-retrospective basis by means of a cumulative-effect adjustment to opening retained earnings in the statement of financial position as of the date that an entity adopted the amendments in Update 2016-13.

The basis for conclusions (paragraphs BC63 and BC75) of Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities, explains the Board's intent to provide entities other than public business entities with relief from the requirement to disclose the fair values of financial instruments measured at amortized cost basis. Because financial assets and financial liabilities on which the fair value option has been elected are measured at fair value and not at amortized cost basis, the Board concluded that all entities are subject to the fair value option disclosures in paragraphs 825-10-50-24 through 50-32.

(ii) Recently issued US GAAP accounting standards

In August 2020, the FASB issued ASU 2020-06: Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40). The amendments in this Update reduce the number of accounting models for convertible debt instruments and convertible preferred stock resulting in the simplification of the convertible debt accounting framework. Additionally, the amendments in this Update affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. The amendments in this Update are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted.

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Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued

(c) Recent US GAAP accounting pronouncements--Continued

(ii) Recently issued US GAAP accounting standards--Continued

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options. The amendments in this Update clarify an issuer's accounting for modifications or exchanges of freestanding written call options that remain equity-classified after modification. The ASU is effective for all entities for interim and annual periods in fiscal years beginning after December 15, 2021. Early adoption is permitted, including adoption in an interim period, as of the beginning of that fiscal year.

In July 2021, the FASB issued ASU 2021-05, Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments. The amendments in this Update require a lessor to classify a lease with entirely or partially variable payments that do not depend on an index or rate as an operating lease if a different classification would result in a commencement date selling loss (Day 1 loss). For entities that have adopted ASU 2016-02, Leases, as of July 19, 2021, ASU 2021-05 is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2021. All other entities for annual periods in fiscal years beginning after December 15, 2021 and interim periods in fiscal years beginning after December 15, 2022. Early adoption is permitted. For entities that have not yet adopted ASU 2016-02 as of July 19, 2021, ASU 2021-05 is effective on adoption of 2016-02.

In October 2021, the FASB issued ASU 2021-07, Compensation—Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards. The amendments in this Update provide a practical expedient to determine the fair value of equity-classified private company share-based payment awards. The ASU is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted for financial statements that have not been issued or made available for issuance as of October 25, 2021.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. The amendments in this Update provide an exception to fair value measurement for revenue contracts acquired in business combinations. This ASU is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2022 and all other entities for annual and interim periods in fiscal years beginning after December 15, 2023. Early adoption is permitted.

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Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued

(c) Recent US GAAP accounting pronouncements--Continued

(ii) Recently issued US GAAP accounting standards--Continued

In November 2021, the FASB issued ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. The amendments in this Update clarify the risk-free discount rate practical expedient for private entity lessees. For entities that have not yet adopted ASU 2016-02 by November 11, 2021, the ASU is effective on adoption of ASU 2016-02. For entities that have adopted ASU 2016-02 as of November 11, 2021, this ASU is effective for annual periods in fiscal years beginning after December 15, 2021 and interim periods in fiscal years beginning after December 15, 2022. Earlier application is permitted as of the beginning of the fiscal year of adoption.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. The amendments in this Update require new annual disclosures for entities receiving government assistance. This ASU is effective for all entities (except not-for-profit entities and employee benefit plans within the scope of Topics 960, 962, and 965 on plan accounting) for annual periods in fiscal years beginning after December 15, 2021. The ASU may be applied prospectively from the date of initial application or retrospectively. Early application is permitted.

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Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued**(c) US GAAP condensed consolidated financial information**

Based on the reconciling items and discussion above, the Gafisa S.A. consolidated balance sheets, statements of income (loss), and statement of changes in shareholders' equity (see b(ii)) under US GAAP have been recast in condensed format as follows:

(i) Condensed consolidated balance sheets under US GAAP

	2021	2020	2019
Assets			
Current assets			
Cash and cash equivalents	35,424	29,038	12,435
Short-term investments	417,411	567,821	368,335
Restricted short-term investments	159,950	25,261	33,560
Trade accounts receivable, net	11,324	45,478	53,558
Properties for sale	2,684,595	2,219,188	1,658,394
Prepaid expenses	1,586	890	1,860
Other	158,642	197,239	165,116
	3,468,932	3,084,915	2,293,258
Non-current assets			
Long-term investments	400,893	-	-
Investments in associates	318,268	353,993	115,216
Investment property	111,933	119,119	-
Property and equipment, net	44,033	25,181	14,159
Intangibles assets	167,814	4,530	7,084
Trade accounts receivable, net	3,093	20,276	12,472
Properties for sale	531,111	305,460	279,207
Other	169,012	228,240	200,331
	1,746,157	1,056,799	628,469
Total assets	5,215,089	4,141,714	2,921,727

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Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued**(d) US GAAP condensed consolidated financial information--Continued****(i) Condensed consolidated balance sheets under US GAAP--Continued**

	2021	2020	2019
Liabilities			
Current liabilities			
Loans and financing	384,134	332,447	426,124
Debentures	20,291	126,862	158,179
Payables for purchase of properties	198,757	184,857	115,156
Payables for goods and services suppliers	55,371	122,576	95,450
Taxes and labor contributions	51,461	77,845	48,385
Advances from customers	889,042	815,957	696,944
Obligations assumed on the assignment of receivables	7,579	13,296	20,526
Other	532,843	433,626	361,197
	2,139,478	2,107,466	1,921,961
Non-current liabilities			
Loans and financing	490,983	338,027	107,029
Debentures	673,816	143,588	39,346
Deferred tax liabilities and social contribution	87,361	14,649	12,115
Payables for purchase of properties	126,867	79,400	93,075
Obligations assumed on the assignment of receivables	6,552	10,896	19,835
Provisions for legal claims	120,034	103,417	123,878
Other	33,692	34,645	9,065
	1,539,305	724,622	404,343
Equity attributable to shareholders of Gafisa	1,535,603	1,313,615	593,988
Equity attributable to non-controlling interest	703	(3,989)	1,435
Total equity	1,536,306	1,309,626	595,423
Total liabilities and equity	5,215,089	4,141,714	2,921,727

Gafisa S.A.

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December 31, 2021

(Amounts in thousands of Brazilian Reals, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued**(d) US GAAP condensed consolidated financial information--Continued****(ii) Condensed consolidated statements of operations under US GAAP**

	2021	2020	2019
Gross operating revenue			
Real estate development and sales of properties	790,426	1,093,302	427,383
Taxes on services and revenues	<u>(63,132)</u>	<u>(67,852)</u>	<u>(41,174)</u>
Net operating revenue	727,294	1,025,450	386,209
Operating costs	<u>(566,188)</u>	<u>(815,177)</u>	<u>(302,772)</u>
Gross (loss) profit	161,106	210,273	83,437
Operating income (expenses)			
Selling general and administrative expenses	(158,690)	(119,482)	(69,022)
Other	<u>133,428</u>	<u>(52,434)</u>	<u>(45,805)</u>
Income (loss) before financial income and expenses and income tax and social contribution	135,844	38,357	(31,390)
Financial income	65,867	28,537	16,682
Financial expenses	<u>(109,449)</u>	<u>(103,376)</u>	<u>(73,510)</u>
Income (loss) before income tax and social contribution	92,262	(36,482)	(88,218)
Current tax, including social contribution	(13,678)	(7,608)	37,259
Deferred tax, including social contribution	<u>(64,285)</u>	<u>1,851</u>	<u>(1,954)</u>
Total income tax and social contribution	<u>(77,963)</u>	<u>(5,757)</u>	<u>35,305</u>
Income (loss) before equity in results and non-controlling interests	14,299	(42,239)	(52,913)
Income from equity method investments	<u>35,867</u>	<u>15,626</u>	<u>(8,137)</u>
Net loss for the year for continuing operations	50,166	(26,613)	(61,050)
Net income (loss) for the year for discontinued operations	-	-	-
Net income (loss) for the year	<u>50,166</u>	<u>(26,613)</u>	<u>(61,050)</u>
Net income (loss) attributable to the non-controlling interests	(204)	(479)	(361)
Net loss attributable to shareholders of Gafisa	<u>50,370</u>	<u>(26,134)</u>	<u>(60,689)</u>

(iii) Condensed consolidated statements of comprehensive income (loss)

	2021	2020	2019
Net income (loss) for the year	50,166	(26,613)	(61,050)
Total comprehensive income (loss), net of taxes	<u>50,166</u>	<u>(26,613)</u>	<u>(61,050)</u>
Attributable to:			
Non-controlling interests	(204)	(479)	(361)
Shareholders of Gafisa	<u>50,370</u>	<u>(26,134)</u>	<u>(60,689)</u>

Gafisa S.A.

Notes to the consolidated financial statements

December 31, 2021

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued

(d) US GAAP condensed consolidated financial information--Continued

(iv) Earnings (loss) per share

Under US GAAP, the presentation of earnings (loss) per share is required for public companies, including earnings (loss) per share from continuing operations and net income (loss) per share on the face of the statement of income (loss), and the per share effect of changes in accounting principles, discontinued operations and extraordinary items either on the face of the income statement or in a note. A dual presentation is required: basic and diluted. Computations of basic and diluted earnings per share data should be based on the weighted average number of shares outstanding during the period and all dilutive potential shares outstanding during each period presented, respectively.

The Company has issued employee stock options (Note 18.3), the dilutive effects of which are reflected in diluted earnings per share by application of the "treasury stock method". Under the treasury stock method, earnings per share are calculated as if options were exercised at the beginning of the period, or at time of issuance, if later, and as if the funds received were used to purchase the Company's own stock. When the stock options' exercise price is greater than the average market price of shares, diluted earnings per share are not affected by the stock options. Under US GAAP and Brazilian GAAP, potentially dilutive securities are not considered in periods where there is a loss as the impact would be anti-dilutive.

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Notes to the consolidated financial statements

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(Amounts in thousands of Brazilian Reais, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued**(d) US GAAP condensed consolidated financial information--Continued****(iv) Earnings (loss) per share--Continued**

The table below presents the determination of net income available (loss) allocated to common shareholders and weighted average common shares outstanding used to calculate basic and diluted earnings (loss) per share.

	2021	2020	2019
Basic numerator			
Declared dividends	-	-	-
U.S. GAAP undistributed profit (loss)	50,370	(26,134)	(60,689)
Allocated U.S. GAAP undistributed profit (loss) available for Common shareholders	50,370	(26,134)	(60,689)
Basic denominator (in thousands of shares)			
Weighted-average number of shares	296,036	179,882	68,584
Basic earnings (loss) per share – U.S. GAAP - R\$	0.1701	(0.1453)	(0.8849)
	2021	2020	2019
Diluted numerator			
Dividends proposed	-	-	-
U.S. GAAP undistributed profit (loss)	50,370	(26,134)	(60,689)
Allocated U.S. GAAP undistributed profit (loss) available for Common shareholders	50,370	(26,134)	(60,689)
Diluted denominator (in thousands of shares)			
Weighted-average number of shares	296,036	179,882	68,584
Stock options	3,022	6,613	836
Antidilutive effect	-	(6,613)	(836)
Diluted weighted-average number of shares	299,058	179,882	68,584
Diluted earnings (loss) per share – U.S. GAAP - R\$	0.1684	(0.1453)	(0.8849)

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(Amounts in thousands of Brazilian Reais, except as otherwise stated)

32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued**(d) US GAAP condensed consolidated financial information--Continued****(v) Additional information – income taxes**

Change in the valuation allowance for net operating losses and temporary differences was as follows:

	2021	2020	2019
Opening balance at January 1	(875,477)	(810,140)	(758,723)
Change in valuation allowance	47,638	(65,337)	(51,417)
Closing balance at December 31	(827,839)	(875,477)	(810,140)

The Company reduces its deferred tax asset with a valuation allowance such that the amount of the net deferred tax asset is the amount that is more likely than not to be realized. During the year 2021, movements in the valuation allowance amounted to a net decrease of R\$47,638 and there was no utilization of operating loss carryforwards.

During the year 2020, movements in the valuation allowance amounted to a net increase of R\$65,337 and there was no utilization of operating loss carryforwards.

During the year 2019, movements in the valuation allowance amounted to a net increase of R\$51,417 and there was no utilization of operating loss carryforwards.

The Company records the financial statement effects of an income tax position when it is more likely than not, based on the technical merits, that it will be sustained upon examination. A tax position that meets the more-likely-than-not recognition threshold is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement with a taxing authority.

As of December 31, 2021, 2020 and 2019, the Company has no amount recorded for any uncertainty in income taxes.

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32. Supplemental Information - Summary of Principal Differences between Brazilian GAAP and accounting principles generally accepted in the United States "US GAAP" for the years ended December 31, 2021, 2020 and 2019- Continued**(d) US GAAP condensed consolidated financial information--Continued****(v) Additional information – income taxes--Continued**

Gafisa S.A. and its subsidiaries file income tax returns in Brazil. Brazilian income tax returns are subject to inspections by tax authorities for the period beginning in 2016 and forward, i.e., within 5 years after the filing.

(vi) Statement of comprehensive income (loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss) that include charges or credits directly to equity which are not the result of transactions with owners.

(vii)Statement of cash flows

For each period for which a statement of profit or loss is presented and required to be reconciled to US GAAP, SEC rules require that the Company provide either a statement of cash flows prepared in accordance with US GAAP or IFRS; or furnish in a note to the financial statements a qualified description of the material differences between cash or funds flows reported in the primary financial statements and cash flows that would be reported in a statement of cash flows, prepared in accordance with US GAAP.

Statement of Cash flow	2021	2020	2019
Operating activities	(279,915)	(452,895)	44,019
Investing activities	(284,083)	(237,933)	(300,620)
Financing activities	570,384	693,784	236,732

The Company's primary differences in net income (loss) between Brazilian GAAP and net income (loss) for US GAAP are explained in items 32(a) (ii) to (vi) above. The statement of cash flows for Brazilian GAAP was prepared based on CPC 3(R2) - Statement of Cash Flows.

(viii)Statement of value added

The statement of value added for new Brazilian GAAP was prepared based on CPC 09 - "Demonstração do Valor Adicionado." For US GAAP, this statement is not required.

LIST OF SIGNIFICANT SUBSIDIARIES

<u>Name of the Entity</u>	<u>Principal Activities</u>	<u>Country</u>
Gafisa Propriedades Incorporação, Administração, Consultoria e Gestão De Ativos Imobiliários S.A.	Real estate Management	Brazil

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Guilherme Benevides, certify that:

1. I have reviewed this annual report on Form 20-F of Gafisa S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 29, 2022

GAFISA S.A.

By: /s/ Guilherme Benevides

Name: Guilherme Benevides

Title: Principal Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patricia Moraes, certify that:

1. I have reviewed this annual report on Form 20-F of Gafisa S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 29, 2022

GAFISA S.A.

By: /s/ Patricia Moraes

Name: Patricia Moraes

Title: Principal Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F for the fiscal year ended December 31, 2021 (the "Report") for the purposes of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities and Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Guilherme Benevides, Principal Executive Officer of Gafisa S.A., certify that, to the best of my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2022

GAFISA S.A.

By: /s/ Guilherme Benevides

Name: Guilherme Benevides

Title: Principal Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F for the fiscal year ended December 31, 2021 (the "Report") for the purposes of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities and Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Patricia Moraes, Principal Financial Officer of Gafisa S.A., certify that, to the best of my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2022

GAFISA S.A.

By: /s/ Patricia Moraes

Name: Patricia Moraes

Title: Principal Financial Officer
