

Transcrição – Webconferência 1T24 – 13/05/2024 – 11h (Brasília) – 10h (NY)

Renato Barboza: Good morning everyone, thank you for waiting. Welcome to the PDG Realty S.A. results conference, regarding the results of the first quarter of 2024. With us today is Mr. Augusto Reis, Chief Executive Officer, Vice President of Finance, and Investor Relations Director. We inform you that all participants will be listening to the company's presentation, after which we will begin the Q&A session. Before proceeding, we would like to clarify that any statements made during this conference related to PDG Group's business prospects, operational and financial projections and goals, are beliefs and assumptions of the company's management based on currently available information. Forward-looking statements are not a guarantee of performance, as they involve risks, uncertainties, and assumptions, and depend on events and circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operational and financial factors may affect the company's future performance and lead to results that differ materially from those expressed in projections. I now turn the floor over to Augusto Reis, who will give today's presentation. Please, Mr. Augusto, go ahead.

Augusto Reis: Thank you, Renato. Good morning everyone, I hope you are all well. I want to thank you for participating in our PDG results conference for 1Q24. Before moving on to today's agenda, I would like to comment a bit on our latest launches. Starting with the ix.Tatuapé launch, this project is in the initial structural phase, with the first-floor slab already completed, representing 11% of physical execution. We are progressing with the construction within the schedule, reinforcing our commitment to the company's clients, partners, and investors.

Recalling, in 4Q23, the company launched the ix.Santana project, which is aimed at the upper-middle-income segment, located in the Santana neighborhood, northern São Paulo, with a potential sales value (TSV) of R\$116 million. Construction of this project is scheduled to begin in the second half of this year. Additionally, we are working on the schedule for upcoming launches, one of which is expected to be launched in the second half of this year.

We continue with our agenda of improvement and growth, with special attention to all aspects involving current and upcoming launches to generate more sales inputs.

Starting with today's presentation agenda, I will begin with slide 4, where we present the main highlights of the period, which I will detail throughout this presentation. We had a gross profit of R\$1.3 million in 1Q24, 76% above the profit recorded in 1Q23. Consequently, we registered a 5 percentage point increase in gross margin compared to

1Q23, totaling 16.8% in 1Q24. We recorded a 73% reduction in financial loss compared to the previous quarter and a 68% reduction in net loss also compared to the previous quarter.

In April, we launched PERSONALix., our unit customization program, currently exclusive to ix.Tatuapé clients. With PERSONALix, we offer several finishing kit options for clients to choose from. Along with the customization benefit, we also aim to offer our clients special prices and flexible payment options, allowing them to receive their units ready to move into, according to their financial capacity.

This program was designed to enhance customer experience and diversify the company's revenue sources, adding value for both clients and the company. Soon, other ix. projects will also feature PERSONALix.

Moving to slide 5, I will comment on another highlight of this quarter. In 1Q24, as a result of our work in the digital journey, we launched the ix.Incorporadora app, designed and developed to cover our clients' entire journey digitally. With various functionalities, the app goes beyond a typical Client Portal seen in the market. It is the only one in the sector that encompasses our client's entire journey with us, from searching for a unit to post-purchase, including unit selection, purchase proposal, document submission, contract signing, financial management throughout the construction, contact with the Customer Experience team, construction tracking, inspection scheduling, delivery transfer, key receipt, and technical support requests.

The launch of the ix. app reinforces our ongoing commitment to providing innovative solutions that enhance the property buying and management experience. We continue to develop the app to generate more utility and value for our clients.

Moving to slide 7, we present the company's sales performance. In 1Q24, gross sales totaled R\$15.1 million, 21% below 1Q23 and slightly below the company's projection for the period. Sales from launches represent 48% of 1Q24 sales results, and as the launches progress, the amount of new stock will become progressively more relevant in the sales results.

During 1Q24, cancellations totaled R\$11.0 million, 23% below the amount recorded in 1Q23. Cancellations continue to be an important lever to increase the volume of units available for sale.

In 1Q24, 47 units were transferred, equivalent to a TSV of R\$2.3 million, a 24% reduction in the number of transferred units compared to 1Q23. The transferred volume was

impacted by the reduction in sales; however, the result was in line with the sales made, reinforcing the operational efficiency of the team in this activity.

Speaking now about the company's inventory, on slide 8, we present the composition of the inventory effectively available for sale, i.e., ready and launched stock. At the end of the quarter, the inventory totaled R\$381 million, registering a 3% reduction compared to 4Q23 and a 29% increase compared to 1Q23. This increase was mainly due to the launch of ix.Santana in 4Q23 and the monetary correction applied to the inventory.

Regarding the composition of this inventory, 37% refers to launches, 57% is located in São Paulo, which is currently the company's main operating area, and 67% is concentrated in residential products.

On slide 10, we present general, administrative, and commercial expenses. General and Administrative Expenses were reduced by 25% compared to the previous quarter, mainly due to lower expenses with legal advisory services.

Commercial Expenses increased by 31% compared to the previous quarter due to higher carrying costs of ready stock units. As a result, general and administrative expenses combined with commercial expenses were reduced by 7% compared to the previous quarter. We constantly evaluate the company's structure and processes to keep them aligned with our financial strategy.

On the next slide, number 11, we present the variation in extrajudicial debt. Extrajudicial debt increased by R\$12 million (3%) during 1Q24, mainly due to interest accruals in the period and the release of the third installment of financing for the ix.Tatuapé project construction.

Moving to slide 12, I present the variation in judicial debt. Judicial debt increased by R\$38 million (3%) during 1Q24, mainly due to interest accruals in the period. In total, considering the capital increases already made, payments to creditors, and payments in kind, the company has already amortized R\$1.5 billion in judicial debts.

Moving to slide 13, we present the company's deleveraging. Summing up extrajudicial debts, judicial debts, and costs to be incurred, at the end of 1Q24, the company's extended leverage totaled R\$1.84 billion, an increase of 6% compared to 4Q23.

Regarding the amount of leverage, I highlight that judicial debts have maturities until 2042 and can be amortized through payments in kind and conversion into shares. Extrajudicial debts are still being renegotiated and may be included in the judicial recovery over time.

On slide 14, we present the income statement, where I will highlight the main variations and impacts of the period. As I mentioned in the Highlights section, we recorded a gross profit of R\$1.3 million in 1Q24, 76% above 1Q23. Consequently, the gross margin totaled 16.8% in 1Q24, 5 points above 1Q23. In 1Q24, the financial loss was R\$41.3 million, 73% below the amount recorded in 1Q23, due to the reduction of extrajudicial debt, resulting from the debt recalculation carried out in 4Q23.

The net loss for 1Q24 was 68% below 1Q23, totaling R\$66.9 million in 1Q24. Due to the reduction of extrajudicial debt, resulting from the debt recalculation carried out in 4Q23, from now on, the company's results should experience less volatility. Additionally, the impact of financial loss will be much less relevant, as we can already see in this first quarter's income statement. I conclude the PDG Results presentation here and now open for questions.

Renato Barboza: Thank you, Augusto. We will now begin the Q&A session, reminding you to click the icon in the bottom right corner to submit questions.

The first question is from Carla, from Grow Invest: "Congratulations on the results. Regarding the Financial Expense, will the amount recorded in 1Q24 be recurring? In other words, without the volatility that always occurred in previous results?" And the second question, "What about the company's short-term debts?"

Augusto Reis: Good morning, Carla. Thank you for your questions. Yes, our financial expenses are now expected to no longer have the volatility they used to, as we mentioned in the last call, this is due to the recalculation of extrajudicial debts. Besides having lower quarterly financial expenses, this volatility will be reduced because, as we continue to negotiate the extrajudicial debts, the impact of reversing these financial expenses over time will no longer occur, so we expect to have less volatility. Regarding short-term debts, in fact, the Company does not have short-term debts. All our debt, except for the ix.Tatuapé project financing, which is tied to the project's completion, is not short-term. All our debt is outlined in the plan.

Renato Barboza: The next question comes from Alexandre, Asset Norma: "Good morning, congratulations on the results announcement. What is the Company's launch pipeline for this year and next year?" And a second question, which was already addressed during the presentation, "What is the status of the construction projects in Tatuapé and Santana, when are they expected to start?"

Augusto Reis: Good morning, Alexandre. Thank you for the questions. Well, fortunately, our launch pipeline is well ahead of schedule. I can say that we are technically and legally ready for project approvals, not only for 2024 but also for 2025, aligning with our

planning. The Tatuapé project, as I mentioned in the presentation, is physically ahead of schedule because we started construction two months earlier last year, and it continues to follow our timeline. We anticipate completing the project ahead of schedule, though we are still early in the process.

Many things can happen along the way, unforeseen events can occur, which might cause some deviation from this initial anticipation, but it is highly unlikely to affect the final completion date for our clients. The idea is for the Company to actually deliver earlier, enhancing our clients' experiences. For the Santana project, we expect to start in the second half of the year, as per the unit sales contract.

Renato Barboza: Another two questions from Alexandre: "With the advancement of launches, what should we expect from the Company's G&A? What is the construction strategy? In-house or outsourced?"

Augusto Reis: Well, Alexandre, regarding our G&A, we do not expect it to grow significantly in the short term. I believe that for our launch pipeline this year and next, we have an adequate structure, so we don't have high expectations for an increase. As for the construction strategy, for the first ix.Tatuapé project, we adopted the strategy of partnering for construction because we understood that it was a moment of operational resumption, and having a partner assisting us was the best decision, and it has indeed proven to be the right choice. For the upcoming launches, we will evaluate on a case-by-case basis.

We are already considering ix.Santana, both the option to continue with internal construction and partnering. The decision to carry out the construction internally or externally will depend on the best financial outcome for the project. If we have a better condition with a partner who has the technical capacity to conduct the work in the best way, the decision will be based on what brings the best benefit to the project, and consequently to the Company.

Renato Barboza: Thank you, Augusto. We will now conclude the Q&A session of PDG's earnings conference. I'll hand the floor back to Augusto for the closing remarks.

Augusto Reis: Thank you, Renato. Thank you to everyone who participated. We remain firm in our efforts to continuously increase the Company's efficiency without losing sight of our strategy to provide better experiences for our clients. Our Investor Relations channel is also available if you have any questions that were not asked. Please feel free to reach out to our IR channels, and once again, thank you all for participating.

Renato Barboza: Thank you, Augusto. As a reminder, the IR channel is ri@pdg.com.br. Questions can be sent there, and the IR team will be happy to respond to everyone. The PDG earnings conference is now concluded. Thank you all for your participation, and have a great day.