# Financial Statements 2020

Tenda

Ilustração artística

Contents

# MANAGEMENT REPORT 2020

## MESSAGE FROM THE MANAGEMENT

Even in a challenging year marked by the Covid-19 pandemic, ***Tenda posted record operating results*** for launches, sales, and transfers, once again attesting to the resilience of the Brazilian affordable housing market and consolidating itself as the main company exclusively focused on projects aimed at bracket 2 of the Programa Casa Verde e Amarela.

More than 18,000 housing units were launched in 2020, accounting for a PSV of R$2.66 billion (+3.5% YoY) in line with a significant increase in net sales, which reached a PSV of R$2.55 billion (+25.2% YoY) and quarterly SoS of 32.5% (+4.5 p.p. YoY). It should be noted that the ***record performance in sales occurred organically without the need to reduce prices or increase selling expenses***, largely due to the major digital transformation that we have brought about to the entire sales process, both at our own stores and in the relationship with partner sales companies, allowing for enhanced efficiency even within the complex scenario of social distance.

The positive operating performance, especially in the second half of 2020, is reflected in the improvement in the net operational revenue. We posted ***record levels in net operating revenues*** which totaled R$2.29 billion this year (+17% YoY). On the other hand, ***adjusted gross margin was adversely impacted by the effects of the pandemic*** ending the year at 32.2% (-2.8 p.p. YoY) with emphasis on the loss of productivity of some construction sites that were paralyzed in the first half (normalized 3Q20). Due to pressures with an increase in material costs that the sector has been suffering, the profit margin to be appropriated also decreased by -1.1 p.p. q/q and -4.0 p.p. YoY due to the new harvests of construction sites that already reflect this increase.

With that, Tenda delivered a ***net profit of R$200.3 million, down 24.0% YoY***, closing the year with 14.0% of ROE (-6.7 p.p. YoY), 19.6% of ROIC (-8.7 p.p. YoY) and earnings of R$2.04 per share (ex -Treasury), a drop of 25.1% YoY. In this last quarter, the Company consumed R$54.3 million in operating cash, by adopting the strategy of accelerating activities of some construction sites as means to prevent price adjustments in 2021, ending the year with a ***generation of R$70.0 million in operating cash***.

***Tenda reiterates its option for a conservative financial management.*** The Company maintains a net cash position (R$148.3 million at the end of 2020) resulting in a net debt-to-equity ratio of -9.8%. The strategic decision is validated by the recurrence of events that impact cash generation, such as delays in transfers within the Programa Casa Verde and Amarela.

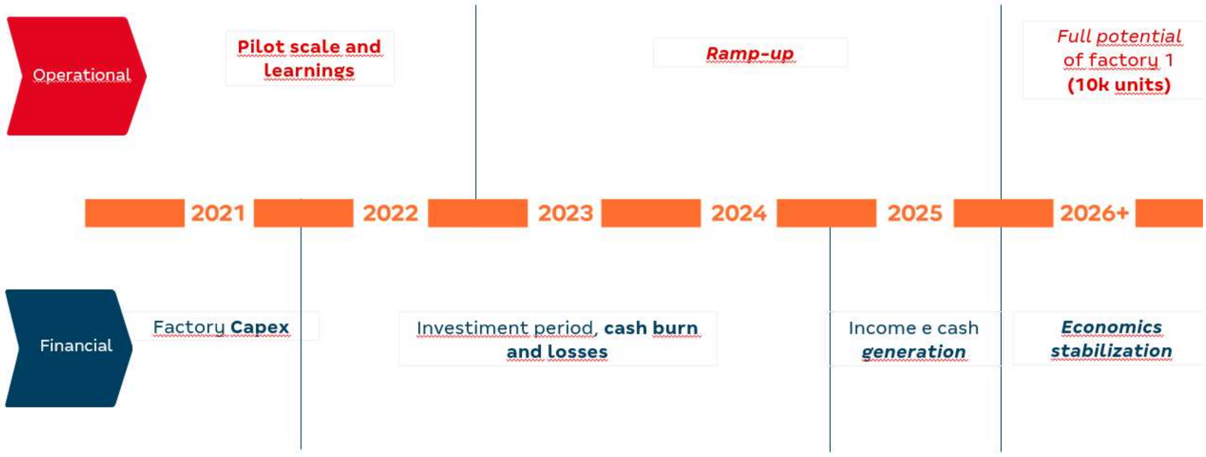
***In 2020 we made important progress in the off-site project and became ever more convinced that it is the major growth platform of the Company***, with highlights on the completed pilot projects which proved the initial theses of product quality and production efficiency, on Marcelo Willer (ex-CEO of Alphaville Urbanismo), who joined the company as a minority investor in the project as announced last quarter, and the investment we are making in setting up a factory with a high production capacity of up to 10,000 units per year and whose operations are scheduled to start in the second half of 2021. As of the year 2021, we have the ambition to form a robust land bank to scale up the operation, seeking to operate at full capacity of the new plant in 2026.

Tenda points out that it remains focused on long term value generation seeking to ***build competitive differentials through civil construction industrialization***, aiming to be the company which consistently delivers the highest return to its shareholders.

## *OFFSITE CONSTRUCTION*

Continuing with the updates to our new business model, at an event held with investors on December 16, 2021 (Tenda Day), Tenda announced the purchase of a high productivity plant located in the interior of São Paulo, with start of operation planned for the 2nd semester of 2021.

We also present our initial project growth schedule, as shown in the image below.




Accumulated from 2020 to 2024, R$ 300-400 million of cash consumption are expected (50% CAPEX, 50% Operating

Expenses), which represent approximately 10% of Tenda's Market Cap.

## DIGITAL TRANSFORMATION

We affirm our **commitment to Digital Transformation as an important lever for generating value** and, to get the most out of this value, we organized this great initiative on two fronts:

**Technology Master Plan:** we are building an optimized, scalable and more secure architecture. Today 85% of our critical systems are in the cloud and we aim to reach 100% in 2021.

**Agile development tribes:** squads organized into tribes, in order to contribute to the digital transformation of the company by modernizing and optimizing processes, with emphasis on the Marketing & Sales and Customer tribes.

- **Marketing & Sales Tribe:** we developed the integrated digital platform, a complete ecosystem that provides the best customer experience throughout the journey, without friction.
- **Customer Tribe:** the digitization of the relationship with customers has significantly reduced all frictions in the after-sales process with a significant evolution in the penetration of digital solutions.

## ABOUT TENDA

Construtora Tenda S.A. (B3:TEND3) is Brazil's second largest homebuilder focused on low-income residential projects listed at the Novo Mercado, B3's highest corporate governance level. The Company concentrates its activities in nine metropolitan regions of Brazil, uniquely operating within the brackets 1.5 and 2 of the "Casa Verde e Amarela" ("PCVA") federal government housing program. With a sustainable growth strategy, excellence in execution and strong business model, Tenda has been able to deliver increasing profits, sustaining its vision of offering to investors the highest returns in the low-income segment.

## BUSINESS MODEL

Tenda's business model is based on an industrial approach to civil construction, anchored in three pillars: standard products, agents coordination and production continuity.

- The focus on affordable housing has allowed Tenda to develop standardized products, which allows the Company to pursue scale gains and continuous improvement. The Company has a single SKU for no-elevator buildings;
- Tenda operates exclusively in Brazilian metropolitan areas, where the annual formation of families ensures a constant demand and allows the Company to build efficiently, using aluminum molds (which ensure greater control over the project development) and internal workforce (almost all the building activities employ internal worforce);
- Breaking paradigms in civil construction, Tenda operates with production lines, bringing concepts from production engineering to civil engineering

Continuous improvement that comes from the industrial approach results in lower construction costs, which makes it possible to offer more accessible products when compared to peers. With lower prices, Tenda guarantees a higher speed of sales, which brings a gain of scale that feeds back the benefits of the industrial approach and allows growth and value generation.

## MARKETS

Tenda is focused on affordable housing, with projects within PCVA brackets 1.5 and 2. Brazil has a huge potential market, of around 1 million homes per year for families with a monthly income of up to R$ 4,000, but only a fraction of this is currently met by PCVA . In 2020, according to FGTS data, less than 400,000 new homes were launched with access to PCVA brackets 1.5 and 2 funding.

## PRODUCTS

Tenda has designed a typical 2-bedroom apartment with approximately 40 sq mts, with private bathroom and a kitchen integrated to the living room. In 2013, when the first projects under the Company's current business model were launched, Tenda focused only on projects of up to 5 floors (with no elevators). In 2016, Tenda started developing more verticalized projects, with the launch of the first projects with up to 11 floors (and one elevator), a solution that is currently adopted in São Paulo and Salvador metro areas. In 2020, projects with more than 12 floors (and at least 2 elevators) were launched in São Paulo. Projects with higher towers provide access to more centralized land in some metropolitan regions, which allows Tenda to access a wider spectrum of families within the PCVA's 1.5 and 2 brackets, thus expanding its addressable market.

# MARKET SCENARIO

## REAL ESTATE SEGMENT

According to data from companies associated to Abrainc (Associação Brasileira das Incorporadoras Imobiliárias), the number of new units launched in 2020 was 2.5% higher than the previous year, based on accumulated data from January to November. However, there was a 21.4% increase in the total units sold in the same period. PCVA units accounted for 86.6% of launches and 77.2% of sales between December 2019 and November 2020.

## CASA VERDE E AMARELA (PCVA)

The Program was created by the Federal Government in April 2009 (in Minha Casa, Minha Vida terms) with the aim of reducing the housing deficit through financing and subsidies for the construction of new homes. It consists of three main modalities:

- Bracket 1 serves families with a monthly income of up to R$ 2,000 and housing units are contracted by the government. In this bracket, families pay a symbolic amount for the unit (they receive subsidies of up to 90% of the unit price). Bracket 1 is 100% subsidized by the Federal Budget. Tenda does not operate in bracket 1 of the PCVA, in which there is an important decline in the number of new housing units being produced annually. In 2020, after the change in the name of the Program, bracket 1 lost its representativeness. It was decided to allocate funds to finish the houses that had not yet been delivered, with no funds earmarked for new homes.
- Bracket 2 serve families with a monthly income of up to R$ 4,000 with a maximum allowance of R$ 29,000 and an interest rate between 5.5% and 7.0% per year. Currently, 100% of the subsidies granted to beneficiaries of bracket 2 of the PCVA come from FGTS. FGTS is also the funding for financing in this segment.
- Bracket 3 serves families with a monthly income of up to R$ 7,000. It is a market solution, with financing offered by private banks.

According to FGTS data, subsidies were granted for aproximately 329,000 housing new homes in 2020, up 3% YoY). Throughout 2020, PCVA beneficiaries also noticed greater flexibility in accessing credit for the financing of housing units with the financial institution, thus providing several ways to have access to new property even during the pandemic.

## FGTS

Most of the PCVA brackets funding comes from FGTS, that granted R$ 8.1 billion in subsidies in 2020, up 3.8% YoY (R$ 7.8 billion). According to the FGTS budget for 2021, presented in February, the Fund should grant up to R$ 8.5 billion in subsidies throughout the year. Managed and administered by a Board of Trustees composed of entities representing workers, employers and representatives of the Federal Government, FGTS supports affordable housing in Brazil, but was also used by the Federal Government in 2017 and 2020 as a way of heating the economy.

# OPERATIONAL PERFORMANCE

## LAUNCHES

In 2020, Tenda launched 55 projects, totaling R$ 2.67 billion in PSV, an increase of 3.5% in the annual comparison.

In the year, the metropolitan region ("MR") of São Paulo started to represent 37.1% of the launched PSV (versus 35.7% in 2019) with 5,898 units launched (+ 6.46% YoY). Salvador's MR accounted for 19.2% of launched PSV (versus 15.7% in 2019) with 3,668 units launched (+ 22.8% YoY).

The 2.2% YoY increase in the average price per unit launched is explained by the increase in the representativeness of the regional SP and BA in the total PSV launched in 2020. In these RMs we have already launched the developments with elevators, located closer to the central regions.

| Launches | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| Number of projects launched | 55 | 63 | (12.7%) ↓ |
| PSV (R$ million) | **2,665.2** | **2,575.1** | **3.5%** ↑ |
| Number of units launched | 18,120 | 17,894 | 1.3% ↑ |
| Average price per unit (R$ thousand) | 147.1 | 143.9 | 2.2% ↑ |
| Average size of projects launched (in units) | 329 | 284 | 16.0% ↑ |

## SALES

Gross sales totaled R $ 2.92 billion in 2020, an increase of 30.4% YoY. We had an increase in the number of units sold (+ 26.6% YoY) and in the average price per unit sold (+ 3.0% YoY). As in the launches, the greater participation of São Paulo in the gross sales mix (from 35.4% in 2019 to 37.8% in 2020) contributed to the price increase.

Net sales in 2020 totaled R $ 2.55 billion, an increase of 25.2% YoY. The speed over the suply ("Net SoS") was 60.8% in 2020, equivalent to a quarterly average of 30.2%, an increase of 2.1 p.p. compared to 28.1% in 2019. The increase reflects the records of net sales recorded throughout the year.

In 2020, the cancellation rate was 12.6%, an increase of 3.7 p.p. compared to 2019 due to the difficulties faced with Covid-19, especially in the first half of the year. We understand that the situation is already normalized and the cancellation rate in 2021 should continue to converge to the historic levels of 2019.

| (PSV, R$ million) | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| **Gross Sales** | **2,921.0** | **2,239.4** | **30.4%** ↑ |
| **Cancellations** | **367.5** | **199.8** | **83.9%** ↑ |
| **Net Pre-Sales** | **2,553.5** | **2,039.6** | **25.2%** ↑ |
| % Launches[1] | 48.0% | 51.5% | (3.5 p.p.) ↓ |
| % Inventory | 52.0% | 48.5% | 3.5 p.p. ↑ |
| **Cancellations / Gross Sales** | **12.6%** | **8.9%** | **3.7 p.p.** ↑ |
| **Net SoS** | **60.8%** | **56.3%** | **4.5 p.p.** ↑ |

1. Current year launches.

## UNITS TRANSFERRED, DELIVERED AND CONSTRUCTION SITES

PSV transferred totaled R$2.1 billion in 2020, up to 30.7% YoY. Tenda ended 2020 with 91 projects in progress, +33.8% YoY (68 construction sites).

| Transfers, Deliveries and Construction Sites | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| **PSV Transferred (in R$ million)** | **2,144.8** | **1,641.1** | **30.7% ↑** |
| Transferred Units | 17,215 | 13,951 | 23.4% ↑ |
| **Delivered Units** | **9,246** | **10,368** | **(10.8%) ↓** |
| **Construction Sites** | **91** | **68** | **33.8% ↑** |

## INVENTORY AT MARKET VALUE

Inventory at market value at the end of 2020 totaled R$ 1.65 billion in PSV, an increase of 4.3% compared to 2019. The finished inventory accounted for R$ 38.8 million, representing 2.4% of the total.

| Inventory at Market Value | 2019 | 2019 | YoY (%) |
|---|---|---|---|
| **PSV (R$ million)** | **1,649.2** | **1,581.6** | **4.3% ↑** |
| Number of Units | 10,878 | 10,963 | (0.8%) ↓ |
| Average price per unit (R$ thousand) | 151.6 | 144.3 | 5.1% ↑ |

| Status of Construction | 4Q20 | 0% to 30% built | 30% to 70% built | More than 70% built | Finished units |
|---|---|---|---|---|---|
| **PSV (R$ million)** | **1,649.2** | **1,195.6** | **385.2** | **29.6** | **38.8** |

## LANDBANK

The company ended 2020 with a PSV of R$10.97 billion (+3.3% YoY and +1.6% QoQ) in its landbank, maintaining the same level as in 2019.

Due to the pandemic, we spent a significant part of the year renegotiating land that we had already acquired. Our assessment is that the performance in the purchase of land was healthy in 2020 but below our expectations.

| Landbank[1] | 2020 | 2019 | A/A (%) |
|---|---|---|---|
| Number of Projects | 291 | 292 | (0.3%) ↓ |
| **PSV (in R$ million)** | **10,974.5** | **10,619.4** | **3.3% ↑** |
| Acquisitions / Adjustments (in R$ million) | 3,020.4 | 4,300.9 | (29.8%) ↓ |
| Number of Units | 73,339 | 72,159 | 1.6% ↑ |
| Average price per unit (in R$ thousands) | 149.6 | 147.2 | 1.7% ↑ |
| % Swap Total | 38.5% | 34.6% | 3.9 p.p. ↑ |
| % Swap Units | 8.6% | 8.4% | 0.2 p.p. ↑ |
| % Swap Financial | 30.0% | 26.2% | 3.8 p.p. ↑ |

1. Tenda holds 100% equity interest of its landbank.

## FINANCIAL RESULTS

### NET REVENUE, GROSS PROFIT AND GROSS MARGIN

In 2020, net operating revenue reached R$ 2.28 billion, up 17% YoY. The adjusted gross profit reached R$ 734.6 million, up 7.8% YoY, resulting in a 32.2% adjusted gross margin being negatively impacted by the effects of the pandemic.

| (R$ million) | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| Net Revenue | 2,282.4 | 1,950.1 | 17.0% ↑ |
| **Gross Profit** | **710.4** | **648.1** | **9.6% ↑** |
| Gross Margin | 31.1% | 33.2% | (2.1 p.p.) ↓ |
| (-) Financial Costs | 24.2 | 33.6 | (28.0%) ↓ |
| **Adjusted Gross Profit[1]** | **734.6** | **681.7** | **7.8% ↑** |
| Adjusted Gross Margin | 32.2% | 35.0% | (2.8 p.p.) ↓ |

1. Adjusted by capitalized interest rates.

### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Selling expenses totaled R$ 200.6 million in 2020, an increase of 23.4% compared to the previous year, representing 6.9% of gross sales in the year, a reduction of 0.4 p.p. in the annual comparison. General and administrative expenses ("G&A") corresponded to 6.8% of net operating revenue in 2020, an increase of 0.8 p.p. YoY.

| (R$ million) | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| Selling Expenses | (200.6) | (162.5) | 23.4% ↑ |
| General & Admin Expenses | (154.4) | (117.1) | 31.9% ↑ |
| **Total SG&A Expenses** | **(355.0)** | **(279.6)** | **27.0% ↑** |
| **Selling Expenses / Gross Sales** | **6.9%** | **7.3%** | **(0.4 p.p.) ↓** |
| **G&A Expenses / Net Operating Revenue** | **6.8%** | **6.0%** | **0.8 p.p. ↑** |

### OTHER OPERATIONAL REVENUES (EXPENSES)

Other operating revenues and expenses totaled R$ 67.8 million in expenses in 2020, up 12.0% YoY.

| (R$ million) | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| **Other Operating Revenues and Expenses** | **(67.8)** | **(60.5)** | **12.0% ↑** |
| Litigation Expenses | (54.9) | (39.8) | 38.1% ↑ |
| Others | (12.8) | (20.7) | (38.1%) ↓ |
| **Equity Income** | **(0.5)** | **3.2** | **114.8% ↑** |

## NET INCOME

In 2020, the net income totaled R$ 200.3 million, down 24.0% YoY. Earnings per share ex-Treasury in 2020 totaled R$ 2.04, down 25.1% YoY.

| (R$ million) | 2019 | 2019 | YoY (%) |
|---|---|---|---|
| Net Income after Income Tax and Social Contribution | 1997 | 264.4 | (24.5%) ↓ |
| (-) Minority shareholders | 0.6 | (0.9) | 168.7% ↑ |
| **Net Income** | **200.3** | **263.5** | **(24.0%) ↓** |
| Net Margin | 8.8% | 13.5% | (4.7 p.p.) ↓ |

## CASH AND CASH EQUIVALENTS, AND FINANCIAL INVESTMENTS

| (R$ million) | December 20 | September 20 | QoQ (%) | December 19 | YoY (%) |
|---|---|---|---|---|---|
| Cash & Cash Equivalents | 69.7 | 25.1 | 177.5% ↑ | 48.4 | 44.2% ↑ |
| Short-term Investments | 1,235.7 | 1,377.7 | (10.3%) ↓ | 1,022.1 | 20.9% ↑ |
| **Total Cash Position** | **1,305.5** | **1,402.8** | **(6.9%) ↓** | **1,070.5** | **22.0% ↑** |

## INDEBTEDNESS

The Company ended 2020 with a gross debt of R$ 1.157 billion, duration of 16.5 months and weighted average cost of debt of 4.0% per year.

| Debt Maturity Schedule (R$ million) | 4Q20 | Project Finance (SFH) | Corporate Debt |
|---|---|---|---|
| 2021 | 599.7 | 175.6 | 424.1 |
| 2022 | 218.4 | 118.9 | 99.5 |
| 2023 | 210.3 | 35,8 | 174.5 |
| 2024 | 128.7 | 4.2 | 124.6 |
| 2025 onwards | 0.0 | 0.0 | 0.0 |
| **Total Debt** | **1,157.1** | **334.5** | **822.6** |

## NET DEBT

Tenda has a negative net debt to shareholders' equity ratio of 9.8%, within the limit of -10% to + 10% stipulated by the company.

| (R$ million) | December 20 | September 20 | QoQ (%) | December 19 | YoOY (%) |
|---|---|---|---|---|---|
| **Gross Debt** | **1,157.1** | **1,152.1** | **0.4% ↑** | **870.4** | **32.9% ↑** |
| (-) Cash and cash equivalents and financial investments | (1,305.5) | (1,402.8) | (6.9%) ↓ | (1,070.5) | 22.0% ↑ |
| **Net Debt** | **(148.3)** | **(250.7)** | **40.8% ↑** | **(200.0)** | **25.8% ↑** |
| Shareholders' Equity + Minority Shareholders | 1,518.1 | 1,480.5 | 2.5% ↑ | 1,351.7 | 12.3% ↑ |
| Net Debt/ (Shareholders' Equity + Minority Shareholders) | (9.8%) | (16.9%) | 7.2 p.p. ↑ | (14.8%) | 5.0 p.p. ↑ |
| Adjusted EBITDA (Last 12 months) | 330.0 | 319.8 | 3.2% ↑ | 353.5 | (6.6%) ↓ |

## CASH GENERATION AND CAPITAL DISTRIBUTION

In 2020, Tenda totaled operational cash generation of R$ 70 million. In the year and distributed R$ 53.9 million to shareholders, equivalent to a payout of 26.9%.

| (R$ million) | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| Stock buyback | 5.3 | 62.5 | (91.5%) ↓ |
| Dividends paid | 48.6 | 57.8 | (15.9%) ↓ |
| **Capital Distribution** | **53.9** | **120.2** | (55.1%) ↓ |

| (R$ million) | 2020 | 2019 | YoY (%) |
|---|---|---|---|
| Change in Available Cash | 235.0 | 214.9 | 9.4% ↑ |
| (-) Change in Gross Debt | 286.7 | 327.9 | (12.6%) ↓ |
| (-) Capital Distribution | 53.9 | 120.2 | (55.1%) ↓ |
| **Cash Generation[1]** | **2.2** | **7.2** | (68.4%) ↓ |
| Operational Cash Generation[2] | 70.0 | 21.6 | 223.9% ↑ |

1. . Cash Generation is obtained through the difference between the variation of Available Cash and the variation of Gross Debt, adjusted to the amounts of Share Buyback and Dividends Paid
2. Operating Cash Generation is a result of the company's managerial calculation which neither reflects nor is compared with the figures reported in the financial statements.

## CORPORATIVE GOVERNANCE

True Corporation with a 90% free float, Tenda aims for a position of excellence in Corporate Governance. Throughout 2020, the Company formalized policies recommended by the Brazilian Code of Governance, such as the Policy for the Appointment of Board Members.

### BOARD OF DIRECTORS

Our Board of Directors is our decision-making body responsible for the formulation and implementation of the general guidelines and policies of our business, including our long-term strategies. Our Board of Directors is also responsible for appointing and supervising our executive officers.

Our Board of Directors must have a minimum of five and a maximum of seven members. Board members are elected as a body at our Shareholders' Meeting (AGM) for a two-year term, and re-election is allowed. The members of the Board of Directors indicate, among those elected by the General Meeting, what will be the Chairman of the Board of Directors.

### BOARD OF EXECUTIVE OFFICERS

The Board of Executive Officers is the responsible for the management and daily monitoring of the general policies and guidelines established by the Shareholders' General Meeting and by the Board of Directors for the Company.

Tenda's Board of Executive Officers shall be comprised of at least two and a maximum of twenty members, including the President, the Chief Financial Officer and the Investor Relations Officer, elected by the Board of Directors for a term of up to three years, eligible for re-election, as provisions of the Bylaws. In the current mandate, fifteen members make up the Board.

## BALANCE SHEET AS AT DECEMBER 31, 2020 AND 2019
(In thousands of Brazilian reais - R$)

| | Notes | Parent | | Consolidated | |
|---|---|---|---|---|---|
| ASSETS | | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 10 | 33,723 | 36,730 | 69,735 | 48,353 |
| Securities | 10 | 821,570 | 770,680 | 1,235,719 | 1,022,099 |
| Receivables from development and services provided | 4 | 92,011 | 68,619 | 562,971 | 406,599 |
| Properties for sale | 5 | 59,442 | 70,818 | 777,719 | 955,589 |
| Due from related parties | 6 | 105,045 | 39,529 | 3,452 | 3,051 |
| Escrow deposits | 14 | 18,351 | 10,932 | 19,127 | 11,304 |
| Other receivables | | 33,448 | 22,808 | 90,173 | 59,371 |
| Total current assets | | 1,163,590 | 1,020,116 | 2,758,896 | 2,506,366 |
| NONCURRENT ASSETS | | | | | |
| Receivables from development and services provided | 4 | 24,026 | 38,535 | 348,825 | 218,543 |
| Properties for sale | 5 | 50,424 | 44,208 | 875,204 | 536,975 |
| Due from related parties | 6 | 45,692 | 46,720 | 38,044 | 37,421 |
| Escrow deposits | 14 | 29,283 | 33,562 | 30,527 | 34,704 |
| Property and equipment | 7 | 103,920 | 68,046 | 122,010 | 79,434 |
| Intangible assets | 8 | 21,062 | 22,450 | 21,224 | 22,450 |
| Investments in equity interests | 9 | 1,448,219 | 1,110,713 | 41,989 | 42,592 |
| Total noncurrent assets | | 1,722,626 | 1,364,234 | 1,477,823 | 972,119 |
| TOTAL ASSETS | | 2,886,216 | 2,384,350 | 4,236,719 | 3,478,485 |

The accompanying notes are an integral part of these financial statements.

# BALANCE SHEET AS AT DECEMBER 31, 2020 AND 2019
## (In thousands of Brazilian reais - R$)

| | Notes | Parent | | Consolidated | |
|---|---|---|---|---|---|
| LIABILITIES AND EQUITY | | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| CURRENT LIABILITIES | | | | | |
| Borrowings and financing | 10 | 168,583 | 1,641 | 175,615 | 8,517 |
| Debentures | 10 | 424,051 | 5,598 | 424,051 | 5,598 |
| Lease – right of use | 11 | 5,614 | 2,981 | 5,614 | 2,981 |
| Payables for materials and services | | 6,254 | 6,202 | 38,150 | 38,926 |
| Taxes and contributions | | 4,188 | 10,647 | 23,551 | 30,048 |
| Payroll, related taxes and profit sharing | | 14,636 | 11,434 | 55,926 | 49,265 |
| Payables for purchase of properties and advances from customers | 12 | 2,160 | 5,311 | 370,839 | 340,862 |
| Provisions and contract terminations payable | | 3,058 | 4,253 | 4,155 | 8,294 |
| Due to related parties | 6 | 48,404 | 48,570 | 24,639 | 23,681 |
| Allowance for loss on investments | 9 | 15,942 | 11,426 | 5,458 | 5,705 |
| Dividends payable | 15.4 | 17,177 | 18,175 | 17,177 | 18,175 |
| Other payables | | 12,662 | 5,553 | 33,421 | 15,023 |
| Provision for contingencies | 14 | 34,797 | 30,086 | 37,770 | 31,896 |
| Total current liabilities | | 757,526 | 161,877 | 1,216,366 | 578,971 |
| NONCURRENT LIABILITIES | | | | | |
| Borrowings and financing | 10 | 134,049 | 8,383 | 158,926 | 51,499 |
| Debentures | 10 | 398,525 | 804,822 | 398,525 | 804,822 |
| Lease – right of use | 11 | 36,116 | 17,698 | 36,116 | 17,698 |
| Payables for purchase of properties and advances from customers | 12 | - | 1,734 | 806,598 | 602,386 |
| Provision for contingencies | 14 | 29,773 | 27,057 | 32,317 | 28,685 |
| Deferred taxes | 13 | 369 | 399 | 15,656 | 11,794 |
| Other payables | | 12,228 | 11,759 | 54,094 | 30,921 |
| Total noncurrent liabilities | | 611,060 | 871,852 | 1,502,232 | 1,547,805 |
| EQUITY | | | | | |
| Capital | 15.1 | 1,095,511 | 1,095,511 | 1,095,511 | 1,095,511 |
| Capital and stock option reserve | 15.2 | 35,642 | 33,531 | 35,642 | 33,531 |
| Treasury shares | 15.3 | (90,269) | (102,425) | (90,269) | (102,425) |
| Earnings reserve | | 476,746 | 324,004 | 476,746 | 324,004 |
| Equity attributable to the Company's owners | | 1,517,630 | 1,350,621 | 1,517,630 | 1,350,621 |
| Noncontrolling interests | | - | - | 491 | 1,088 |
| Total equity | | 1,517,630 | 1,350,621 | 1,518,121 | 1,351,709 |
| TOTAL LIABILITIES AND EQUITY | | 2,886,216 | 2,384,350 | 4,236,719 | 3,478,485 |

The accompanying notes are an integral part of these financial statements.

(In thousands of Brazilian reais - R$, except earnings per share)

| | Notes | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| NET REVENUE | 19 | 161,925 | 229,199 | 2,282,369 | 1,950,098 |
| COSTS | 20 | (137,612) | (187,331) | (1,572,011) | (1,302,023) |
| GROSS PROFIT | | 24,313 | 41,868 | 710,358 | 648,075 |
| (EXPENSES) INCOME | | | | | |
| Selling expenses | 20 | (22,205) | (18,138) | (200,588) | (162,525) |
| General and administrative expenses | 20 | (49,082) | (31,371) | (154,424) | (117,117) |
| Share of profit (loss) of investees | 9 | 360,715 | 348,009 | (480) | 3,239 |
| Other income (expenses) - net | 20 | (84,494) | (76,479) | (90,218) | (80,941) |
| PROFIT BEFORE FINANCE INCOME (COSTS) | | 229,247 | 263,889 | 264,648 | 290,731 |
| FINANCE INCOME (COSTS) | | (27,479) | 386 | (23,071) | 8,802 |
| Finance income | 21 | 22,073 | 46,744 | 32,567 | 61,241 |
| Finance costs | 21 | (49,552) | (46,358) | (55,638) | (52,439) |
| PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION | | 201,768 | 264,275 | 241,577 | 299,533 |
| INCOME TAX AND SOCIAL CONTRIBUTION | | (1,451) | (731) | (41,857) | (35,120) |
| Current income tax and social contribution | 13 | (1,481) | (332) | (37,244) | (31,265) |
| Deferred income tax and social contribution | 13 | 30 | (399) | (4,613) | (3,855) |
| PROFIT FOR THE YEAR | | 200,317 | 263,544 | 199,720 | 264,413 |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO: | | | | | |
| Owners of the Company | | 200,317 | 263,544 | 200,317 | 263,544 |
| Noncontrolling interests | | - | - | (597) | 869 |
| EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY OWNERS | | | | | |
| Basic earnings per thousand shares – in reais | 17 | 2.0549 | 2.7278 | 2.0549 | 2.7278 |
| Diluted earnings per thousand shares – in reais | 17 | 1.8988 | 2.5098 | 1.8988 | 2.5098 |

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In thousands of Brazilian reais - R$)

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| PROFIT FOR THE YEAR | 200,317 | 263,544 | 199,720 | 264,413 |
| Other comprehensive income | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 200,317 | 263,544 | 199,720 | 264,413 |
| COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO: | | | | |
| Owners of the Company | 200,317 | 263,544 | 200,317 | 263,544 |
| Noncontrolling interests | - | - | (597) | 869 |
| | 200,317 | 263,544 | 199,720 | 264,413 |

The accompanying notes are an integral part of these financial statements.

(In thousands of Brazilian reais - R$)

| | | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Notes** | **Capital** | **Capital reserve** | **Treasury shares** | **Earnings reserve** | **Retained earnings (accumulated losses)** | **Total Parent** | **Noncontrolling interests** | **Total equity** |
| BALANCES AS AT DECEMBER 31, 2018 | | 1,095,511 | 69,999 | (90,889) | 123,052 | - | 1,197,673 | 6,101 | 1,203,774 |
| Capital decrease | | - | - | - | - | - | - | (5,882) | (5,882) |
| Increase of capital reserve | | - | 5,538 | - | - | - | 5,538 | - | 5,538 |
| Recognized stock options granted | | - | 8,656 | - | - | - | 8,656 | - | 8,656 |
| Share buyback | | - | - | (62,198) | - | - | (62,198) | - | (62,198) |
| Stock option exercise | | - | (50,662) | 50,662 | - | - | - | - | - |
| Profit for the year | | - | - | - | - | 263,544 | 263,544 | 869 | 264,413 |
| **Allocation of profit** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Recognition of legal reserve | | - | - | - | 13,177 | (13,177) | - | - | - |
| Minimum mandatory dividends | | - | - | - | - | (62,592) | (62,592) | - | (62,592) |
| Earnings retention | | - | - | - | 187,775 | (187,775) | - | - | - |
| BALANCES AS AT DECEMBER 31, 2019 | | 1,095,511 | 33,531 | (102,425) | 324,004 | - | 1,350,621 | 1,088 | 1,351,709 |
| Increase of capital reserve | | - | 816 | - | - | - | 816 | - | 816 |
| Recognized stock options granted | 15.2 | - | 18,738 | - | - | - | 18,738 | - | 18,738 |
| Share buyback | | - | - | (5,287) | - | - | (5,287) | - | (5,287) |
| Stock option exercise | 15.3 | - | (17,443) | 17,443 | - | - | - | - | - |
| Profit for the year | | - | - | - | - | 200,317 | 200,317 | (597) | 199,720 |
| **Allocation of profit** | **15.4** | | | | | | | | |
| Recognition of legal reserve | | - | - | - | 10,016 | (10,016) | - | - | - |
| Minimum mandatory dividends | | - | - | - | - | (47,575) | (47,575) | - | (47,575) |
| Earnings retention | | - | - | - | 142,726 | (142,726) | - | - | - |
| BALANCES AS AT DECEMBER 31, 2020 | | 1,095,511 | 35,642 | (90,269) | 476,746 | - | 1,517,630 | 491 | 1,518,121 |

The accompanying notes are an integral part of these financial statements.

(In thousands of Brazilian reais - R$)

| | Notes | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION | | 201,768 | 264,275 | 241,577 | 299,533 |
| **Adjustments for:** | | | | | |
| Depreciation and amortization | 7 and 8 | 28,143 | 30,471 | 30,059 | 31,650 |
| Estimated allowance for (reversal of) doubtful debts and contract terminations (net of termination costs) | 4 and 5 | (816) | (11,265) | 41,490 | 11,344 |
| Present value adjustment | 4 | (305) | (982) | (2,210) | (2,592) |
| Allowance for impairment of nonfinancial assets | 5 , 7 and 8 | (866) | (2,705) | (1,043) | (5,985) |
| Share of profit (loss) of investees | 9 | (360,715) | (348,009) | 480 | (3,239) |
| Provision for contingencies and commitments | 14 | 7,427 | (2,973) | 9,506 | (4,891) |
| Unrealized interest and finance charges, net | | 31,802 | 10,049 | 32,947 | 16,808 |
| Provision for warranties | | 2,452 | 1,122 | 21,443 | 6,456 |
| Accrued profit sharing | 22.2 | 5,099 | 6,272 | 12,342 | 15,003 |
| Stock option costs | 15.2 | 18,738 | 8,656 | 18,738 | 8,656 |
| Disposal of property and equipment and intangible assets, net | 7 and 8 | 5,507 | - | 5,485 | - |
| Other provisions | | (819) | (1,480) | (3,364) | (1,638) |
| Deferred taxes (PIS and COFINS) | | (8,546) | (725) | (9,705) | 750 |
| **Decrease (increase) in operating assets** | | | | | |
| Receivables from development and services provided | | (6,239) | (4,832) | (324,089) | (165,187) |
| Properties and land for sale | | 2,687 | 30,142 | (138,970) | (422,441) |
| Other receivables | | (8,493) | (24,783) | (29,161) | (49,131) |
| **Increase (decrease) in operating liabilities** | | | | | |
| Payables for materials and services | | 52 | (179) | (776) | 17,477 |
| Taxes and contributions | | (3,214) | (401) | (2,381) | 2,193 |
| Payroll, related taxes and profit sharing | | (1,897) | (7,018) | (5,681) | (10,762) |
| Payables for purchase of properties and advances from customers | | (3,069) | (8,296) | 212,562 | 353,323 |
| Other payables | | 7,264 | (510) | 21,866 | 1,015 |
| Related-party transactions | | (34,335) | 62,325 | 557 | 744 |
| Dividends received | | - | 1,150 | - | - |
| Income tax and social contribution paid | | (1,467) | (149) | (37,693) | (30,276) |
| **Net cash provided by (used in) operating activities** | | (119,842) | 155 | 93,979 | 68,810 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of raw material | | - | - | (564) | - |
| Capital increase in investees | | (3,622) | (4,915) | (123) | - |
| Purchase of tangible and intangible assets | 7 and 8 | (45,900) | (34,101) | (54,658) | (44,829) |
| Investments in/redemption of securities | | (33,729) | (140,633) | (194,442) | (164,327) |
| Total net cash used in investing activities | | (83,251) | (179,649) | (249,787) | (209,156) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Share buyback | | (5,287) | (62,198) | (5,287) | (62,198) |
| Increase of capital reserve | | 816 | 5,538 | 816 | 5,538 |
| Payment of lease – right of use – principal and interest | | (4,842) | (3,779) | (4,842) | (3,779) |
| Dividends paid | | (48,573) | (57,755) | (48,573) | (57,755) |
| Borrowings, financing and debentures | | 379,611 | 377,107 | 648,697 | 693,499 |
| Repayment of borrowings, financing and debentures - principal | | (89,287) | (33,214) | (375,306) | (391,769) |
| Payment of borrowings, financing and debentures - interest | | (33,380) | (18,241) | (37,692) | (26,216) |
| Intragroup loans | | 1,028 | (2,908) | (623) | (2,908) |
| Net cash provided by financing activities | | 200,086 | 204,550 | 177,190 | 154,412 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (3,007) | 25,056 | 21,382 | 14,066 |
| CASH AND CASH EQUIVALENTS | | | | | |
| At the beginning of the year | | 36,730 | 11,674 | 48,353 | 34,287 |
| At the end of the year | | 33,723 | 36,730 | 69,735 | 48,353 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (3,007) | 25,056 | 21,382 | 14,066 |

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
## (In thousands of Brazilian reais - R$)

| | Notes | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| REVENUES | | | | | |
| Real estate development and sale | 19 | 151,459 | 218,803 | 2,358,942 | 2,005,329 |
| Estimated allowance for (reversal of) doubtful debts and contract terminations | | 2,339 | 12,083 | (39,645) | (18,333) |
| | | 153,798 | 230,886 | 2,319,297 | 1,986,996 |
| INPUTS PURCHASED FROM THIRD PARTIES | | | | | |
| Operating costs - real estate development and sale | | (129,797) | (173,392) | (1,540,204) | (1,257,228) |
| Supplies, power, outside services and other inputs | | (95,168) | (80,045) | (157,870) | (114,998) |
| | | (224,965) | (253,437) | (1,698,074) | (1,372,226) |
| GROSS VALUE ADDED | | (71,167) | (22,551) | 621,223 | 614,770 |
| RETENTIONS | | | | | |
| Depreciation and amortization | 7 and 8 | (28,143) | (30,471) | (30,059) | (31,650) |
| WEALTH CREATED BY THE COMPANY | | (99,310) | (53,022) | 591,164 | 583,120 |
| **WEALTH RECEIVED IN TRANSFER** | | | | | |
| Share of profit (loss) of investees | 9 | 360,715 | 348,009 | (480) | 3,239 |
| Finance income | | 23,146 | 49,015 | 34,107 | 64,097 |
| | | 383,861 | 397,024 | 33,627 | 67,336 |
| WEALTH FOR DISTRIBUTION | | 284,551 | 344,002 | 624,791 | 650,456 |
| **WEALTH DISTRIBUTED** | | | | | |
| Employees and payroll taxes | | 34,435 | 21,775 | 225,134 | 188,236 |
| Direct compensation | | 30,206 | 18,155 | 178,283 | 146,972 |
| Benefits | | 2,694 | 2,474 | 32,313 | 28,328 |
| Payroll taxes | | 1,535 | 1,146 | 14,538 | 12,936 |
| TAXES, FEES AND CONTRIBUTIONS | | (1,631) | 8,431 | 120,097 | 111,763 |
| Federal | | (1,631) | 8,431 | 119,958 | 111,454 |
| Municipal | | - | - | 139 | 309 |
| LENDERS AND LESSORS | | | | | |
| Interest and leases | | 51,430 | 50,252 | 79,840 | 86,044 |
| SHAREHOLDERS | | 200,317 | 263,544 | 199,720 | 264,413 |
| Dividends | 15 | 47,575 | 62,592 | 47,575 | 62,592 |
| Retained earnings | | 152,742 | 200,952 | 152,742 | 200,952 |
| Profit (losses) attributable to noncontrolling interests | | - | - | (597) | 869 |

The accompanying notes are an integral part of these financial statements.

## 1. GENERAL INFORMATION

Construtora Tenda S.A. ("Company" or "Tenda") and its investees ("Group") engage in the performance of general construction works, real estate development, real estate purchase and sale, the provision of general construction management services, the intermediation of the sale of consortium shares, and holding of interests in other companies. The subsidiaries significantly share the Company's management, operating, and corporate costs. The SPEs are exclusively engaged in real estate operations and are linked to specific projects.

The Company is a publicly-traded company with registered head office at Rua Boa Vista, 280, in the city of São Paulo, State of São Paulo, and registered with the São Paulo Stock Exchange - B3 (former BMF&BOVESPA) under the ticker symbol "TEND3".

## 2. PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

The individual financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, applicable to real estate development entities, registered with the Brazilian Securities and Exchange Commission (CVM).

The consolidated financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), as approved by the Brazilian Securities and Exchange Commission (CVM) and in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board ("IASB"), which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 02/2018 regarding the application of CPC 47 (IFRS 15) to real estate development entities in Brazil with regard to the aspects on the transfer of control on the sale of real estate units.

### 2.2 Basis of preparation

The financial statements have been prepared in the normal course of business, using the historical cost as the value base, and liabilities and assets at present or realizable value.

All relevant information related to the financial statements and only this information is being disclosed and corresponds to the information used by the Company's Management in its management.

In preparing the annual financial statements, Management assesses the Company´s ability to continue as a going concern.

All the figures disclosed in these annual financial statements are expressed in thousands of Brazilian reais, unless otherwise stated.

### 2.3 Approval of the financial statements

The Company´s individual and consolidated financial statements were approved by the Board of Directors and authorized for issuance on March 11, 2021.

### 2.4 Summary of significant accounting policies

#### 2.4.1 Basis of consolidation

The Company's consolidated financial statements include the individual financial statements of the Parent and its direct and indirect subsidiaries. The Company has the control over an entity when it is exposed or has rights to variable returns from its involvement with the entity and has ability to affect those returns through power over an entity. The existence and the effects of potential voting rights, currently exercisable or convertible, are taken into consideration when determining whether the Company controls or not another entity. Subsidiaries are fully consolidated from the date on which control is transferred until the date control ceases. The accounting policies have been consistently applied by all subsidiaries included in the Company's consolidated financial statements (note 9).

#### 2.4.2 Functional and presentation currency

The Company's functional and presentation currency is the Brazilian real (R$).

### 2.4.3 Critical accounting judgments and key sources of estimation uncertainty

In preparing these financial statements, Management used judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. All accounting estimates and assumptions used by the Company are in accordance with the CPCs and correspond to the best estimates available.

The estimates and assumptions are revised on an ongoing basis. Revisions to estimates are recognized prospectively. Actual results may differ from these estimates.

The information on uncertainties related to the assumptions and estimates that have a significant risk of resulting in a material adjustment in the year ended December 31, 2020 is disclosed below:

#### a) Estimated allowance for doubtful debts and contract termination

The Company periodically reviews its assumptions to recognize an allowance for doubtful debts and contract termination, in view of the review of the history of its current operations and improvement of its estimates. Judgment made based on the historical, expected loss may differ from the amount expected to be realized, based on the specific characteristics of each customer. Note 2.4.6.3 describes the calculation method.

#### b) Provision for contingencies

The Company recognizes a provision for tax, labor and civil risks (note 14). The likelihood of loss is assessed based on available evidence, the hierarchy of laws, available case laws, most recent court decisions, their relevance within the legal system, and the assessment made by our outside legal counsel. Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, conclusions of tax audits, or additional exposures identified based on new matters or court rulings.

There are uncertainties related to the interpretation of complex tax regulations and the amount and timing of future taxable income.

#### c) Budgeted costs of real estate projects

Total budgeted costs, mainly comprised of incurred and unincurred costs for the completion of real estate projects, are regularly reviewed, based on the percentage-of-completion, and potential adjustments identified based on such review are reflected in the Company's profit or loss. The effect of such reviews in estimates affects revenue recognition, as mentioned in note 2.4.4(b.ii).

### 2.4.4 Recognition of revenues, costs and expenses.

#### a) Revenue recognition

In recognizing revenue from contracts with customers, the principles introduced by CPC 47 were adopted, comprising the guidance in CVM/SNC/SEP Circular Letter 02/2018, where the transfer of control of the asset or service can be evidenced "at a point in time" or "over time".

To define the revenue recognition method, it is necessary to verify the fulfillment of performance obligations. Such verification is performed in five steps: 1) identification of the contract; 2) identification of performance obligations; 3) determination of the transaction price; 4) allocation of the transaction price to performance obligations; 5) recognition of revenue.

In such assessment, the Company's business model refers to sales fully transferred to the financial institution, with respect to real estate projects under construction and also those not completed. Upon execution of the bank financing contract, ownership is transferred to the financial institution, and the real estate developer is no longer responsible for any risk of receipt and/or control of the asset. Therefore, the performance obligation with respect to the real estate project is fulfilled at this time.

The contractual financial flow is as follows:

i) 10 to 20% directly paid to the real estate developer; and
ii) 80 to 90% to the financial institution.

The table below summarizes the contract entered into as "financing at the construction stage and completed", the relevant parties, collaterals and underlying risks:

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

| Contract | Parties | Property collateral | Credit risk | Market risk | Termination risk |
|---|---|---|---|---|---|
| Bank financing | Developer (Seller); Buyer and financial institution (Creditor) | Financial institution | 10 to 20% of the Developer and 80 to 90% of the financial institution | Buyer and financial institution | Not applicable. * |

*In case of default by the customer, the financial institution can transfer the ownership to its name for subsequent sale of the property to third parties, according to procedures set forth in art. 27 of Law 9.514/97. The proceeds will be mainly used to settle the customer's debt balance

### (b) Recognition of revenue from and costs on real estate development and sale

i) For sales of completed real estate units, profit or loss is recognized when sales are made upon transfer of control over these units, irrespective of the period for receipt of the contractual amount.
ii) For sales of uncompleted units, the procedures below are followed:

- Sales revenue is recognized in profit or loss when there is continuous transfer of control to the financial institution or customer ("over time"), under the percentage-of-completion method for each project. This percentage is based on the ratio of the cost incurred in relation to the total estimated cost of the respective projects. In those cases that, during the period of approval of the customer by the financial institution, there are indications that the customer will fail to perform its contractual obligations, an allowance for termination is recognized at its full amount.

- Recognized sales revenues that are higher than the amounts effectively received from customers are recorded in current or noncurrent assets, in line item "Receivables from developments and services provided". The amounts received from the sale of units that are higher than the recognized amounts of revenue are recorded in line item " Payables forpurchase of properties and advances from customers ";

- Inflation adjustment to trade receivables until delivery of keys, as well as present value adjustment to the balance of trade receivables, are recognized in profit or loss from real estate development and sale when earned or incurred, on the accrual basis on a pro rata basis;

- The incurred cost of units sold, including cost of land and other expenditures directly related to the cost of inventory formation, is fully recognized in profit or loss. For unsold units, the cost incurred is allocated to inventories (note 2.4.7);

- Finance charges on payables for acquisition of land and those directly related to construction financing are capitalized and recorded in inventories of properties for sale, and recognized at the cost incurred of units under construction until completion, based on the same recognition criteria adopted for costs on real estate development proportionally to units sold under construction;

- Taxes levied and deferred taxes on the difference between the revenue from real estate development and the accumulated revenue subject to taxation are calculated and recorded when such revenue difference is recognized;

- A provision to cover expenditures on repair in projects is recognized, based on an estimate that considers the history of expenditures incurred adjusted by future expectation, except for subsidiaries that use outsourced companies, which are the own guarantors of the construction services provided. The warranty period offered is five years as from the delivery of the real estate project.

- Expenses on brokerage fees are recorded in profit or loss in line item "Selling expenses" based on the same criterion adopted for the recognition of revenue from units sold. Charges related to sales commission payable by the buyer of the property are not recognized as the Company's revenue or expense.

### 2.4.5 Cash and cash equivalents and securities

Cash and cash equivalents mainly include demand deposits and repurchase bank certificates of deposit, denominated in Brazilian reais, which are highly liquid and mature within up to 90 days, for which there are no fines or any other restrictions on the part of their issuers that would prevent them from being immediately redeemed.

Cash equivalents are classified as financial assets at fair value through profit or loss, where its positive and negative fluctuation affects the income statement. Cash equivalents are held to meet short-term cash requirements.

Securities include bank certificates of deposit, government bonds, exclusive investment funds and pledges, which are measured at fair value through profit or loss or at amortized cost (note 10).

### 2.4.6 Receivables from development and services provided

#### 2.4.6.1 Receivables from properties and land sales and services provided

Carried at present and realizable values. Classification between current and noncurrent is carried out based on the maturity schedule of the contract installments.

Outstanding installments are adjusted based on the National Civil Construction Index (INCC) for the project construction stage, and the General Market Price Index (IGP-M), after the delivery of the completed real estate units.

#### 2.4.6.2 Present value adjustment

The adjustment to present value is calculated from the contract execution date to the expected unit delivery date to the committed buyer, using a discount rate represented by the average rate of the financing obtained by the Company, net of the higher of the inflationary effect or NTN-B.

The derecognition of the adjustment to present value (taking into consideration that a major share of the Company's operations is to finance its customers) was made as a contra entry to line item 'Revenue from real estate development', consistently with the interest incurred on the portion of receivables.

#### 2.4.6.3 Estimated allowance for doubtful debts and contract terminations

The Company recognizes estimated allowance for doubtful debts and contract terminations for customers with installments past due and falling due, according to assumptions defined by the Company for incurred and expected losses. Such allowance is calculated based on the percentage-of-completion of construction, the methodology applied in the recognition of profit or loss (note 2.4.4).

In recognizing estimated losses, a matrix based on historical and expected loss is used, or adjusted based on current observable data to reflect current and future conditions, provided that such data is available with no cost or excessive effort. Such loss is calculated based on the percentage-of-completion of construction, the methodology applied in the recognition of profit or loss. The Company assesses the risk of its entire customer portfolio to determine which are the risk levels.

The Company recognizes an allowance for termination for customers that intend to formalize contractual terminations, or pose significant risk of default.

### 2.4.7 Properties for sale

#### (i) Land for future developments

The Company and its subsidiaries acquire land for future real estate development, payable in local currency or through barter. Land acquired through barter transactions are stated at the "fair value" of the units to be delivered and revenues and costs are recognized according to the criteria described in note 2.4.4.

Land is classified in current and noncurrent assets by Management based on the expected launch date of real estate projects, which is periodically reviewed.

#### (ii) Properties under construction

Properties are carried at construction cost, and reduced by an allowance when such amount exceeds its net realizable value. In the case of properties under construction, the inventory portion represents the cost incurred with unsold units. The cost incurred comprises construction costs (materials, own or third-party labor and other related costs), land and project legalization costs, land costs and finance charges incurred with the real estate project during the construction stage.

Finance charges on funds used in the construction of real estate projects are capitalized. Therefore, it includes the inflation adjustment to these items, if applicable.

Charges on borrowings raised by the Parent related to its subsidiaries' projects are capitalized in line item "Investments" (note 9) and their realization (charged to profit or loss) is included in the cost of sales in the consolidated.

### 2.4.8 Financial instruments

The table below shows the significant accounting policies adopted for:

| | |
|---|---|
| **Non-derivative financial assets and financial liabilities:** | |
| Recognition | Loans, receivables and debt instruments are initially recognized on the date they were originated.<br>All other financial assets and liabilities are recognized on the trade date when the Company becomes a party to the underlying contract. |
| Derecognition | **Financial asset:** A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows on the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in these transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. |
| | **Financial liability:** A financial liability is derecognized when its contractual obligations are discharged (through payment or contract) or canceled, or when they expire. |
| Offset | Financial assets or liabilities are offset and the net amount presented in the balance sheet when the Company has a current legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. |
| **Non-derivative financial assets** | |
| Classification and measurement | **Amortized cost:** Maintained for the receipt of contractual cash flows until the end of construction and solely for the receipt of principal and interest on specific dates, for measurement, the effective interest method is used. |
| | **Fair value:** When the objective is to allow the immediate management of its cash so as to sell the asset or not. These assets are held to receive contractual cash flows and for sale purposes. |
| Impairment | Assessment made for all financial assets classified at amortized cost.<br>Measured as the difference between the present value of estimated future cash flows, discounted at the original interest rate of the financial assets and their carrying amount, which difference is recognized in profit or loss for the year. |
| **Non-derivative financial liabilities** | |
| Classification and measurement | **Fair value:** measured at fair value through profit or loss upon initial recognition and on irrevocable basis, when they eliminate or reduce differences between gains and losses from mismatches that would arise from the measurement of assets and liabilities. |
| | **Amortized cost:** Initially classified and measured at fair value, less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. |
| **Derivative instruments, including hedge accounting** | |
| As at December 31, 2020 and 2019, the Company did not have any transaction involving derivative instruments. | |

### 2.4.9 Investments in equity interests

Investments in equity interests are accounted for in the parent under the equity method.

When the Company's share in the investees' losses is equal to or exceeds the investment amount, the Company recognizes the residual portion in line item "Allowance for investment losses", since it assumes obligations and makes payments in the name of such investees. Consequently, the Company recognizes an allowance in an amount considered appropriate to fulfill the investee's obligations (note 9).

### 2.4.10 Property and equipment and intangible assets

Property and equipment and intangible assets are stated at acquisition cost, less accumulated depreciation/amortization and/or accumulated impairment losses, if applicable.

An item of property and equipment or intangible asset is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write-off of the asset (calculated as the difference between the net sales amount and the carrying amount of the asset) is included in the income statement in the year in which the asset is written off.

Depreciation/amortization are calculated on a straight-line basis, based on the estimate useful lives of the assets (notes 7 and 8).

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

The Company assesses at the end of each period the recoverable amount of its property and equipment items and intangible assets and in case of any indication of losses, these are recognized in profit or loss for the year.

### 2.4.11 Payables for properties and advances from customers through barter

Payables on the acquisition of properties are recognized at the amounts corresponding to the contractual obligations assumed. Subsequently, they are stated at amortized cost, i.e., plus charges and interest, when applicable, on a pro rata basis to the incurred period, less the present value adjustment.

Payables related to barter of land for real estate units are stated at the fair value of the units to be delivered.

### 2.4.12 Current taxes

The Company and its subsidiaries calculate their main taxes, as described below:

| Tax | Taxable income | Deemed income | Special tax regime |
|---|---|---|---|
| Income tax | 15% plus a 10% surtax based on the amount exceeding R$240 thousand. | 8% on gross revenue, applying a rate of 15% and 10% surtax. | 1.26% on sales revenue |
| Social contribution | 9% rate. | 12% on gross revenue, applying a rate of 9%. | 0.66% on sales revenue |
| PIS on gross operating revenue. | Gross revenue base less credits (*) 1.65% | 0.65% | 0.37% on sales revenue |
| COFINS on gross operating revenue. | Gross revenue base less credits (*) 7.6% | 3% | 1.71% on sales revenue |

* Credits calculated based on some costs and expenses incurred.

### 2.4.13 Deferred taxes

Deferred tax is recognized in relation to:

a) Temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes; and
b) Tax losses, which are recognized to the extent that it is probable that future taxable income will be available against which the deferred tax assets can be utilized, based on projections of results prepared on the basis of internal assumptions and future economic scenarios that allow their full or partial utilization, upon recognition of an asset. The recorded amounts are periodically reviewed and the related realization or settlement impacts are recorded as provided for in the tax law. Deferred income tax on tax losses can be carried forward indefinitely, however, its offset in future years is limited to 30% of the taxable income for each year.

Deferred tax assets and liabilities are stated at their net amounts in the balance sheet when there is a legally enforceable right and the intent to set off them upon the calculation of current taxes, related to the same legal entity and same tax authority.

### 2.4.14 Stock option plan

The Company offers to employees and Management, as duly approved by the Board of Directors, two stock option and stock grant plans, according to which it receives the services as considerations for the stock options granted.

The fair value of stock options is set on the grant date and recognized as expense in the income statement for the year (as a contra entry to equity) as services are provided by employees and Management.

When the terms of an equity-settled plan are modified, a minimum expense is recognized and corresponds to the expenses as if the terms had not been modified.  An additional expense is recognized for any modification that increases the total fair value of the options granted, or is otherwise beneficial to the employee, as measured at the date of modification.

When a stock option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not recognized under the plan is recognized immediately. However, if a new plan replaces the cancelled plan, it is designated as a replacement plan on the date that it is granted, and the cancelled and new plans are treated as if they were a modification of the original plan, as mentioned above.

The Company annually reviews its estimated number of options which rights will be vested, considering the vesting conditions not related to the market and the conditions for length of service. The Company recognizes the impact of the review of the initial estimates, if any, in the income statement, as a contra entry to equity.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

### 2.4.15 Provisions and losses

Provisions are recorded when considered probable and based on the best estimates of the underlying risk. Provisions recognized refer mainly to:

(i) Provision for contingencies

The Company is a party to several lawsuits and administrative proceedings. Provisions are recognized for all lawsuits assessed as probable losses.

Contingent liabilities assessed as possible losses are only disclosed in an explanatory note while contingent liabilities assessed as remote losses are neither accrued nor disclosed.

(ii) Allowance for impairment of non-financial assets

Annually and whenever evidence of impairment of assets is identified, and the carrying amount exceeds the recoverable value, an allowance for impairment is recognized to adjust the carrying amount to the recoverable value. Intangible assets with indefinite useful life are tested for impairment annually, irrespective of indicators of impairment, based on the comparison between the realizable value measured using cash flows discounted at present value, using a pretax discount rate, that reflects the weighted average cost of the Company's capital.

### 2.4.16 Dividends

The proposed distribution of dividends made by Management within the mandatory minimum dividend is recognized as current liabilities in line item "Dividends payable" as it is considered a legal obligation under the Company's bylaws.

### 2.4.17 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to common shares by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated similarly to basic earnings but increased by the weighted average number of common shares that would be issued in the conversion of all potential shares diluted into common shares.

### 2.4.18 Treasury shares

Treasury shares are recognized at acquisition amount plus deemed costs and recorded as a reduction of equity. No gain or loss is recognized in the income statement on the purchase, sale, issuance or cancellation of the Company's own equity instruments, and the income (loss) from the transaction is recognized as earnings reserve.

### 2.5 Statements of value added

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as supplemental information to the consolidated financial statements, since this statement is neither required nor mandatory under IFRSs. The statements of value added have been prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 - Statement of Value Added.

## 3. ISSUED NEW AND REVISED STANDARDS AND INTERPRETATIONS

### a. New and revised standards and interpretations already adopted in the current year:

New and revised standards and interpretations will become effective as described below:

| New and revised standards and interpretations | Effective beginning |
|---|---|
| CPC 00 – Conceptual Framework - Revised (a) | January 1, 2020 |
| Other Revisions (b) | January 1, 2020 |

(a) Change of conceptual framework

On November 1, 2019, the Accounting Pronouncements Committee approved the revision of the conceptual framework (CPC 00 R2) resulting in the following changes: a) enhancement of the definitions of assets, liabilities, income and expenses, and criteria for inclusion/exclusion of financial assets and financial liabilities; b) definition of the financial reporting purpose; c) guidance on the measurement, presentation and disclosure basis; and d) characteristics of the accounting information useful for the user. The Company and its subsidiaries assessed the amendments and concluded that the effects are immaterial.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

(b) Other revised technical pronouncements

The revised standards below did not significantly impact the Company:

CPC 15 - IFRS 3 – Definition of Business

CPC 26 - IAS 1 and CPC 23 - IAS 8 – Definition of Materiality

b. New and revised standards and interpretations not yet adopted:

| New and revised standards and interpretations | Effective beginning |
|---|---|
| IAS 37 (CPC 25) Provisions, Contingent Liabilities and Contingent Assets (a) | January 1, 2022 |
| IFRS 9 (CPC 48) Financial Instruments (b) | January 1, 2022 |

(a) IAS 37 (CPC 25) Provisions, Contingent Liabilities and Contingent Assets

In May 2020, the International Accounting Standards Board (IASB) has published "Onerous Contracts - Cost of Fulfilling a Contract", which amends IAS 37 Provisions, Contingent Liabilities and Contingent Assets . The amendments specify which costs an entity considers when determining the cost of fulfilling a contract so as to assess whether the contract is onerous.

(b) IFRS 9 (CPC 48) Financial Instruments

In May 2020, the International Accounting Standards Board (IASB) has issued an amendment to IFRS 9 Financial Instruments. The amendment clarifies the rates that an entity can include when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

## 4. RECEIVABLES FROM DEVELOPMENT AND SERVICES PROVIDED

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Receivables from real estate development and sales | 137,721 | 140,834 | 1,058,573 | 754,316 |
| (-) Estimated allowance for doubtful debts | (51,465) | (50,006) | (174,388) | (118,213) |
| (-) Allowance for contract terminations | (4,607) | (8,405) | (29,194) | (45,724) |
| (-) Present value adjustment | (698) | (1,003) | (5,181) | (7,391) |
| Receivables from land sales and services provided | 35,086 | 25,734 | 61,986 | 42,154 |
| | 116,037 | 107,154 | 911,796 | 625,142 |
| Current | 92,011 | 68,619 | 562,971 | 406,599 |
| Noncurrent | 24,026 | 38,535 | 348,825 | 218,543 |

The aging list of trade receivables is as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| Maturity | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Past due | | | | |
| Up to 90 days | 801 | 785 | 14,869 | 2,880 |
| 91-180 days | 2,734 | 1,130 | 8,381 | 9,326 |
| More than 180 days (a) | 44,388 | 39,483 | 61,577 | 68,858 |
| Subtotal – past due | 47,923 | 41,398 | 84,827 | 81,064 |
| Current | | | | |
| 2020 | | 79,198 | | 449,334 |
| 2021 | 94,929 | 24,099 | 622,502 | 155,623 |
| 2022 | 13,306 | 9,853 | 300,539 | 61,922 |
| 2023 | 6,300 | 5,230 | 42,934 | 22,489 |
| 2024 | 4,250 | 6,790 | 32,438 | 26,038 |
| 2025 and thereafter | 6,099 | - | 37,319 | - |
| Subtotal – current | 124,884 | 125,170 | 1,035,732 | 715,406 |
| (-) Present value adjustment (b) | (698) | (1,003) | (5,181) | (7,391) |
| (-) Estimated allowance for doubtful debts and contract termination | (56,072) | (58,411) | (203,582) | (163,937) |
| | 116,037 | 107,154 | 911,796 | 625,142 |

(a) Of the amount past due for more than 180 days, amounts being transferred to financial institutions total R$24,867 in Parent and R$33,513 in consolidated (R$15,376 in the Parent and R$30,308 in consolidated as at December 31, 2019).

(b) The discount rate applied by the Company and its subsidiaries was 0.96% (average borrowing rate less INCC) for the year ended December 31, 2020 (1.88% in 2019).

The variations in the allowances for doubtful debts and contract terminations in the years ended December 31, 2020 and 2019 are summarized below:

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

| | Parent | | | |
|---|---|---|---|---|
| | Trade receivables - Allowance for doubtful debts | Trade receivables - Allowance for contract terminations | Properties for sale (note 5) | Net balance |
| Balance as at December 31, 2018 | (64,311) | (6,183) | 5,300 | (65,194) |
| Additions | (5,346) | (7,601) | 4,494 | (8,453) |
| Reversals | 19,288 | 5,379 | (5,312) | 19,355 |
| Write-off | 363 | - | - | 363 |
| Balance as at December 31, 2019 | (50,006) | (8,405) | 4,482 | (53,929) |
| Additions (a) | (8,869) | (1,841) | 3,633 | (7,077) |
| Reversals | 4,027 | 5,639 | (5,156) | 4,510 |
| Write-off | 3,383 | - | - | 3,383 |
| Balance as at December 31, 2020 | (51,465) | (4,607) | 2,959 | (53,113) |

| | Consolidated | | | |
|---|---|---|---|---|
| | Trade receivables - Allowance for doubtful debts | Trade receivables - Allowance for contract terminations | Properties for sale (note 5) | Net balance |
| Balance as at December 31, 2018 | (130,478) | (15,126) | 13,862 | (131,742) |
| Additions | (21,002) | (56,835) | 27,953 | (49,884) |
| Reversals | 33,013 | 26,237 | (20,964) | 38,286 |
| Write-off | 254 | - | - | 254 |
| Balance as at December 31, 2019 | (118,213) | (45,724) | 20,851 | (143,086) |
| Additions (a) | (108,677) | (9,764) | 26,222 | (92,219) |
| Reversals | 23,265 | 26,294 | (28,067) | 21,492 |
| Write-off | 29,237 | - | - | 29,237 |
| Balance as at December 31, 2020 | (174,388) | (29,194) | 19,006 | (184,576) |

a) In 2020 the line items "Allowance for doubtful debts" and "Allowance for contract termination" in the amounts of R$1,850 in the Parent and R$46,984 in the consolidated were reclassified for purposes of better presentation.

## 5. PROPERTIES FOR SALE

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Raw material | - | - | 564 | - |
| Land | 63,566 | 60,974 | 1,336,134 | 1,198,028 |
| Land held for sale | 16,273 | 19,195 | 17,594 | 23,873 |
| Properties under construction | 19,572 | 28,696 | 320,909 | 314,548 |
| Cost of properties in the recognition of the allowance for contract terminations (note 4) | 2,959 | 4,482 | 19,006 | 20,851 |
| Completed units | 12,742 | 7,875 | 20,353 | 19,571 |
| (-) Present value adjustment in land purchases | (7) | (91) | (54,806) | (76,433) |
| (-) Impairment of properties for sale | (1,450) | (1,651) | (1,826) | (2,092) |
| (-) Impairment of land held for sale | (3,789) | (4,454) | (5,005) | (5,782) |
| | 109,866 | 115,026 | 1,652,923 | 1,492,564 |
| Current | 59,442 | 70,818 | 777,719 | 955,589 |
| Noncurrent | 50,424 | 44,208 | 875,204 | 536,975 |

## 6. RELATED PARTIES

### 6.1 Related-party balances

The asset and liability balances with related parties are as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Assets | | | | |
| Subsidiaries | | | | |
| Related parties' current account (a) | 105,045 | 39,495 | - | - |
| Intragroup loans receivable (note 6.2) | 7,648 | 9,299 | - | - |
| Total subsidiaries | 112,693 | 48,794 | - | - |
| Joint ventures | | | | |
| Related parties' current account | - | 34 | 3,452 | 3,051 |
| Intragroup loans receivable (note 6.2) | 38,044 | 37,421 | 38,044 | 37,421 |
| Total | 38,044 | 37,455 | 41,496 | 40,472 |
| Total assets | 150,737 | 86,249 | 41,496 | 40,472 |
| Current | 105,045 | 39,529 | 3,452 | 3,051 |
| Noncurrent | 45,692 | 46,720 | 38,044 | 37,421 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Liabilities | | | | |
| Subsidiaries | | | | |
| Related parties' current account (a) | 23,765 | 24,908 | - | - |
| Total subsidiaries | 23,765 | 24,908 | - | - |
| Joint ventures | | | | |
| Related parties' current account (a) | 24,639 | 23,662 | 24,639 | 23,681 |
| Total | 24,639 | 23,662 | 24,639 | 23,681 |
| Total liabilities | 48,404 | 48,570 | 24,639 | 23,681 |
| Current | 48,404 | 48,570 | 24,639 | 23,681 |

(a) Amount relating to funds transferred between the group companies, which will be derecognized through a capital increase or decrease;

### 6.2 Intragroup loans receivable

The table below shows the breakdown, type, and terms and conditions of the balances of intragroup loans and borrowings. The maturities of intragroup loans are contingent on the duration of the related projects.

| | Parent | | Consolidated | | | |
|---|---|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 | Nature | Interest rate |
| Subsidiaries | | | | | | |
| FIT 09 SPE Empr. Imob. Ltda. (b) | 7,648 | 9,299 | - | - | Construction | 120% to 126.5% p.a. of the CDI |
| Intragroup loans receivable –subsidiaries (note 6.1) | 7,648 | 9,299 | - | - | | |
| Joint ventures | | | | | | |
| Atua Construtora e Incorporadora S.A. (a) | 12,167 | 12,167 | 12,167 | 12,167 | Construction | 112% to 113.5% of CDI |
| FIT 19 SPE Empr. Imobiliários Ltda. (b) | 18,558 | 18,304 | 18,558 | 18,304 | Construction | 100% of CDI |
| Acedio SPE Empr. Imobiliários Ltda. (b) | 7,319 | 6,950 | 7,319 | 6,950 | Construction | 100% of CDI |
| Intragroup loans receivable –- Joint venture (note 6.1) | 38,044 | 37,421 | 38,044 | 37,421 | | |
| | 45,692 | 46,720 | 38,044 | 37,421 | | |

(a) Amount related to a Company loan to Atua Construtora e Incorporadora S.A., which is being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The amount is no longer adjusted based at the agreed finance charges in light of the arbitration.

(b) Amounts receivable between SPEs that are adjusted through August 2014 (date of last request in arbitration) using the contractually agreed finance charges. These amounts are being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The loan to Fit 09 SPE Empr. Imob. Ltda. was eliminated for purposes of the consolidated financial statements, and the balance changes shown arise from the new amounts to guarantee the companies' operations.

### 6.3 Guarantees, collaterals and sureties

The financial transactions of the Group are collateralized by guarantees or sureties in proportion to the Company's interests in the capital of such companies, totaling R$538,828 as at December 31, 2020 (R$674,197 as at December 31, 2019).

## 7. PROPERTY AND EQUIPMENT

| | | Parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Description | Depreciation rate - % p.a. | 12/31/2018 | Additions | Write-offs | 12/31/2019 | Additions | Write-offs | 12/31/2020 |
| Cost | | | | | | | | |
| Hardware | | 22,619 | 2,000 | - | 24,619 | 3,218 | - | 27,837 |
| Leasehold improvements and facilities | | 10,201 | 3,046 | - | 13,247 | 8,171 | (1,889) | 19,529 |
| Furniture and fixtures | | 3,883 | 823 | - | 4,706 | 578 | - | 5,284 |
| Machinery and equipment | | 3,009 | 321 | - | 3,330 | 2,310 | - | 5,640 |
| Molds | | 40,660 | 20,004 | - | 60,664 | 13,236 | - | 73,900 |
| Lease – right of use | | - | 26,544 | (3,054) | 23,490 | 26,707 | (5,214) | 44,983 |
| | | 80,372 | 52,738 | (3,054) | 130,056 | 54,220 | (7,103) | 177,173 |
| Accumulated depreciation | | | | | | | | |
| Hardware | 20% | (12,726) | (3,705) | - | (16,431) | (4,210) | - | (20,641) |
| Leasehold improvements and facilities | 14% | (7,628) | (1,242) | - | (8,870) | (2,015) | 902 | (9,983) |
| Furniture and fixtures | 10% | (2,726) | (239) | - | (2,965) | (264) | - | (3,229) |
| Machinery and equipment | 10% | (1,180) | (315) | - | (1,495) | (460) | - | (1,955) |
| Molds | 11% | (18,931) | (10,046) | - | (28,977) | (5,939) | - | (34,916) |
| Lease – right of use | 14% | - | (3,401) | 129 | (3,272) | (1,809) | 2,552 | (2,529) |
| | | (43,191) | (18,948) | 129 | (62,010) | (14,697) | 3,454 | (73,253) |
| | | 37,181 | 33,790 | (2,925) | 68,046 | 39,523 | (3,649) | 103,920 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

| | | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Description | Depreciation rate - % p.a. | 12/31/2018 | Additions | Write-offs | 12/31/2019 | Additions | Write-offs | 12/31/2020 |
| Cost | | | | | | | | |
| Hardware | | 22,619 | 2,000 | - | 24,619 | 3,227 | - | 27,846 |
| Leasehold improvements and facilities | | 10,201 | 3,162 | - | 13,363 | 8,416 | (1,889) | 19,890 |
| Furniture and fixtures | | 4,014 | 1,077 | - | 5,091 | 1,000 | - | 6,091 |
| Machinery and equipment | | 3,009 | 364 | - | 3,373 | 3,046 | - | 6,419 |
| Molds | | 42,519 | 30,321 | - | 72,840 | 20,422 | - | 93,260 |
| Lease – right of use | | - | 26,544 | (3,054) | 23,490 | 26,707 | (5,214) | 44,983 |
| | | 82,362 | 63,468 | (3,054) | 142,776 | 62,818 | (7,103) | 198,489 |
| Accumulated depreciation | | | | | | | | |
| Hardware | 20% | (12,726) | (3,705) | - | (16,431) | (4,212) | - | (20,643) |
| Leasehold improvements and facilities | 14% | (7,628) | (1,257) | - | (8,885) | (2,141) | 924 | (10,102) |
| Furniture and fixtures | 10% | (2,735) | (258) | - | (2,993) | (337) | - | (3,330) |
| Machinery and equipment | 10% | (1,180) | (316) | - | (1,496) | (509) | - | (2,005) |
| Molds | 11% | (19,075) | (11,190) | - | (30,265) | (7,605) | - | (37,870) |
| Lease – right of use | 14% | - | (3,401) | 129 | (3,272) | (1,809) | 2,552 | (2,529) |
| | | (43,344) | (20,127) | 129 | (63,342) | (16,613) | 3,476 | (76,479) |
| | | 39,018 | 43,341 | (2,925) | 79,434 | 46,205 | (3,627) | 122,010 |

The residual value, useful lives, and depreciation methods were reviewed at the end of year 2020, and no change was made. Assets are subject to periodical impairment testing.

## 8. INTANGIBLE ASSETS

| | | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amortization rate - % p.a. | 12/31/2018 Balance | Additions | Amortization | 12/31/2019 Balance | Additions | Write-offs | Amortization | 12/31/2020 Balance |
| Software - Cost | 33% | 49,572 | 7,907 | - | 57,479 | 14,078 | (7,546) | - | 64,011 |
| Software – amortization | | (23,506) | - | (11,523) | (35,029) | - | 5,688 | (13,446) | (42,787) |
| | | 26,066 | 7,907 | (11,523) | 22,450 | 14,078 | (1,858) | (13,446) | 21,224 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

## 9. INVESTMENTS IN EQUITY INTERESTS

### Breakdown of and variations in investments and negative equity as at December 31, 2020

| Subsidiaries | Current assets | Noncurrent assets | Current liabilities | Noncurrent liabilities | Equity and advance for future capital increase | Net revenue | Profit (loss) for the year | Equity interest % | Opening balance 01/01/2020 | Capital increase / decrease | Dividends | Share of profit (loss) of investees | Investment balance | Equity deficiency |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TENDA NEG. IMOB. S/A | 1,823,459 | 882,094 | 528,872 | 849,942 | 1,326,739 | - | 332,347 | 100% | 994,392 | - | - | 332,347 | 1,326,739 | - |
| TENDA 46 SPE EMP IMOB LTD | 42,530 | 19,570 | 13,208 | 18,802 | 30,090 | - | 27,412 | 100% | 11,897 | - | (9,219) | 27,412 | 30,090 | - |
| FIT SPE 02 EMP. IMOB. | 26,154 | 1,294 | 3,702 | - | 23,450 | - | 8,640 | 100% | 16,464 | - | (1,654) | 8,640 | 23,450 | - |
| FIT BILD 09 SPE | 1,645 | - | 465 | 7,694 | (7,753) | | (1,064) | 75% | (5,326) | - | | (798) | - | (6,124) |
| Other | 78,262 | 3,293 | 40,472 | 19,283 | 21,797 | - | (5,974) | | 40,901 | (8,906) | (8,070) | (5,636) | 22,650 | (4,360) |
| Capitalized interest | | | | | | | | | 4,071 | | | (770) | 3,301 | - |
| **Total subsidiaries** | **1,972,050** | **906,251** | **586,719** | **895,721** | **1,394,323** | **-** | **361,361** | | **1,062,399** | **(8,906)** | **(18,943)** | **361,195** | **1,406,230** | **(10,484)** |
| **Joint ventures** | **Current assets** | **Noncurrent assets** | **Current liabilities** | **Noncurrent liabilities** | **Equity and advance for future capital increase** | **Net revenue** | **Profit (loss) for the year** | **Equity interest %** | **Opening balance 01/01/2020** | **Capital increase / decrease** | **Dividends** | **Share of profit (loss) of investees** | **Investment balance** | **Equity deficiency** |
| FIT 13 SPE EMP. IMOB. | 16,248 | 3,653 | 1 | - | 19,900 | - | 121 | 50% | 9,889 | - | - | 63 | 9,952 | - |
| CIPESA PROJETO 02 | 18,225 | 376 | 164 | 48 | 18,389 | (48) | (166) | 50% | 9,164 | 124 | - | (93) | 9,195 | - |
| SPE FRANERE GAFISA 08 EMP. IMOB. LTDA. | 21,202 | 2,397 | 3,878 | 2,555 | 17,167 | (3,159) | (1,057) | 50% | 9,108 | - | - | (525) | 8,583 | - |
| ACEDIO SPE | 21,248 | - | 1,718 | 7,319 | 12,215 | (372) | 663 | 55% | 6,352 | - | - | 375 | 6,727 | - |
| FIT JARDIM BOTANICO SPE | 9,660 | 24 | 196 | 284 | 9,204 | (241) | (77) | 55% | 5,104 | - | - | (42) | 5,062 | - |
| FIT CAMPOLIM SPE | 8,716 | - | 81 | 18,558 | (9,923) | - | 399 | 55% | (5,678) | - | - | 220 | - | (5,458) |
| Other | 12,583 | 100 | 6,836 | 903 | 4,943 | 868 | (951) | | 2,949 | - | - | (478) | 2,470 | - |
| **Consolidated** | **107,882** | **6,550** | **12,874** | **29,667** | **71,895** | **(2,952)** | **(1,068)** | | **36,888** | **124** | **-** | **(480)** | **41,989** | **(5,458)** |
| **Total Parent** | **2,079,932** | **912,801** | **599,593** | **925,388** | **1,466,218** | **(2,952)** | **360,293** | | **1,099,287** | **(8,782)** | **(18,943)** | **360,715** | **1,448,219** | **(15,942)** |

### Breakdown of and variations in investments and negative equity as at December 31, 2019

| Subsidiaries | Current assets | Noncurrent assets | Current liabilities | Noncurrent liabilities | Equity and advance for future capital increase | Net revenue | Profit (loss) for the year | Equity interest % | Opening balance 01/01/2020 | Capital increase / decrease | Dividends | Share of profit (loss) of investees | Investment balance | Equity deficiency |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TENDA NEG. IMOB. S/A | 1,451,475 | 663,592 | 452,686 | 667,987 | 994,393 | - | 323,254 | 100% | 776,237 | - | (105,099) | 323,254 | 994,392 | - |
| FIT 02 SPE EMP.IMOB.LTDA. | 19,078 | 262 | 1,461 | 1,415 | 16,464 | - | 6,966 | 100% | 9,499 | - | - | 6,965 | 16,464 | - |
| TENDA 46 SPE EMP.IMOB.LTDA. | 27,575 | 14,671 | 9,493 | 20,857 | 11,897 | - | 9,095 | 100% | 1,974 | 828 | - | 9,095 | 11,897 | - |
| FIT 06 SPE EMP.IMOB.LTDA. | 7,325 | - | - | - | 7,325 | - | 31 | 100% | 9,010 | - | (1,716) | 31 | 7,325 | - |
| TND NEG. IMOB. LTDA. | 6,099 | - | 109 | - | 5,992 | - | 3,304 | 100% | 2,686 | - | - | 3,306 | 5,992 | - |
| FIT BILD 09 SPE EMP.IMOB.LTDA | 3,078 | - | 870 | 9,309 | (7,102) | - | 333 | 75% | (5,576) | - | - | 250 | - | (5,326) |
| Other | 35,301 | 3,448 | 7,930 | 370 | 30,449 | - | 2,800 | De 50% a 100% | 121,519 | (7,985) | (87,658) (a) | 1,709 | 27,980 | (395) |
| Capitalized interest | | | | | | | | | 3,911 | | | 160 | 4,071 | - |
| **Total subsidiaries** | 1,554,211 | 681,924 | 470,638 | 690,566 | 1,074,935 | | 353,338 | | 919,260 | (7,157) | (194,473) | 344,770 | 1,068,121 | (5,721) |
| **Joint ventures** | **Current assets** | **Noncurrent assets** | **Current liabilities** | **Noncurrent liabilities** | **Equity and advance for future capital increase** | **Net revenue** | **Profit (loss) for the year** | **Equity interest %** | **Opening balance 01/01/2020** | **Capital increase / decrease** | **Dividends** | **Share of profit (loss) of investees** | **Investment balance** | **Equity deficiency** |
| FIT 13 SPE EMP.IMOB.LTDA. | 17,890 | 3,545 | 1,656 | - | 19,779 | - | 72 | 50% | 9,853 | - | - | 36 | 9,889 | - |
| CIPESA PROJ. 02 EMP. IMOB. SPE | 18,397 | - | 56 | 14 | 18,328 | 1 | 247 | 50% | 9,040 | - | - | 124 | 9,164 | - |
| SPE FRANERE GAFISA 08 EMP.IM | 22,423 | 2,391 | 3,951 | 2,646 | 18,217 | 37 | (2,101) | 50% | 10,159 | - | - | (1,051) | 9,108 | - |
| ACEDIO SPE EMP.IMOB.LTDA. | 10,039 | 9,880 | 1,421 | 6,950 | 11,550 | 19,113 | 10,451 | 55% | 603 | - | - | 5,749 | 6,352 | - |
| FIT JD. BOTÂNICO SPE EMP.IMO | 9,446 | - | 164 | 2 | 9,281 | 173 | 339 | 55% | 4,918 | - | - | 186 | 5,104 | - |
| FIT CAMPOLIM SPE EMP.IMOB.L | 8,051 | - | 70 | 18,304 | (10,323) | - | 95 | 55% | (5,728) | - | - | 50 | - | (5,678) |
| Other | 13,121 | 109 | 6,439 | 898 | 5,896 | (349) | (3,711) | 50% | 4,803 | - | - | (1,855) | 2,975 | (27) |
| **Consolidated** | **88,631** | **15,916** | **11,033** | **10,415** | **83,105** | **18,975** | **5,833** | | **33,648** | **-** | **-** | **3,239** | **42,592** | **(5,705)** |
| **Total Parent** | **1,642,842** | **697,840** | **481,671** | **700,981** | **1,158,040** | **18,975** | **359,171** | | **952,908** | **(7,157)** | **(194,473)** | **348,009** | **1,110,713** | **(11,426)** |

a)Dividends distributed by: Jardim São Luiz SPE Incorp. Ltda. R$63,456, FIT 34 SPE Empreendimento Imobiliário Ltda. R$17,174, and FIT SPE 32 Empreendimento Imobiliário Ltda. R$2.738.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

## 10. BORROWINGS, DEBÊNTURES AND FINANCING, CASH AND CASH EQUIVALENTS AND SECURITIES

### a) Net debt and capital management

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Borrowings and financing (d) | 302,632 | 10,024 | 334,541 | 60,016 |
| Debentures (d) | 822,576 | 810,420 | 822,576 | 810,420 |
| Total debt | 1,125,208 | 820,444 | 1,157,117 | 870,436 |
| (-) Cash and cash equivalent (b) | 33,723 | 36,730 | 69,735 | 48,353 |
| (-) Securities (b) | 821,570 | 770,680 | 1,235,719 | 1,022,099 |
| Net debt | 269,915 | 13,034 | (148,337) | (200,016) |
| Equity | 1,517,630 | 1,350,621 | 1,518,121 | 1,351,709 |
| Equity and net debt | 1,787,545 | 1,363,655 | 1,369,784 | 1,151,693 |

### b) Cash, cash equivalents and securities

Cash and cash equivalents comprise cash, deposits, short-term investments with insignificant risk and readily convertible into cash, indexed to the CDI rate.

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Cash and banks | 9.617 | 1.757 | 38.479 | 9.160 |
| Bank certificate of deposit | 24.106 | 34.973 | 31.256 | 39.193 |
| Cash and cash equivalents (note 18.b.I) | 33.723 | 36.730 | 69.735 | 48.353 |

Securities are mainly comprised of Bank certificates of deposit, yielding interest from 70% to 103% of the CDI rate, national treasury bills, private securities and restricted short-term investments (onlending of real estate pool funding receivables about to be approved by Caixa Econômica Federal (Federal savings bank).

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Fixed-income funds | - | 1,664 | 1,695 | 3,452 |
| Exclusive funds | 551,777 | 732,692 | 665,952 | 784,891 |
| Repurchase transactions | 35 | 34 | 35 | 34 |
| Bank certificate of deposit | 232,276 | 351 | 243,907 | 4,080 |
| Restricted short-term investments | 37,482 | 35,939 | 324,130 | 229,642 |
| Total securities (note 18.b.I) | 821,570 | 770,680 | 1,235,719 | 1,022,099 |

### c) Borrowings, debentures and financing

| | | | Parent | | Consolidated | |
|---|---|---|---|---|---|---|
| Type of transaction | Maturity | Annual interest rate | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| National Housing System (SFH) | 01/2021 to 03/2024 | TR + 8.30% p.a. | - | 10,024 | 17 | 60,016 |
| | Up to 03/2024 | CDI + 2.93% | 52,033 | - | 52,033 | - |
| | Up to 06/2023 | CDI + 3.45% | 50,199 | - | 50,199 | - |
| Bank Credit Note (CCB) | Up to 10/2021 | CDI + 3.90% | 100,925 | - | 100,925 | - |
| | Up to 04/2022 | CDI + 3.30% | 100,061 | - | 100,061 | - |
| | Up to 07/2023 | 4.25% | - | - | 31,892 | - |
| Debentures (i) | Up to 12/2024 | CDI + 0.9% up to 1.75% | 824,730 | 816,273 | 824,730 | 816,273 |
| Transaction cost | | | (2,740) | (5,853) | (2,740) | (5,853) |
| Total | | | 1.125.208 | 820,444 | 1,157,117 | 870,436 |
| Current | | | 592,634 | 7,239 | 599,666 | 14,115 |
| Noncurrent | | | 532,574 | 813,205 | 557,451 | 856,321 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

The current and noncurrent portions mature as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| Maturity | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| 2020 | - | 7,239 | - | 14,115 |
| 2021 | 592,634 | 408,698 | 599,666 | 428,326 |
| 2022 | 202,685 | 103,529 | 218,397 | 122,668 |
| 2023 | 201,141 | 175,978 | 210,306 | 180,327 |
| 2024 and thereafter | 128,748 | 125,000 | 128,748 | 125,000 |
| | 1,125,208 | 820,444 | 1,157,117 | 870,436 |

(i) Summary of debentures issued:

| Issue | Date | Amount | Principal payable | Interest payable | Payment of principal | Payment of interest | Covenants (net leverage ratio) (total financial debt less SFH)) |
|---|---|---|---|---|---|---|---|
| 3rd issue | 09/06/2017 | 270,000 | 270,000 | 51,344 | 01/15/2021 | On maturity | (Must not exceed 50%) -9.78% |
| 4th issue | 09/10/2018 | 150,000 | 150,000 | 1,667 | 33.30% 09/2021<br>33.30% 09/2022<br>33.40% 09/2023 | Semiannual | (Must not exceed 15%) - 9.78% |
| 5th issue | 04/02/2019 | 150,000 | 150,000 | 1,291 | 50% 03/2023<br>50% 03/2024 | Semiannual | (Must not exceed 15%) –9.78% |
| 6th issue | 12/05/2019 | 200,000 | 200,000 | 428 | 25% 12/2021<br>25% 12/2022<br>25% 12/2023<br>25% 12/2024 | Semiannual | (Must not exceed 15%) –9.78% |
| | | **770,000** | **770,000** | **54,730** | | | |

## 11. LEASE – RIGHT OF USE

| | Parent/Consolidated | | | |
|---|---|---|---|---|
| Agreements | Up to 5 years | 5 to 10 | Over 10 | Total |
| Opening balance - 12/31/2019 | 3,682 | 12,715 | 7,327 | 23,724 |
| Present value adjustment | (232) | (1,450) | (1,363) | (3,045) |
| New agreements | - | 27,292 | - | 27,292 |
| Payments | (873) | (3,208) | (761) | (4,842) |
| Interest realization (present value adjustment) | 117 | 790 | 236 | 1,143 |
| Write-off | (304) | (3,325) | - | (3,629) |
| Agreement revaluation | (228) | (160) | 1,475 | 1,087 |
| Closing balance - 12/31/2020 | 2,162 | 32,654 | 6,914 | 41,730 |
| Current | 1,002 | 4,173 | 439 | 5,614 |
| Noncurrent | 1,160 | 28,481 | 6,475 | 36,116 |
| Deadlines to be incurred | 24 | 87 | 175 | 84 |
| Monthly amount | 96 | 435 | 47 | 578 |

## 12. PAYABLES FOR PURCHASE OF PROPERTIES AND ADVANCES FROM CUSTOMERS

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Payables for properties purchased | 2,096 | 5,123 | 1,053,617 | 838,200 |
| Advances from customers | 64 | 22 | 21,249 | 314 |
| Physical barter - land | - | 1,900 | 102,571 | 104,734 |
| | 2,160 | 7,045 | 1,177,437 | 943,248 |
| Current | 2,160 | 5,311 | 370,839 | 340,862 |
| Noncurrent | - | 1,734 | 806,598 | 602,386 |

The current and noncurrent portions mature as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| Maturity | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| 2020 | - | 5,311 | - | 340,862 |
| 2021 | 2,160 | 1,734 | 370,839 | 198,038 |
| 2022 | - | - | 347,647 | 196,084 |
| 2023 | - | - | 198,330 | 104,714 |
| 2024 | - | - | 156,040 | 103,550 |
| 2025 and thereafter | - | - | 104,581 | - |
| | 2,160 | 7,045 | 1,177,437 | 943,248 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

## 13. INCOME TAX AND SOCIAL CONTRIBUTION

### a) Current income tax and social contribution

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Profit before income tax and social contribution | 201,769 | 264,275 | 242,176 | 299,534 |
| | 34% | 34% | 34% | 34% |
| **Estimated income tax and social contribution expenses** | **68,602** | **89,853** | **82,340** | **101,842** |
| **Companies taxed based on taxable income** | | | | |
| Additions and deductions | 34,834 | 4,111 | 979 | (12,132) |
| Addition (deduction) RET/deemed effect | 8,708 | (5,521) | (381,718) | (370,884) |
| Addition (deduction) – Share of profit (loss) of investees | (360,715) | (348,009) | 480 | (3,239) |
| Tax basis | (115,404) | (85,144) | (138,083) | (86,722) |
| **Companies taxed based on deemed income** | | | | |
| Tax basis | - | - | 5,980 | 30,911 |
| Average rates applied | - | - | 6,53% | 3,52% |
| Current tax expense | - | - | (426) | (1,291) |
| Deferred tax expense | - | - | 35 | 203 |
| **Companies taxed under RET** | | | | |
| Tax basis | 75,573 | 38,073 | 2,159,688 | 1,772,500 |
| Applicable tax rates | 1,92% | 1,92% | 1,92% | 1,92% |
| Current tax expense | (1,481) | (332) | (36,818) | (29,974) |
| Deferred tax expense | 30 | (399) | (4,648) | (4,058) |
| IRPJ and CSLL expense for the period | (1,451) | (731) | (41,857) | (35,120) |
| **Effective tax rate** | **-3.64%** | **-1.55%** | **2.06%** | **2.05%** |

### b) Deferred income tax and social contribution

The origin of deferred income tax and social contribution as at December 31, 2020 and 2019 is as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| Description | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Assets | | | | |
| Tax loss carryforwards | 325,591 | 285,500 | 340,141 | 294,402 |
| Allowance for doubtful debts | 16,581 | 16,900 | 18,399 | 18,890 |
| Allowance for impairment of nonfinancial assets | 1,288 | 1,942 | 1,337 | 1,966 |
| Other provisions | 6,385 | 5,152 | 10,895 | 11,021 |
| Provision for contingencies | 21,954 | 19,429 | 23,712 | 20,423 |
| Temporary differences - CPC | 19,631 | 13,328 | 24,073 | 13,577 |
| Temporary differences – deferred PIS and COFINS | (1,798) | 1,501 | (1,264) | 1,501 |
| Unrecognized tax credits | (375,562) | (330,006) | (397,293) | (344,443) |
| Subtotal | 14,070 | 13,746 | 20,000 | 17,337 |
| **Liabilities** | | | | |
| Revenue taxation on a cash and an accrual basis | (14,070) | (13,746) | (20,001) | (17,337) |
| Deferred income tax and social contribution (Earmarked assets, or RET) | (369) | (399) | (15,655) | (11,794) |
| Subtotal | (14,439) | (14,145) | (35,656) | (29,131) |
| Recognized in line item deferred taxes (liabilities) | (369) | (399) | (15,656) | (11,794) |

The Company holds unrecognized income tax loss and social contribution loss carryforwards that can be offset against 30% of annual taxable income and carried forward indefinitely in the following amounts:

| | Parent | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/2020 | | | 12/31/2019 | | |
| Description | Income tax | Social contribution | Total | Income tax | Social contribution | Total |
| Tax loss carryforwards | 957,621 | 957,621 | | 839,706 | 839,706 | |
| Tax assets (25%, 9%) | 239,405 | 86,186 | 325,591 | 209,926 | 75,574 | 285,500 |
| Unrecognized tax assets on tax loss carryforwards | 239,405 | 86,186 | 325,591 | 209,926 | 75,574 | 285,500 |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/2020 | | | 12/31/2019 | | |
| Description | Income tax | Social contribution | Total | Income tax | Social contribution | Total |
| Tax loss carryforwards | 1,000,414 | 1,000,414 | | 865,888 | 865,888 | |
| Tax assets (25%, 9%) | 250,104 | 90,037 | 340,141 | 216,472 | 77,930 | 294,402 |
| Unrecognized tax assets on tax loss carryforwards | 250,104 | 90,037 | 340,141 | 216,472 | 77,930 | 294,402 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

The balance of tax loss carryforwards was not recorded as we do not expect any taxable income in the Company and its subsidiaries.

## 14. PROVISION FOR CONTINGENCIES

### 14.1 Provision for contingencies

The variations in the provision for contingencies in the years ended December 31, 2020 and 2019 are summarized below:

| | Consolidated | | | |
|---|---|---|---|---|
| | Civil lawsuits (a) | Labor lawsuits | Other (b) | Total |
| Balance as at December 31, 2018 | 42,976 | 11,325 | 11,171 | 65,472 |
| Additions (note 20) | 31,221 | 2,551 | 130 | 33,902 |
| Write-offs (note 20) | (21,478) | (6,406) | (10,909) | (38,793) |
| Balance as at December 31, 2019 | 52,719 | 7,470 | 392 | 60,581 |
| Current | 27,756 | 3,933 | 207 | 31,896 |
| Noncurrent | 24,963 | 3,537 | 185 | 28,685 |
| Additions (note 20) | 25,686 | 2,542 | 6,607 | 34,835 |
| Write-offs (note 20) | (20,769) | (4,314) | (246) | (25,329) |
| Balance as at December 31, 2020 | 57,636 | 5,698 | 6,753 | 70,087 |
| Current | 31,058 | 3,073 | 3,639 | 37,770 |
| Noncurrent | 26,578 | 2,625 | 3,114 | 32,317 |
| **Parent** | **53,278** | **4,539** | **6,753** | **64,570** |

(a) Lawsuits mainly attributable to the Company's legacy project (construction defects and construction delay); and
(b) In 2018 a provision related to a tax lawsuit for 2011 taxes (IRPJ, CSLL, PIS and COFINS) of one of its subsidiaries was recognized.

### 14.2 Escrow deposits

As at December 31, 2020, the Company and its subsidiaries have the following amounts deposited in courts:

| | Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Civil lawsuits | 18,500 | 22,620 |
| Environmental lawsuits | 89 | 89 |
| Tax lawsuits (a) | 28,857 | 18,459 |
| Labor lawsuits | 2,208 | 4,840 |
| | 49,654 | 46,008 |
| Current | 19,127 | 11,304 |
| Noncurrent | 30,527 | 34,704 |
| Parent | 47,634 | 44,494 |

(a) Increase due to litigation bond with the Brazilian Federal Revenue Service.

### 14.3. Lawsuits with a possible likelihood of an unfavorable outcome

As at December 31, 2020, the Company and its subsidiaries are aware of other civil, labor, tax and environmental lawsuits. Based on the history of probable lawsuits and the specific analysis of the main claims, the lawsuits with a likelihood of an unfavorable outcome classified as possible total R$257,546 (R$312,140 as at December 31, 2019), based on the historical average of the lawsuits adjusted for current estimates, for which the Company's Management believes it is not necessary to recognize a provision for potential losses. The variation in the year is due to the revision of the involved amounts, as shown below.

| | Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Civil lawsuits (a) | 154,655 | 212,128 |
| Tax lawsuits (b) | 85,023 | 84,583 |
| Labor lawsuits | 17,000 | 15,364 |
| Environmental lawsuits | 868 | 65 |
| | 257,546 | 312,140 |

(a) As at December 31, 2020, the Company and its subsidiaries are aware of civil lawsuits and risks based on the history of probable lawsuits and a specific analysis of main claims, the measurement of the lawsuits with a likelihood of an unfavorable decision estimated as possible total R$R$154,655, mostly attributed to legacy projects (construction defects and delay).
(b) The Company had received a tax assessment notice issued by the Brazilian Federal Revenue Service, in which it challenges the tax bases of income tax, social contribution, PIS and COFINS for FY 2010. The Company filed an objection to the tax assessment within the statutory deadline, which was partially upheld on March 31, 2017 by the lower administrative court, which reduced the tax assessment fine and rebate of the amounts paid as COFINS and PIS. The Company filed an administrative appeal with the competent body (CARF) against such decision. On January 24, 2019, the appeal decision was

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

handed down, whereby the following issues worth attention: decrease of the voluntary fine; deduction of the amounts paid; statute of limitation of the periods from January to September 2010. After the decision, the likelihood of loss was assessed as "possible" by the legal counsel, substantially reducing the possible contingencies for this lawsuit (from R$206,933 million to R$74,964 million).

## 15. EQUITY

### 15.1 Capital

As at December 31, 2020, the Company's subscribed and paid-in capital was R$1,095,829, represented by 104,344,246 registered common shares, with no par value (R$1,095,829 represented by 104,344,246 common shares, with no par value as at December 31, 2019).

| **Subscribed capital** | **1,095,829** |
|---|---|
| (-) Share issuance costs | (318) |
| Capital as at December 31, 2020 | 1,095,511 |

### 15.2. Employee benefits

#### a) Stock option plan

The Company has a total of five stock option plans for common shares, launched since 2014 that follow the rules set out in the Company's Stock Option Plan.

The granted options entitle their holders (management personnel and employees designated by the executive committee and approved by the Board of Directors) to purchase Company common shares, after vesting periods that range from three to ten years while employed by the Company (essential condition to exercise a stock option), and expire ten years after the grant date.

The fair value of the stock options is set on the grant date and recognized as expenses in profit or loss (as contra entry to equity), during the plan's vesting period, as the services are provided by the employees and management personnel.

The variations in the outstanding stock options in the years ended December 31, 2020 and 2019, which include their related weighted average strike prices, are as follows:

| | 12/31/2020 | | 12/31/2019 | |
|---|---|---|---|---|
| | Number of stock options | Weighted average strike price (reais) | Number of stock options | Weighted average strike price (reais) |
| Outstanding options at the beginning of the year | 7,478,114 | 3.28 | 5,326,598 | 6.74 |
| Exercised stock options | (1,194,004) | 5.47 | (2,899,920) | 5.60 |
| Options canceled | - | - | (26,843) | - |
| Split bonus | - | - | 5,078,279 | - |
| Outstanding stock options at the end of the year | 6,284,110 | 3.28 | 7,478,114 | 3.28 |

The fair value of the stock options granted from 2014 to 2017 was estimated based on the Black & Scholes pricing model, taking into consideration the following assumptions:

| Grant date | Strike price | Weighted average | Expected volatility (%) (*) | Expected stock option life (years) | Risk-free interest rate (%) (**) |
|---|---|---|---|---|---|
| 08/11/2014 | 6.63 | 6.52 | 31.02% | - | 11.66% to 11.81% |
| 11/12/2014 | 6.63 | 6.55 | 31.30% | - | 12.77% to 12.84% |
| 05/09/2016 | 6.86 | 6.83 | 26.70% | 0.30 years | 12.67% to 12.77% |
| 04/10/2017 | 8.13 | 8.13 | 24.65% | 1.10 years | 9.69% to 10.07% |

(*) The volatility was determined based on the history of the BM&FBOVESPA Real Estate Index (IMOBX).
(**) Risk-free market interest rate for the stock option period at the grant date.

| Outstanding stock options | | | Vested stock options | |
|---|---|---|---|---|
| Number of stock options | Remaining contractual weighted average life (years) | Weighted average strike price (R$) | Number of stock options | Weighted average strike price (R$) |
| 6,284,110 | 0.35 | 3.28 | 5,899,788 | 2.75 |

Total expenses recognized in the period ended December 31, 2020 was R$236 (R$856 as at December 31, 2019) and are disclosed in note 20.

#### b) Restricted stock option plan

On August 8, 2018, the Extraordinary General Meeting approved the restricted stock option plan. The plan's objectives are to: i) promote the growth, success and attainment of the corporate guidelines of the

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

Company and the companies under its control; ii) align the interests of beneficiaries to those of the shareholders; and iii) encourage the maintenance of officers and employees at the Company or at the companies under its control.

The Plan's restricted shares granted confer upon their holders (officers, directors and employees appointed by the executive board and approved by the Board of Directors) the right to common shares in the Company's capital, after a period from two to three years. For officers and employees the quantities granted will rely on the goals attained established by the Board of Directors and may range from 0% to 150%.

The Plan is valid for ten years and will be divided into Programs, subject to a ceiling that results in a maximum dilution of 5% of the Company's capital.

**Programs**

| | Grant date | Granted quantities |
|---|---|---|
| 2018 Program | 09/13/2018 | 1,110,00 |
| 2019 Program | 04/09/2019 | 914,100 |
| 2020 Program | 06/01/2020 | 442,306 |

The fair value of the stock options is set on the grant date and recognized as expenses in profit or loss (as contra entry to equity), during the plan's vesting period, as the services are provided by the employees, directors and management personnel.

| | 12/31/2020 | 12/31/2019 |
|---|---|---|
| | Number of stock options | Number of stock options |
| Outstanding options at the beginning of the year | 1,829,100 | 652,500 |
| Stock options granted | 442,306 | 914,100 |
| Exercised stock options | - | (195,000) |
| Split bonus (2018 Program) | - | 457,500 |
| Outstanding stock options at the end of the year | 2,271,406 | 1,829,100 |

The fair value of the restricted stock options was estimated based on the Monte Carlo pricing model, which may vary according to the attainment of goals, taking into consideration the following assumptions:

| Program | Grant date | Expected volatility (%) (*) | Expected stock option life (months) | Risk-free interest rate (%) (**) |
|---|---|---|---|---|
| 2018 | 08/13/2018 | 29.52% | 1 month | 10.01% |
| 2019 | 09/30/2019 | 31.42% | 16 months | 5.95% |
| 2019 | 04/09/2019 | 31.50% | 16 months | 7.92% |
| 2019 | 04/09/2019 | 31.50% | 1 month | 7.31% |
| 2020 | 06/01/2020 | 42.24% | 26 months | 4.90% |

(*) Volatility was determined based on the historical quotation of the Company's shares
(**) Risk-free market interest rate for the stock option period at the grant date.

| Outstanding stock options | | |
|---|---|---|
| Program | Number of stock options | Remaining contractual weighted average life (months) |
| 2018 | 915,000 | 1 month |
| 2019 | 914,100 | 16 months |
| 2020 | 442,306 | 26 months |

Total expenses recognized in the period ended December 31, 2020 was R$18,502 (R$7,800 as at December 31, 2019) and are disclosed in note 20.

## 15.3 Treasury shares

| | Number (thousands) | Average cost – R$ | Total cost |
|---|---|---|---|
| Balance as at December 31, 2019 | 7,009 | 14.61 | 102,425 |
| Share buyback | 177 | 29.87 | 5,287 |
| Stock option exercise | (1,194) | 14.61 | (17,443) |
| Balance as at December 31, 2020 | 5,992 | 15.06 | 90,269 |

As at December 31, 2020, the fair value of the Company's treasury shares was R$180,899.
Variations in treasury shares (in quantity)

| Description | Variations |
|---|---|
| Share buyback program - 2018 | 7,555 |
| Share buyback program - 2020 (a) | 177 |
| Cancellation 12/06/2018 | (2,000) |
| Split (03/26/2019) | 4,513 |
| Stock option exercise | (4,253) |
| Total - quantity | 5,992 |

(a) On December 17, 2020, the Company's Board of Directors approved a Buyback Program for the Company's Common Shares for holding in treasury and/or cancellation and/or to support the "Company's Stock Option Plan", limited to 10,434,424 (ten million, four hundred and thirty- four thousand, four hundred and twenty-four) Company's common shares. It is valid up to December 18, 2021.

### 15.4. Allocation of profit for the year

Under the Parent's bylaws, profit for the year will be allocated as follows: (a) 5% to the legal reserve, until reaching 20% of the paid-in capital or limit set forth in §1, art. 193, of Law 6.404/76, balance in 2020 R$31,262 (R$21,246 in 2019);; (b) of the balance of the profit for the year, obtained after the deduction referred to in letter "a" of this article and adjusted as prescribed by art. 202, of Law 6.404/76, 25% for payment of the mandatory dividend to all shareholders. See the calculation below:

| Calculation | 2020 | 2019 |
|---|---|---|
| Profit | 200,317 | 263,544 |
| Allocations: | | |
| (-) Legal reserve - 5% | (10,016) | (13,177) |
| Basis for minimum dividends | 190,301 | 250,367 |
| Mandatory minimum dividends - 25% | 47,575 | 62,592 |
| (-) Payments | (30,487) | (44,455) |
| Unclaimed prior-year dividends | 89 | 38 |
| Liability balance | 17,177 | 18,175 |

In 2020 Management proposes an investment reserve retention, pursuant to the Bylaws, in the amount of R$142,726 (R$187,775 in 2019).

## 16. INSURANCE

Tenda has insurance against engineering risk, barter guarantee, construction completion guarantee, and civil liability, associated to involuntary bodily harm caused to third parties, and property damages caused to tangible assets, as well as fire, lightening, electrical damage, natural phenomenon, and gas explosion hazards. The insurance coverage purchased is considered sufficient by Management to cover probable losses on its assets and/or liabilities. The table below shows the liabilities covered by insurance and the related amounts as at December 31, 2020:

| Insurance line (in effect) | Coverage - R$'000 |
|---|---|
| Engineering risks and construction completion guarantee (effective from April 2016 to June 2026) | 5,427,637 |
| Civil liability - Directors and Officers (D&O) (*) | 50,000 |
| Insurance line (future periods) | |
| Engineering risks and construction completion guarantee (effective from 01/2021 to 11/2029) | 198,475 |

(*) The effective period of the D&O civil liability policy is from February 25, 2021, renewed until February 25, 2022 by the Company.

## 17. EARNINGS PER SHARE

The table below shows the calculation of basic and diluted earnings per share.

| | 12/31/2020 | 12/31/2019 |
|---|---|---|
| Basic numerator | | |
| Undistributed earnings | 200,317 | 263,544 |
| Undistributed earnings, available to the holders of common shares | 200,317 | 263,544 |
| Basic denominator (in thousands of shares) | | |
| Weighted average number of shares (excluding treasury shares) | 97,484 | 96,615 |
| Basic earnings per share in Brazilian reais | 2.0549 | 2.7278 |
| Diluted numerator | | |
| Undistributed earnings | 200,317 | 263,544 |
| Undistributed earnings, available to the holders of common shares | 200,317 | 263,544 |
| Diluted denominator (in thousands of shares) | | |
| Weighted average number of shares (excluding treasury shares) | 97,484 | 96,615 |
| Stock options | 8,014 | 8,392 |
| Diluted earnings per share in Brazilian reais | 1.8988 | 2.5098 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

## 18. FINANCIAL INSTRUMENTS

The Company and its subsidiaries enter into transactions with financial instruments. These financial instruments are managed through operating strategies and internal control that aim at liquidity, profitability and security. Financial instruments for hedging purposes are contracted based on a periodic analysis of the risk exposure Management intends to mitigate (foreign exchange, interest rates, etc.), which is submitted to the appropriate Management bodies for approval and subsequent operationalization of the strategy presented. The control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions.

The Company and its subsidiaries do not make investments involving derivatives or any other risk assets for speculative purposes. Gains and losses on these transactions are consistent with the policies and strategies designed by the Company's Management. The Company's and its subsidiaries' operations are subject to the following risk factors described below:

### (a) Risk considerations

### (i) Credit risk

The Company and its subsidiaries restrict their exposure to credit risks related to cash and cash equivalents by making their investments in prime financial institutions and in interest-bearing short-term investments.

With respect to trade receivables, the Company restricts its exposure to credit risks by selling to a broad customer base and continuously analyzing credit. Additionally, there is no material history of losses since there is a collateral on the units sold, represented by real estate unit, which can be repossessed in the case of default during the construction period. As at December 31, 2020 and 2019, there was no material credit risk concentration related to customers.

### (ii) Interest rate risk

Arises from the possibility of the Company and its subsidiaries incurring gains or losses due to fluctuations in the interest rates on their financial assets and financial liabilities. To mitigate this risk, the Company and its subsidiaries try to diversify their borrowings into fixed and floating rates. The interest rates on borrowings and financing are described in note 10. The interest rates on short-term investments are described in note 10. Receivables from real estate development are subject to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

### (iii) Liquidity risk

The liquidity risk arises from the possibility that the Company and its subsidiaries may not have sufficient funds to meet their obligations due to a mismatch in the settlement terms of their rights and obligations.

To mitigate the liquidity risks and optimize the weighted average cost of capital, the Company and its subsidiaries permanently monitor the debt levels according to the market standards and the compliance with the ratios (covenants) provided for in loan, financing and debenture agreements, to ensure that the cash generation and early funding, when necessary, are sufficient to honor their commitments, and avoid any liquidity risk for the Company and its subsidiaries (note 10).

The maturities of borrowings, financing, trade payables, and debenture financial instruments are as follows:

| Parent | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Borrowings / Debentures (note 10) | Trade payables | Payables for purchase of properties and advances from customers | Borrowings / Debentures (note 10) | Trade payables | Payables for purchase of properties and advances from customers |
| Up to one year | 592,634 | 6,254 | 2,160 | 7,239 | 6,202 | 3,411 |
| 1 to 3 years | 403,826 | - | - | 512,228 | - | 1,734 |
| 4 to 5 years | 128,748 | - | - | 300,977 | - | - |
| Total | 1,125,208 | 6,254 | 2,160 | 820,444 | 6,202 | 5,145 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

| Consolidated | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Borrowings / Debentures (note 10) | Trade payables | Payables for purchase of properties and advances from customers | Borrowings / Debentures (note 10) | Trade payables | Payables for purchase of properties and advances from customers |
| Up to one year | 599,666 | 38,150 | 276,935 | 14,115 | 38,926 | 285,694 |
| 1 to 3 years | 428,703 | - | 534,515 | 550,994 | - | 361,071 |
| 4 to 5 years | 128,748 | - | 225,442 | 305,327 | - | 153,114 |
| More than 5 years | - | - | 37,974 | - | - | 38,635 |
| Total | 1,157,117 | 38,150 | 1,074,866 | 870,436 | 38,926 | 838,514 |

## (iv) Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: prices traded (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices in active markets included within Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3: inputs for assets or liabilities that are not based on observable market variables (unobservable inputs).

The fair value hierarchy level for the financial instrument assets measured at fair value through profit or loss of the Company, disclosed as at December 31, 2020 and 2019, is as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Fair value hierarchy | | | |
| As at December 31, 2020 | Level 1 | Level 2 | Level 1 | Level 2 |
| Financial assets | | | | |
| Securities | 498,946 | 322,624 | 613,121 | 622,598 |

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Fair value hierarchy | | | |
| As at December 31, 2019 | Level 1 | Level 2 | Level 1 | Level 2 |
| Financial assets | | | | |
| Securities | 615,688 | 154,992 | 667,888 | 354,211 |

In the years ended December 31, 2020 and 2019, there were no transfers between level 1 and level 2 fair value measurements or between level 3 and level 2 fair value measurements.

## (b) Fair value of financial instruments

## (i) Fair value measurement

The estimated fair values were determined using observable market inputs and appropriate valuation techniques. However, considerable judgment is required to interpret market inputs and estimate fair value. Thus, the estimates presented herein are not an indication of the amounts that the Company could realize in the current market. The use of different market assumptions and/or estimate methodologies could have a significant impact on the estimated fair values.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which estimating values is practicable:

(a) The amounts of cash and cash equivalents, securities, trade receivables, and other receivables, trade payables, and other current liabilities approximate their fair values, recognized in the financial statements.

(b) The fair value of bank loans and other financial debts is estimated through discounted future cash flows using available benchmark interest rates for similar and remaining debts or terms.

The main carrying amounts and fair values of financial assets and financial liabilities as at December 31, 2020 and 2019, classified in Level 1 and Level 2 of the fair value hierarchy, are as follows:

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

| | | Parent | | | |
|---|---|---|---|---|---|
| | | 12/31/2020 | | 12/31/2019 | |
| | **Categories** | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| **Financial assets** | | | | | |
| **Cash and cash equivalents (note 10)** | | **33,723** | **33,723** | **36,730** | **36,730** |
| Cash and banks (a) | Amortized cost | 9,617 | 9,617 | 1,757 | 1,757 |
| Bank certificate of deposit (a) | Fair value through profit or loss* | 24,106 | 24,106 | 34,973 | 34,973 |
| **Securities and restricted short-term investments (note 10)** | | **821.570** | **821,570** | **770,680** | **770,680** |
| Bank certificate of deposit (a) | Amortized cost | 232,276 | 232,276 | 351 | 351 |
| Bank certificate of deposit (a) | Fair value through profit or loss* | - | - | 2,478 | 2,478 |
| LFT and LTN (a) | Fair value through profit or loss* | 498,946 | 498,946 | 615,688 | 615,688 |
| Private securities (a) | Fair value through profit or loss* | 16,330 | 16,330 | 113,772 | 113,772 |
| Repurchase transactions (exclusive funds) (a) | Fair value through profit or loss* | 28,973 | 28,973 | 2,417 | 2,417 |
| Repurchase transactions (a) | Amortized cost | 35 | 35 | 34 | 34 |
| Restricted short-term investments (a) | Fair value through profit or loss* | 37,482 | 37,482 | 35,940 | 35,940 |
| CRI (a) | Fair value through profit or loss* | 7,528 | 7,528 | - | - |
| Trade receivables (note 4) (a) | Amortized cost | 116,037 | 116,037 | 107,154 | 107,154 |
| Intragroup loans receivable (note 6.1) (a) | Amortized cost | 45,692 | 45,692 | 46,720 | 46,720 |
| **Financial liabilities** | | | | | |
| Borrowings and financing (note 10) (a) | Amortized cost | 302,632 | 302,632 | 10,024 | 10,024 |
| Debentures (note 10) | Amortized cost | 822,576 | 823,302 | 810,420 | 824,797 |
| Trade payables (a) | Amortized cost | 6,254 | 6,254 | 6,202 | 6,202 |
| Payables for purchase of properties and advances from customers (a) | Amortized cost | 2,160 | 2,160 | 5,145 | 5,145 |

| | | Consolidated | | | |
|---|---|---|---|---|---|
| | | 12/31/2020 | | 12/31/2019 | |
| | Categories | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | |
| **Cash and cash equivalents (note 10)** | | **69,735** | **69,735** | **48,353** | **48,353** |
| Cash and banks (a) | Amortized cost | 38,479 | 38,479 | 9,160 | 9,160 |
| Bank certificate of deposit (a) | Fair value through profit or loss* | 31,256 | 31,256 | 39,193 | 39,193 |
| **Securities and restricted short-term investments (note 10)** | | **1.235.719** | **1,235,719** | **1,022,099** | **1,022,099** |
| Bank certificate of deposit (a) | Amortized cost | 243,907 | 243,907 | 4,080 | 4,080 |
| Bank certificate of deposit (a) | Fair value through profit or loss* | - | - | 2,478 | 2,478 |
| LFT and LTN (a) | Fair value through profit or loss* | 613,121 | 613,121 | 667,888 | 667,888 |
| Private securities (a) | Fair value through profit or loss* | 16,330 | 16,330 | 113,772 | 113,772 |
| Repurchase transactions (exclusive funds) (a) | Fair value through profit or loss* | 28,973 | 28,973 | 2,417 | 2,417 |
| Repurchase transactions (a) | Amortized cost | 35 | 35 | 34 | 34 |
| Restricted short-term investments (a) | Fair value through profit or loss* | 324,130 | 324,130 | 229,642 | 229,642 |
| Investment funds (a) | Fair value through profit or loss* | 1,695 | 1,695 | 1,788 | 1,788 |
| CRI (a) | Fair value through profit or loss* | 7,528 | 7,528 | - | - |
| Trade receivables (note 4) (a) | Amortized cost | 911,796 | 911,796 | 625,142 | 625,142 |
| Intragroup loans receivable (note 6.1) (a) | Amortized cost | 38,044 | 38,044 | 37,421 | 37,421 |
| **Financial liabilities** | | | | | |
| Borrowings and financing (note 10) (a) | Amortized cost | 334,541 | 334,541 | 60,016 | 60,016 |
| Debentures (note 10) | Amortized cost | 822,576 | 823,302 | 810,420 | 824,797 |
| Trade payables (a) | Amortized cost | 38,150 | 38,150 | 38,926 | 38,926 |
| Payables for purchase of properties and advances from customers (a) | Amortized cost | 1,074,866 | 1,074,866 | 838,514 | 838,514 |

* Classification at fair value through profit or loss after initial recognition.
(a) Fair value approximates cost.

## (ii) Debt acceleration risk

As at December 31, 2020, the Company was a party to loan and financing agreements that contained restrictive covenants related to indebtedness ratios. These restrictive covenants have been complied with by the Company and do not limit its ability to continue as going concern (note 10).

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

### (c) Capital management

The Company's capital management aims at maintaining the good credit rating from credit rating institutions and an optimum capital ratio sufficient to support the Company's business and maximize shareholder value.

The Company controls its capital structure and adjusts it to current economic conditions. To keep this structure adjusted, the Company can pay dividends, return on capital to shareholders, raise new borrowings and financing, issue debentures, etc.

The Company includes in its net debt structure: borrowings and financing less cash and banks (cash and cash equivalents, securities, and restricted short-term investments). note 10 (a)

### (d) Sensitivity analysis

The sensitivity analysis of financial instruments for the year ended December 31, 2020, describes the risks that may cause material changes in the Company's profit or loss, in order to show a 10%, 25% and 50% increase / decrease in the risk variable considered.

As at December 31, 2020, the Company has the following financial instruments:

a) Short-term investments, borrowings and financing indexed to the CDI;

b) Borrowings and financing indexed to the Benchmark Rate (TR);

c) Trade and other receivables, borrowings and financing indexed to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

For the sensitivity analysis in the period ended December 31, 2020, the Company considered the interest rates of investments, borrowings and trade receivables, the Certificate of Interbank Deposit (CDI) rate at 1.90%, the Benchmark Rate at 0%, the National Civil Construction Index (INCC) at 8.81%, and the General Market Price Index (IGP-M) at 1.28%.
The scenarios considered were as follows:

Scenario I: Probable: 10% appreciation/depreciation of the risk variables used for pricing

Scenario II: Possible: 25% appreciation/depreciation of the risk variables used for pricing

Scenario III: Remote: 50% appreciation/depreciation of the risk variables used for pricing

As at December 31, 2020:

| | | Consolidated scenario | | | | | |
|---|---|---|---|---|---|---|---|
| | | III | II | I | I | II | III |
| Transaction | Risk | 50% increase | 25% increase | 10% increase | 10% decrease | 25% decrease | 50% decrease |
| Securities | CDI increase/decrease | 9,069 | 4,534 | 1,814 | (1,814) | (4,534) | (9,069) |
| Debentures | CDI increase/decrease | (7,669) | (3,834) | (1,534) | 1,534 | 3,834 | 7,669 |
| CCB | CDI increase/decrease | (3,119) | (1,559) | (624) | 624 | 1,559 | 3,119 |
| Net effect of CDI variance | | (1,719) | (859) | (344) | 344 | 859 | 1,719 |
| Receivables from development | INCC increase/decrease | 17,504 | 8,752 | 3,501 | (3,501) | (8,752) | (17,504) |
| Receivables from development | IGP-M increase/decrease | 3,030 | 1,515 | 606 | (606) | (1,515) | (3,030) |

## 19. NET REVENUE

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| **Gross revenue** | | | | |
| Property development and sale, barters, and provision for construction services | 151,459 | 218,803 | 2,358,942 | 2,005,329 |
| (Recognition) reversal of allowance for doubtful debts (note 4) | (1,459) | 14,305 | (56,175) | 12,265 |
| (Recognition) reversal of allowance for contract terminations (note 4) | 3,798 | (2,222) | 16,530 | (30,598) |
| Taxes on property sales and services | 8,127 | (1,687) | (36,928) | (36,898) |
| Net revenue | 161,925 | 229,199 | 2,282,369 | 1,950,098 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

## 20. COSTS AND EXPENSES BY NATURE

Broken down as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| **Real estate development and sale costs:** | | | | |
| Construction costs | (101,427) | (140,273) | (1,169,774) | (966,460) |
| Land costs | (7,270) | (15,407) | (236,397) | (207,374) |
| Development costs | (9,872) | (13,239) | (104,709) | (82,538) |
| Capitalized finance charges | (1,876) | (3,893) | (24,202) | (33,605) |
| Maintenance/warranties | (15,644) | (13,701) | (35,084) | (19,035) |
| Cost of properties on allowance for contract terminations recognition (note 4) | (1,523) | (818) | (1,845) | 6,989 |
| | (137,612) | (187,331) | (1,572,011) | (1,302,023) |
| **Selling expenses:** | | | | |
| Product marketing expenses | (7,119) | (6,332) | (64,314) | (56,741) |
| **Realtor and sales commissions** | **(14,689)** | **(11,457)** | **(132,693)** | **(102,661)** |
| Cost of sales | (9,721) | (8,344) | (87,822) | (74,767) |
| Onlending costs | (1,236) | (1,746) | (11,162) | (15,647) |
| Realtor fees | (3,732) | (1,367) | (33,709) | (12,247) |
| Expenses on customer management (CRM) | (159) | (234) | (1,439) | (2,096) |
| Other selling expenses | (238) | (115) | (2,142) | (1,027) |
| | (22,205) | (18,138) | (200,588) | (162,525) |
| **General and administrative expenses:** | | | | |
| Expenses on payroll and related taxes | (13,525) | (10,109) | (66,002) | (57,627) |
| Employee benefits | (1,324) | (989) | (6,460) | (5,637) |
| Travel and utilities | (365) | (454) | (1,780) | (2,589) |
| Expenses on services provided | (6,986) | (3,034) | (34,094) | (17,292) |
| Rental and common area maintenance fee expenses | (674) | (495) | (3,288) | (2,823) |
| IT expenses | (1,413) | (913) | (6,897) | (5,206) |
| Stock option plan costs (note 15.2) | (18,738) | (8,656) | (18,738) | (8,656) |
| Expenses on accrued profit sharing (note 22.2) | (5,099) | (6,272) | (12,342) | (15,003) |
| Other general and administrative expenses | (958) | (449) | (4,823) | (2,284) |
| | (49,082) | (31,371) | (154,424) | (117,117) |
| **Other income (expenses), net:** | | | | |
| Depreciation and amortization | (22,204) | (20,422) | (22,454) | (20,460) |
| Expenses on payments of contingencies | (46,167) | (44,664) | (45,431) | (44,664) |
| Provisions / reversals for contingencies (note 14) | (7,427) | 2,973 | (9,506) | 4,891 |
| Other income/(expenses) | (8,696) | (14,366) | (12,827) | (20,708) |
| | (84,494) | (76,479) | (90,218) | (80,941) |

## 21. FINANCE INCOME (COSTS)

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| **Finance income (net of PIS/COFINS)** | | | | |
| Income from short-term investments | 20,393 | 41,455 | 23,312 | 50,512 |
| Other finance income | 1,680 | 5,289 | 9,255 | 10,729 |
| Total finance income (net of PIS/COFINS) | 22,073 | 46,744 | 32,567 | 61,241 |
| **Finance costs** | | | | |
| Interest on borrowings, net of capitalization | (37,160) | (40,558) | (38,223) | (40,666) |
| Banking expenses | (6,847) | (1,018) | (9,374) | (4,936) |
| Other finance costs | (5,545) | (4,782) | (8,041) | (6,837) |
| | (49,552) | (46,358) | (55,638) | (52,439) |
| Finance income (costs) | (27,479) | 386 | (23,071) | 8,802 |

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

## 22. TRANSACTIONS WITH MANAGEMENT AND EMPLOYEES

### 22.1. Management compensation

The amounts recognized in line item 'General and administrative expenses' for the years ended December 31, 2020 and 2019 related to Management compensation are as follows:

| Management compensation | | | |
|---|---|---|---|
| Year ended December 31, 2020 | Board of Directors | Executive Committee | Total |
| Number of members | 7 | 15 | 22 |
| **Fixed compensation for the year** | **2,554** | **11,554** | **14,108** |
| Salary/management fees | 2,187 | 8,507 | 10,694 |
| Direct and indirect benefits | - | 1,249 | 1,249 |
| Other (social security) | 367 | 1,798 | 2,165 |
| Monthly compensation | 213 | 963 | 1,176 |
| **Variable compensation for the year** | **2,284** | **16,690** | **18,974** |
| Profit sharing (note 22.2) | - | 3,156 | 3,156 |
| Share-based compensation | 2,284 | 13,534 | 15,818 |
| Total compensation for the year | 4,838 | 28,244 | 33,082 |

| Management compensation | | | |
|---|---|---|---|
| Year ended December 31, 2019 | Board of Directors | Executive Committee | Total |
| Number of members | 7 | 12 | 19 |
| **Fixed compensation for the year** | **2,873** | **9,511** | **12,384** |
| Salary/management fees | 2,430 | 7,053 | 9,483 |
| Direct and indirect benefits | - | 1,047 | 1,047 |
| Other (social security) | 443 | 1,411 | 1,854 |
| Monthly compensation | 239 | 793 | 1,032 |
| **Variable compensation for the year** | **2,837** | **11,882** | **14,718** |
| Profit sharing (note 22.2) | | 5,398 | 5,398 |
| Share-based compensation | 2,364 | 5,403 | 7,767 |
| Other (social security) | 473 | 1,081 | 1,553 |
| Total compensation for the year | 5,710 | 21,393 | 27,102 |

The overall Management compensation for 2020 was set at R$41,539, as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on June 10, 2020.

### 22.2. Profit sharing

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Executive Committee | 3,156 | 5,398 | 3,156 | 5,398 |
| Other employees | 1,943 | 874 | 9,186 | 9,605 |
| Note 20 | 5,099 | 6,272 | 12,342 | 15,003 |

## 23. SEGMENT REPORTING

The Company's Management analyses its internal managerial reports to make decisions relating to the consolidated financial statements, on the same basis that these statements are disclosed, i.e., a single segment and geography.

Therefore, since Management does not use any information system other than the financial statements as at December 31, 2020 and 2019, no specific disclosure will be presented, as defined in CPC 22.

As for the information on its main customers, since its residential real estate activity is targeted at a single economic segment, the Company does not have any individual customer that represents 10% or more of its total consolidated revenue.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

## 24. REAL ESTATE PROJECTS UNDER CONSTRUCTION – INFORMATION AND COMMITMENTS

The projects under construction as at December 31, 2020 are as follows:

| | Consolidated |
|---|---|
| | Under construction |
| (i) Unrecognized revenue from properties sold | |
| (a) – Revenue from sales contracted | 2,380,718 |
| (b) - Recognized sales revenue, net | 1,431,210 |
| 1i) Urecognized sales revenue a) (a-b) | 949,508 |
| (ii) Revenue from contract termination indemnity | (131) |
| (iii) Unrecognized revenue from agreements not qualifying for revenue recognition (b) | 6,251 |
| (iv) Allowance for contract terminations (Liability) | |
| Adjustment to recognized revenues | 10,874 |
| (-) Adjustment to trade receivables | (11,529) |
| (-) Revenue from contract termination indemnity | 131 |
| | (524) |
| (v) Budgeted costs on units sold to be recognized | |
| (a) – Budgeted cost of units (without finance charges) | 1,518,917 |
| Incurred cost, net | |
| (b) - (-) Incurred construction costs | (905,070) |
| Finance charges | (8,715) |
| (c) - Terminations - construction costs | 1,719 |
| Terminations - finance charges | 11 |
| | (912,055) |
| 2i)Budgeted costs to be recognized in profit or loss (without finance charges) (a+b+c) | 615,567 |
| Profit to be recognized (1i-2i) | 333,941 |
| (vi) Budgeted costs to be recognized in inventories | |
| (a) – Budgeted cost of units (without finance charges) | 914,852 |
| (-) Incurred cost, net | |
| (b) - Incurred construction costs | (238,001) |
| Finance charges | (6,085) |
| | (244,086) |
| Budgeted costs to be recognized in inventories (without finance charges) (a+b) | 676,851 |

a) The unrecognized sales revenue is measured at the notional amount of the underlying contracts, plus the contractual adjustments and less contract terminations, not taking into consideration the effects of the taxes levied thereon and the present value adjustment.

b) The unrecognized sales revenue from agreements not eligible to revenue recognition refer to customers which do not have collateral or prospect of fulfilling the amounts of the properties acquired.

The recognized revenue amounts and incurred costs are stated in the income statement, and the advances received in the line item 'Payables for purchase of properties and advances from customer'.

As at December 31, 2020, the percentage of assets consolidated in the financial statements referring to projects included in the asset segregation structure was 67.75%.

## 25. NONCASH TRANSACTIONS AND RECONCILIATION OF FINANCING ACTIVITIES

### a) Noncash transactions:

The main investing and financing transactions that did not involve cash and cash equivalents (Parent and Consolidated), as contra entry to related parties, considered for purposes of preparing the statement of cash flows were as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Capital decrease (note 9) | (12,404) | (12,072) | - | - |
| Advance for future capital increase (note 9) | 3,622 | - | 124 | - |
| Dividends received (note 9) | (18,943) | (193,323) | - | - |
| | (27,725) | (205,395) | 124 | - |

### b) Reconciliation of financing activities:

The variations in financing activities are broken down in the cash flow.

## 26. EVENTS AFTER THE REPORTING PERIOD

a) SETTLEMENT OF THE 3rd ISSUE OF DEBENTURES:
On January 15, 2021, the 3rd issue of debentures in the amount of R$321,286,505.02 (principal of R$270,000,000 and interest of R$51,286,505.02) was paid.
b) Contracting of new debentures:

On March 5, 2021, the Company received the amount of R$200 million related to the seventh issue of debentures. Compensatory interest is based on the DI rate plus 2.25% per year. The proceeds will be used in the Company's ordinary management, including working capital increase and asset structure strengthening.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE
INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Management of
Construtora Tenda S.A.

**Opinion**

We have audited the accompanying individual and consolidated financial statements of Construtora Tenda S.A. and subsidiaries ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

*Opinion on the individual financial statements*

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Construtora Tenda S.A. as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil, applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM).

*Opinion on the consolidated financial statements*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Construtora Tenda S.A. as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (IASB), applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM).

**Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the individual and consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements set out in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of matter**

As described in note 2.1, the individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs"), applicable to real estate development entities in Brazil, registered with the CVM. Accordingly, the accounting policy adopted by the entity for the recognition of revenue from uncompleted real estate unit purchase and sale agreements, on the aspects related to transfer of control, follow the understanding expressed by the CVM in CVM/SNC/SEP Circular Letter 02/2018 on the application of NBC TG 47 (IFRS 15). Our opinion is not qualified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Revenue recognition*

The Company recognizes revenue from the sale of properties during the performance of works as set forth in CVM/SNC/SEP Circular Letter 02/2018, as described in note 2.4.4 to the individual and consolidated financial statements. The procedures adopted by the Company require the use of estimates to calculate real estate development amounts, such as, for example, estimate the costs to be incurred until the end of construction works and their percentage-of-completion. Consequently, the matter was considered a key audit matter due to the risk of those estimates related to the budgeted cost using subjective assumptions that may be materialized or not, as well as due to the relevance of the related amounts.

Accordingly, we have identified the control process and activities designed and implemented by the Company, and we have performed audit procedures, including, without limitation: (i) obtaining the estimated cost to be incurred approved by the Engineering Department and Committee established by the Company for such purpose; (ii) preparing analytical budgeted cost projections for the real estate projects under construction during the year, based on historical information on effectively incurred costs arising from real estate projects already completed; (iii) performing tests, on a sampling basis, in relation to the existing documentation, to assess the reasonableness and reliability of the cost estimates approved for the real estate projects; (iv) conducting analytical reviews of the estimated costs incurred and to be incurred; and (v) assessing the disclosures in the financial statements.

Based on the audit procedures performed, we understand that: (i) the assumptions used by Management to estimate the costs to be incurred, as well as the related disclosures in the notes to the financial statements, are acceptable within the context of the individual and consolidated financial statements; and (ii) the calculations made by Management of the percentage-of-completion correspond to the criteria defined pursuant to CVM/SNC/SEP Circular Letter 02/2018.

**Other matters**

*Statements of value added*

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2020, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion thereon, we assess whether these statements are reconciled with the other financial statements and accounting records, as applicable, and whether its form and content are in accordance with the criteria set forth in NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material aspects, in accordance with the criteria set out in such standard and are consistent in relation to the individual and consolidated financial statements taken as a whole.

**Other information accompanying the individual and consolidated financial statements and the independent auditor's report**

Management is responsible for such other information. The other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether such report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and those charged with governance for the individual and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs"), applicable to real estate development entities in Brazil, registered with the CVM, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

**Auditor's responsibilities for the audit of the individual and consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.  We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 11, 2021

| | |
|---|---|
| DELOITTE TOUCHE TOHMATSU | Alexandre Cassini Decourt |
| Auditores Independentes | Engagement Partner |