

# 4Q20 RESULTS



## 4Q20 RESULTS CONFERENCE CALL March 17th, 2021

**11:00 a.m. (Brasilia time)**  
In Portuguese  
+55 (11) 3137-8076 (Brazil)  
Passcode: Gafisa

**GFSA3 – B3**  
**GFASY – OTC**

**10:00 a.m. (US EDT)**  
In English (simultaneous  
interpretation  
from Portuguese)  
+1 786 209-1795 (US)  
Passcode: Gafisa

**# of Shares:**  
300.784.217

**Replay**  
+55 (11) 3137-8031  
Portuguese: 8875 | #636  
English: 8876 | #636

**Avg. Daily Volume  
Traded(4Q20):**  
5,436,643 shares.  
(1) including 298,501  
treasury shares.  
\*Base date Dec 31st 2020

**Webcast** <http://ri.gafisa.com.br/>



**FOR IMMEDIATE RELEASE** - São Paulo, March 16, 2021 - Gafisa S.A. (B3: GFSA3; OTC: GFASY), one of Brazil's leading homebuilders, announced today the operational and financial results for the fourth quarter and 2020, ended on December 31, 2020.

## **GAFISA ANNOUNCES 4Q20 & 2020 RESULTS**

### **GAFISA RESUMES GROWTH AND SUSTAINABLE PROFITABILITY IN 2020**

**Recurring Net Income of R\$29 million in 4Q20 vs. negative R\$23 million in 4Q19,  
a R\$52 million increase**

In 2020 we reaped the benefits of our restructuring process initiated in 2019, consistently and assertively. With a capital structure reinforced by our shareholders, coupled with current management's dynamism, focus on results, we overcome challenges of an unparalleled crisis, and we achieved significant results. Gafisa's growth upturn became a reality in 2020 within the operational, financial, and strategic scopes.

Within the operational scope, we launched R\$898.0 million in PSV, the best annual performance since 2016. Launches resumption in 2020 is a direct result of the Company's growth strategy, both organically and through M&As, since 67.5% of these launches derived from assets acquired via M&A by the new management. Two transactions, the Upcon acquisition, and four Calçada projects in the city of Rio de Janeiro were the highlights. In both transactions, besides landbank, we had a great human capital contribution, by consolidating fully connected and high-performance teams. The Calçada acquisition, also enabled the "Gafisa Rio" to start its operations with an iconic launch in 4Q20, besides an active operation with a local office. In terms of landbank, we acquired a total of 14 plots of land in 2020 with a potential PSV of R\$2.1 billion, of which around 60% also derived from M&A operations.

In the fourth quarter, we sold R\$292 million, the double amount we sold in 3Q20 and the best quarterly sales performance since 2Q18. This increase reflects not only a resumption of Gafisa's launches with differentiated projects but also a continued strengthening of our sales force. We also delivered 12 projects in 2020, with over 2,000 units and R\$1.1 billion in PSV, all of them within terms renegotiated by new management with clients, thus, evidencing the Company's focus on results and great delivery capacity. This large volume of deliveries happened in a year marked by the challenges of the pandemic, which reinforces the new management's great commitment and consistent performance with all its stakeholders.

It is worth noting that 2020 was deeply affected by the Covid-19 pandemic, which required quick and assertive measures concerning modes of work, adjustments to the operational and financial planning, among other changes executed to ensure the continuity of construction works, while prioritizing the protection of our employees, clients, and suppliers. As a Company, and as part of a society severely damaged, Gafisa understands its role and shows solidarity for the countless victims of this crisis. This experience reinforced our sense of responsibility, and our commitment to act on behalf of society, the environment, and governance.

Our financial results in 4Q20 and 2020 reflect the growth of our operating activities, which now start reflecting on the new line of projects. We recorded an increase in the adjusted gross margin from 24.6% in 3Q20 to 29% in 4Q20. Net revenue amounted to R\$579.9 million, an increase of more than 290.0% compared to 3Q20, being decisive to record a net income of R\$29 million (recurring net income). When compared to recurring net income of 4Q19, which came negative at R\$23 million, we had a R\$52 million increase in 4Q20. It is worth noting that the REF margin (backlog results) remains at a healthy level of 32.8%.



The year 2020 marked the Company's return to the credit agenda with financial and capital markets. New funding for projects was negotiated at rates from CDI +3.5% p.a. All projects launched have identified financing equations, as well as all works in progress. We also adopted in certain projects the reasoning of contracting financing in advance, considering the business life cycle, partially or fully reimbursing the land disbursement, and ensuring the funds to conclude the works. Thus, we began leveraging again the Company, in a disciplined manner and through well-defined projects, so that to maximize the return of shareholders' capital, and taking advantage of the favorable momentum of the credit market.

We rely on well-prepared business planning for the next cycles, and for the year 2021, we have released a Launch Guidance from R\$1.5 to R\$1.7 billion. Our short and medium-term landbank considers a pipeline with 18 projects and approximately R\$2.5 billion in estimated PSV. We remain actively in search of growth opportunities via the acquisition of land and assets for Gafisa or Gafisa Properties.

Also in 2020, we set up Gafisa Properties observing our strategic planning elaborated at the end of 2019, which envisaged Gafisa's transformation into a real estate business platform, with new lines of business, the use of innovation, and technology to diversify its generation of results. Bolstering the Company's broad expertise in the real estate sector, this new business unit will be Gafisa's vehicle of investments, development, and asset management with a focus on generating income.

Gafisa understands its strength in the development and construction sector, potentialized by its traditional brand, one of the top-of-mind brands in the Brazilian market. Our new management model has applied dynamism and discipline, putting the Company on course for a history of success and value creation for our shareholders.

**Ian Andrade**  
Chief Financial and Investor Relations Officer



## OPERATIONAL RESULTS

Table 1 - Operational Performance (R\$ 000)

	4Q20	3Q20	Q/Q (%)	3Q19	A/A (%)	9M20	9M19	Y/Y (%)
Launches	355,482	263,789	34.8%	-	-	619,271	-	-
Gross sales	292,906	143,878	103.6%	72,960	301.5%	516,903	292,087	77.0%
Dissolutions	(21,026)	(26,224)	(19.8%)	(13,116)	60.3%	(78,928)	(96,361)	(18.1%)
Net Sales	271,879	117,654	131.1%	59,844	354.3%	437,975	195,725	123.8%
Speed of Sales (SoS)	20.51%	10.57%	99 bps	3.00%	175 bps	15.62%	18.17%	0 bps
Delivered PSV	403,208	140,255	187.5%	-	-	1,152	171,648	(99.3%)

Table 2 - Financial Performance (R\$ 000)

	4Q20	3Q20	Q/Q(%)	4Q19	Y/Y (%)	2020	2019	Y/Y (%)
Net Revenue	579,910	148,632	290.2%	116,173	399.2%	884,045	400,465	120.8%
Gross Profit	113,633	24,412	365.5%	36,259	213.4%	181,221	117,781	53.9%
Gross Margin	19.6%	16.4%	317 bps	31.2%	-1162 bps	20.5%	29.4%	-891 bps
Adjusted EBITDA	29.0%	24.6%	436 bps	38.0%	-905 bps	29.5%	37.0%	-747 bps
Net Income	28,979	(56,493)	n.a.	47,004	-38%	(76,521)	(13,742)	456.8%
Adjusted Recurring Net Income <sup>1</sup>	28,769	(29,218)	n.a.	(22,567)	n.a.	(18,105)	(37,544)	-51.8%
Revenue Backlog <sup>2 3</sup>	333,688	291,189	14.6%	421,651	(20.9%)	333,688	421,651	(20.9%)
Backlog Results <sup>2 3</sup>	109,377	100,311	9.0%	150,604	(27.4%)	109,377	150,604	(27.4%)
Backlog Results Margin <sup>2 3</sup>	32.8%	34.4%	-167 bps	35.7%	-294 bps	32.8%	35.7%	-29 bps
Net Debt	318,804	114,838	177.6%	316,348	0.8%	318,804	316,348	0.8%
Cash and Cash Equivalents	622,120	630,660	-1.4%	414,330	52.2%	622,120	414,330	50.2%
Equity + Minority Shareholders	1,558,388	1,513,890	2.9%	895,143	74.1%	1,558,388	895,143	74.1%
(Net Debt) / (Equity + Minority)	20.5%	7.6%	129 bps	35.3%	-149 bps	20.5%	35.3%	-149 bps

<sup>1</sup>Adjusted to exclude non recurring events

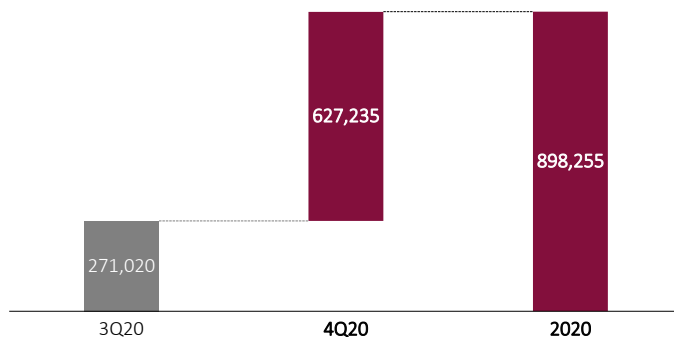
<sup>2</sup> Backlog results net of PIS/COFINS taxes (3.65%), excluding the impact of the PVA (Present Value Adjustment) method according to Law No. 11.638.

<sup>3</sup> Backlog results comprise the projects restricted by a condition precedent.

### Launches

In 4Q20, we marked the return of Gafisa's launches in Rio de Janeiro in high style, with the iconic Cyano Exclusive Residences, whose total PSV is R\$560,8 million. All units have ocean view, and the project is located in the most exclusive region of Barra's seaside, bringing strong exclusivity and an innovative concept of suspended mansions. In addition, we launched the last phase of Parque Ecoville, in Curitiba, with R\$ 66.4 million PSV - the two launches correspond to R\$ 627.2 million PSV. If we consider the launches for this quarter, in 2020 we launched five projects, with 215 units and total PSV of R\$ 898.2 million.

### Launches (R\$ million)



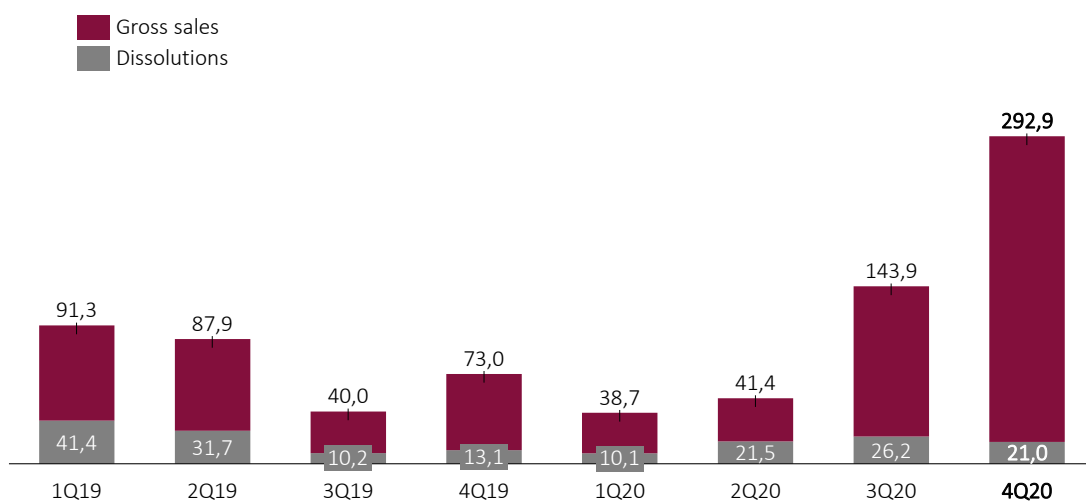
### Sales

Gross sales in 4Q20 reached R\$ 292.9 million, an increase of 103.6% from the previous quarter, and 301.5% year on year. This increase reflects not only the resumption of Gafisa's launches with differentiated projects, but also the ongoing strengthening of our sales force. An important indication of this aspect is that, at the peak of pandemic in 2Q20, our sales were slightly higher compared to 1Q20, even without new launches in that quarter.

Gross sales reached R\$ 516.9 million in 2020, 77.0% higher compared to 2019. Such growth can be explained by the resumption of launches, which had been discontinued as of 1Q19.

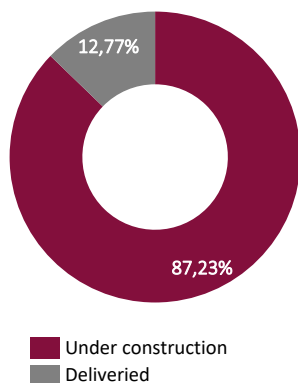
Dissolutions in the same period stood at R\$ 21.0 million, a decline of 19.8% from 3Q20, and 60.3% y-o-y. It is worth highlighting that gross sales were higher both in the quarterly and annual comparisons, and dissolutions dropped significantly in both periods. Year on year, dissolutions reached R\$ 78.9 million, decreasing by 18.1% from 2019, at R\$ 96.4 million.

### Evolution of Gross Sales and Dissolutions (R\$ million)

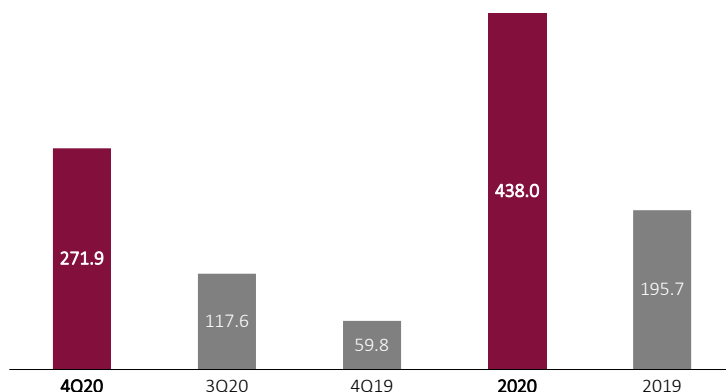


Net sales reached R\$ 271.9 million in 4Q20 and R\$ 438.0 year to date.

### Net Pre-Sales Breakdown 4Q20 (%)



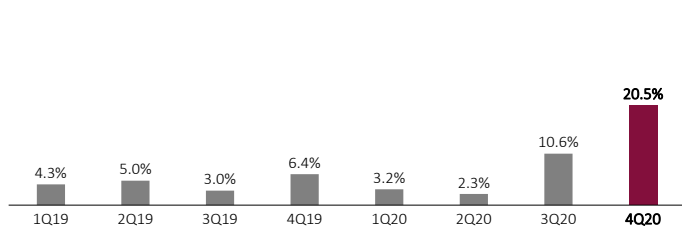
### Net Pre-Sales (R\$ million)



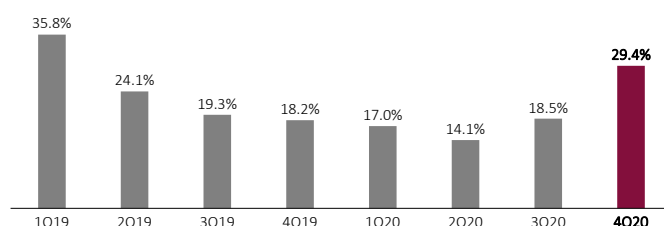
### Sales Over Supply (SoS)

Sales Over Supply (SoS) reached 20.5% in 4Q20, an increase of 9.9 pp from 3Q20 and 14,2 pp y-o-y. The increase stems from the sales volume, which more than doubled in 4Q20 compared to 3Q20. In addition, the increase in supply resulting from launches R\$ 355.6 million was partially offset by a sale of R\$ 120.0 million of Gafisa to its commercial properties subsidiary Gafisa Imóveis. This transaction will allow Gafisa Propriedades to maximize the value of properties by turning them into income assets, with the required investments and dedicated and specialized management. As a result, our inventory reflects with higher accuracy the units that are effectively for sale.

### Quarterly SoS



### Quarterly SoS LTM



### Inventory (Property for Sale)

Inventory at market value, consolidated with the projects acquired from Upcon in 4Q20, reached R\$ 1.0 billion. It's importante to highlight that Gafisa Propriedades have acquired a commercial properties' portfolio of Gafisa through a transaction of about R\$ 120 million. These properties will be operated as income assets, and the inventory reflects in a better way the units for sale.



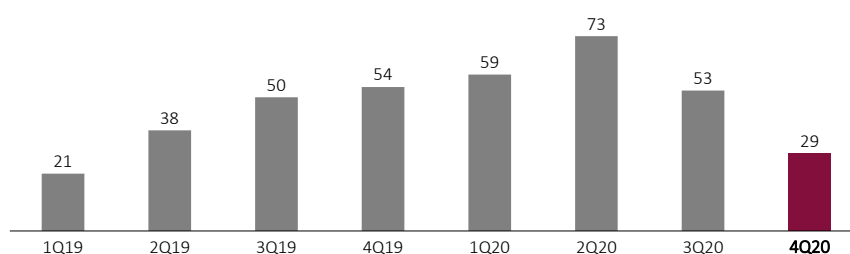
Table 3 - Inventory at Market Value 3Q20 vs. 4Q20 (R\$ 000)

	Inventories 3Q20	Launches	Dissolutions	Gross Sales	Adjustments	Inventories 4Q20	% Q/Q
São Paulo	841,749	-	1,548	-190,262	50,313	703,348	(16.4%)
Rio de Janeiro	123,684	235,574	1,502	-88,697	9,724	281,788	127.8%
Other Markets	30,433	45,950	13,976	-13,947	(8,041)	68,371	124.7%
<b>Total</b>	<b>995,866</b>	<b>281,524</b>	<b>17,026</b>	<b>-292,906</b>	<b>51,995</b>	<b>1,053,506</b>	<b>5.8%</b>

<sup>1</sup>Adjustments in the period reflect the updates related to the project scope, launch date, and pricing.

Inventory turnover in the last 12 months recorded another decline from 53 months in 3Q20 to 29 months in 4Q20, 45.4% lower than previous quarter, due to the higher sales volume in the period. A similar evolution can be observed in annual terms, with a 46.6% decline from 4Q19.

Inventory Turnover LTM (in months)



Approximately 96.0% of our inventory is composed of residential units, most of which located in São Paulo, at locations that present good liquidity.

Table 4 - Inventory at Market Value – Financial Progress – POC – (R\$ 000)

	Not initiated	Up to 30% built	30% to 70% built	More than 70% built	Finished units	Total 4Q20
São Paulo	43,842	-	400,093	63,363	196,050	703,348
Rio de Janeiro	-	-	235,574	26,688	19,526	281,788
Other Markets	-	-	45,950	0	22,421	68,371
<b>Total</b>	<b>43,842</b>	<b>-</b>	<b>681,616</b>	<b>90,051</b>	<b>237,997</b>	<b>1,053,506</b>

\*% POC does not necessarily reveal the status of the works, but rather the financial progress of the project.

Table 5 – Inventory at Market Value – Commercial x Residential Breakdown – (R\$ 000)

	Residential	Comercial	Total
SP	667,981	35,367	703,348
RJ	275,788	6,000	281,788
Others	68,371	-	68,371
<b>Total</b>	<b>1,012,139</b>	<b>41,367</b>	<b>1,053,506</b>



## Delivered Projects and Transfer

In the fourth quarter of 2020, we delivered five projects totaling 831 units, with a total PSV of R\$ 403.2 million. Total deliveries in 2020 exceeded the 10 projects forecast and reached 12, with total PSV of R\$ 1.1 billion and 2,115 units. This large volume of deliveries in a year marked by the challenges of the pandemic, only 18 months after the new Management took over the Company, attests to our result-driven focus and strong delivery capacity.

Table 6 - Deliveries

Project	Location	% Gafisa	Units 100%	PSV % R\$000
Vila Rica	Santos/SP	50%	69	65,168
<b>Total 1Q20</b>			<b>69</b>	<b>65,168</b>
Moov Estação Vila Prudente	São Paulo	100%	152	72,097
Gafisa Like Alto da Boa Vista	São Paulo	100%	230	158,676
Gafisa Square Ipiranga	São Paulo	100%	280	263,490
Marquês 2900	São Paulo	50%	132	49,455
<b>Total 2Q20</b>			<b>794</b>	<b>543,719</b>
Moov Freguesia	São Paulo	100%	307	91,893
Uplife Interlagos	São Paulo	100%	114	48,361
<b>Total 3Q20</b>			<b>421</b>	<b>140,255</b>
MN15 - Ibirapuera	São Paulo	100%	15	107,939
Moov Espaço Cerâmica	São Caetano do Sul/SP	100%	396	161,036
Parque Ecoville Fase 03 - Passaúna	Curitiba	100%	168	56,989
Comfort Guarulhos	Guarulhos	100%	200	57,708
Upstyle Brooklin	São Paulo	100%	52	19,537
<b>Total 4Q20</b>			<b>831</b>	<b>403,208</b>
<b>Total 2020</b>			<b>2,115</b>	<b>1,152,350</b>

<sup>1</sup> Number of units corresponding to a 100% share in projects, net of swaps;

PSV transferred in 4Q20 reached R\$ 71.4 million, a slight decrease of 2.9% from 3Q20, and 215.3% from the same period of last year. The number of projects delivered jumped from two to five quarter on quarter. No projects were delivered in the fourth quarter of 2019.

In 2021 we will also have a positive impact on the volume of transfers, due to the large volumes of delivered projects in 2020. The pandemic led to limitations in the functioning of notaries, banks and people circulation, thereby affecting the speed of transfers. In addition, we delivered 5 projects in the last quarter of the year, and naturally most of their transfers would take place within 60 to 90 days from delivery in periods.





Table 7 – Transfer and Delivery - (R\$ 000)

	4Q20	3Q20	Q/Q (%)	3Q19	A/A (%)	9M20	9M19	Y/Y (%)
PSV Transferred <sup>1</sup>	71,369	73,480	-2.9%	22,638	215.3%	254,730	181,087	40.7%
Delivered Projects	5	2	150.0%	-	-	12	2	500.0%
Delivered Units <sup>2</sup>	831	421	97.4%	-	-	2,115	365	479.5%
PSV delivered <sup>3</sup>	403,208	140,255	187.5%	-	-	1,152,350	171,396	572.3%

<sup>1</sup> PSV transferred refers to the effective cash inflow from units transferred to financial institutions;

<sup>2</sup> Number of units corresponding to a 100% share in projects, net of swaps;

<sup>3</sup> PSV = Potential Sales Value of units, net of brokerage and swap.

## Landbank

With an estimated PSV of R\$ 5.1 billion, totalizing 23,735 units. Approximately 48.4% of the acquisition value of our land consists of swaps. In the quarter, the Company acquired land in São Paulo, Campo Belo, Brooklin and Consolação; in Rio de Janeiro it acquired Cyano (Barra) and R. Sorocaba (Botafogo).

Table 8 – Landbank (R\$ 000)

	PSV <sup>1</sup> (%Cia.)	% Swap Total	% Swap Units	% Financial swap	Potential Units (%Gafisa)	Potential Units (100%)
São Paulo	3,258,035	41.3%	39.5%	1.8%	17,570	19,604
Rio de Janeiro	1,277,570	65.5%	65.5%	0.0%	2,268	2,624
Other markets	551,253	50.6%	50.6%	0.0%	1,196	1,508
<b>Total</b>	<b>5,086,858</b>	<b>48.4%</b>	<b>47.1%</b>	<b>1.3%</b>	<b>21,034</b>	<b>23,736</b>

<sup>1</sup> The PSV (% Gafisa) reported is net of swap and brokerage fee.

<sup>2</sup> The swap percentage is measured compared to the historical cost of land acquisition.

<sup>3</sup> Potential units are net of swap and refer to the Gafisa's and/or its partners' interest in the project.

Table 9 – Changes in the Landbank (3Q20 vs. 4Q20 - R\$ 000)

	Initial Landbank	Land acquisition	Launches	Dissolutions	Adjustments	Final Landbank
São Paulo	2,692,752	341,981	-	-	223,302	3,258,035
Rio de Janeiro	1,282,715	361,357	(326,251)	-	(40,251)	1,277,570
Outros Mercados	593,614	-	(45,724)	-	3,363	551,253
<b>Total</b>	<b>4,569,081</b>	<b>703,338</b>	<b>(371,975)</b>	<b>-</b>	<b>186,415</b>	<b>5,086,858</b>



## OPERATIONAL RESULTS - GAFISA PROPRIEDADES

Since Gafisa Properties was formally created in 4Q20 as a subsidiary of Gafisa S.A., its operational results will be reported separately. The three main focuses of investments are unreplicable assets, turnaround opportunities, and the transformation into commercial income assets developed by Gafisa.

In 2020, Gafisa set up its new business unit, the Gafisa Properties, focused on income asset management, diversifying its portfolio of assets and revenue, maximizing the use of its expertise in the Brazilian real estate market. The three main focuses of investment are unreplicable assets, turnaround opportunities, and the transformation into commercial income assets developed by Gafisa.

### Gafisa Inventory

In 2020, Gafisa Properties acquired from Gafisa a portfolio of commercial properties with over 700 units among stores and offices, in finished assets in the cities of Rio de Janeiro and São Paulo.

ABL (m2)	Commercial rooms	Stores	Subtotal
São Paulo	7,980	1,447	9,427
Rio de Janeiro	22,595	1,063	23,658
Subtotal	30,575	2,510	33,085

### Acquisitions / M&A

Subsequent Events. In January 2021, Gafisa Properties acquired the Hotel Fasano Itaim, adding an unreplicable asset to its portfolio, which will be one of the main references in the luxury hospitality of the city of São Paulo over the next decades. In line with its strategy of investing in assets with turnaround potential, the Gafisa Properties concluded the acquisition of Jardim Guadalupe Shopping and signed an agreement for the acquisition of São Conrado Fashion Mall, both located in the city of Rio de Janeiro.



## FINANCIAL RESULTS

### Revenue

Net revenue reached R\$ 579.9 million, an increase of more than 290.0% from 3Q20, reflecting higher sales and works in progress in the period. Year on year, net revenue grew by nearly 400.0%. In annual terms, in 2020 net revenue reached R\$ 884.0 million, an increase of 120.8% from 2019.

Table 10 – Revenue Recognition (R\$ 000)

	4Q20		Gafisa	Upcon	Gafisa RJ	4Q19	
Launches	Revenue	% Revenue	Revenue	Revenue	Revenue	Revenue	% Revenue
2020	257,042	44.3%	42,654	870	213,518	-	-
2019	26,748	4.6%	-	475	26,273	-	-
2018	82,887	14.3%	62,258	1,951	18,678	(8,666)	(7.5%)
2017	47,080	8.1%	47,080	-	-	19,781	17.0%
2016	31,539	5.4%	31,539	-	-	65,312	56.2%
2015	12,138	2.1%	11,751	387	-	9,755	8.4%
<2014	122,476	21.1%	119,388	3,088	-	29,990	25.8%
Total	579,910	100.0%	314,670	6,771	258,469	116,173	100.0%

<sup>1</sup> Contracted sales exclude UPCON sales, as it does not have revenue recognized in the quarter.

### Gross Profit & Margin

Gafisa's adjusted gross profit in the fourth quarter reached R\$ 168.0 million, compared to R\$ 36.6 million in 3Q20 and R\$ 44.2 million in 4Q19. The adjusted gross margin in the quarter rose by 4.4 pp in the quarter to 29.0%, due to the initial recognition of the new management's projects, which have better margins compared to some of the former projects of the previous management. Year on year, it is also possible to observe growth: total adjusted gross profit in 2020 reached R\$ 260.9 million, 76.1% higher than that recorded in 2019.

Table 11 - Gross Margin (R\$ Thousand)

	4Q20	3Q19	Q/Q(%)	4Q19	Y/Y (%)	2020	2019	Y/Y (%)
Net Revenue	579,910	148,632	290.2%	116,173	399.2%	884,045	400,465	120.8%
Gross Profit	113,633	24,412	365.5%	36,259	213.4%	181,221	117,781	53.9%
Gross Margin	19.6%	16.4%	317 bps	31.2%	-1162 bps	20.5%	29.4%	-891 bps
(-) Financial Costs	(54,412)	(12,175)	346.9%	(7,920)	587.0%	(79,719)	(30,356)	162.6%
Adjusted Gross Profit	168,045	36,587	359.3%	44,179	280.4%	260,940	148,137	76%
Adjusted Gross Profit Margin	29.0%	24.6%	436 bps	38.0%	-905 bps	29.5%	37.0%	-747 bps
(-) Inventory and Landbank	-	-	0.0%	(8,435)	(100.0%)	-	(8,435)	-100.0%
Recurring Gross Profit <sup>1</sup>	168,045	36,587	359.3%	35,744	370.1%	260,940	139,702	86.8%
Recurring Adjusted Gross Profit <sup>1</sup>	29.0%	24.6%	436 bps	30.8%	-179 bps	29.5%	34.9%	-537 bps

<sup>1</sup> Adjusted for capitalized interest.

### Selling, General and Administrative Expenses (SG&A)

Due to the significant increase in sales and resumption of launches in 2020, in 4Q20 selling, general and administrative expenses reached R\$ 48.7 million, up by 107.5% from the previous quarter and by 91.4% y-o-y. In the annual evolution, 2020 recorded a total of R\$ 110.6 million versus R\$ 69.0 million in 2019, an increase of 60.2%.



General and administrative expenses came to R\$ 30.4 million, 55.6% higher than the previous quarter, structuring the Company for the projects to be launched and the works to be started in 2021, in line with its new size and comparing to its peers.

**Table 12 – SG&A Expenses (R\$ 000)**

	4Q20	3Q20	Q/Q(%)	4Q19	Y/Y (%)	2020	2019	Y/Y (%)
<b>Selling Expenses</b>	(18,243)	(3,909)	366.7%	(3,206)	469.0%	(28,992)	(14,889)	94.7%
<b>G&amp;A Expenses</b>	(30,417)	(19,543)	55.6%	(22,215)	36.9%	(81,553)	(54,133)	50.7%
<b>Total SG&amp;A Expenses</b>	(48,660)	(23,452)	107.5%	(25,421)	91.4%	(110,545)	(69,022)	60.2%

Other Net Operating Expenses were reversed from a negative R\$ 26.4 million in 3Q20 to R\$ 2.8 million. Of this amount, only R\$ 3.4 million refer to the provision for legal claims and settlements made by the Company as part of the project for the resolution of contingent liabilities. Total expenses in 2020 came to R\$ 56.5 million, 192.1% higher than in 2019.

**Table 13 – Other Operating Income/Expenses (R\$ 000)**

	4Q20	3Q20	Q/Q(%)	4Q19	Y/Y (%)	2020	2019	Y/Y (%)
<b>Litigation Expenses</b>	(3,440)	(21,357)	-83.9%	37,469	n.a.	(56,148)	(8,300)	576.5%
<b>Others</b>	6,202	(5,100)	n.a.	66,909	-90.7%	(307)	66,979	n.a.
<b>Total</b>	2,762	(26,457)	n.a.	26,370	-89.5%	(56,455)	(19,329)	192.1%

## Adjusted EBITDA

In 4Q20, Adjusted EBITDA came to R\$ 128.6 million, an increase of 1,523.6% from the R\$ 7.9 million reported in the previous quarter. In relation to 4Q19, the result decreased by 16.5%. Year on year, adjusted EBITDA reached R\$147.4 million, 31.1% lower than in 2019.

**Table 14 – Adjusted EBITDA (R\$ 000)**

	4Q20	3Q19	Q/Q(%)	4Q19	Y/Y (%)	2020	2019	Y/Y (%)
<b>Net Income (Loss)</b>	28,979	(56,493)	n.a.	47,004	-38.3%	(76,521)	(13,742)	456.8%
<b>(+) Financial Results</b>	34,196	28,049	21.9%	17,648	93.8%	72,995	59,624	22.4%
<b>(+) Income Tax / Social Contribution</b>	3,989	1,604	148.7%	(36,496)	n.a.	7,608	(35,275)	n.a.
<b>(+) Depreciation and Amortization</b>	2,294	1,936	18.5%	2,442	-6.1%	8,278	14,181	-41.6%
<b>(+) Capitalized Interest</b>	54,412	12,175	346.9%	7,920	587.0%	79,719	30,356	162.6%
<b>(+) Expenses w/ Stock Options Plans</b>	15	(6)	n.a.	332	-95.5%	(347)	(2,366)	-85.3%
<b>(+) Minority Shareholders</b>	320	(700)	n.a.	(482)	n.a.	(479)	(361)	32.7%
<b>(+) Litigation Expenses</b>	3,440	21,357	(83.9%)	(37,469)	n.a.	56,148	8,300	576.5%
<b>Adjusted EBITDA<sup>1</sup></b>	128,625	7,922	1523.6%	154,100	-16.5%	147,401	213,918	-31.1%

<sup>1</sup> Adjusted by capitalized interests, with stock option plan (non-cash) and minority shareholders.

## Financial Result

The net financial result came to a negative R\$ 34.2 million in 4Q20 compared to the negative R\$ 28.0 million reported in the previous quarter - an increase of 21.9%. Year on year, financial result increased 22.4% from 2019, with a negative R\$ 73.0 million in 2020.

## Net Result

Adjusted net recurring result in 4Q20 came to R\$ 29.0 million, compared to net losses of R\$ 29.2 million in 3Q20 and net losses of R\$ 22.6 million reported in 4Q19. In annual terms, the net recurring loss for 2020 was R\$ 18,1 million, 51.8% lower than the loss reported in 2019.

Net income for 4Q20 starts reflecting the new developments, with differentiated projects and higher margins.

Table 15 – Net Result (R\$ 000)

	4Q20	3Q20	Q/Q(%)	4Q19	Y/Y (%)	2020	2019	Y/Y (%)
Net Revenue	579,910	148,632	290.2%	116,173	399.2%	884,045	400,465	120.8%
Gross Result	113,633	24,412	365.5%	36,259	213.4%	181,221	117,781	53.9%
Gross Margin	19.6%	16.4%	32 bps	31.2%	-116 bps	20.5%	29.4%	-89 bps
(-) Financial Costs	54,412	12,175	346.9%	(7,920)	n.a.	79,719	(30,356)	n.a.
Recurring Adjusted Gross Result <sup>1</sup>	168,045	36,587	359.3%	35,744	370.1%	260,940	139,702	86.8%
Recurring Adjusted Gross Margin <sup>1</sup>	29.0%	24.6%	44 bps	30.8%	-18 bps	29.5%	34.9%	-54 bps
Adjusted EBITDA <sup>2</sup>	128,625	7,922	1523.6%	154,100	-16.5%	147,401	213,918	-31.1%
Adjusted EBITDA Margin <sup>2</sup>	22.2%	5.3%	169 bps	132.6%	-1105 bps	16.7%	53.4%	-367 bps
Adjusted non recurring Net Result	210	(27,275)	n.a.	69,571	-99.7%	(58,416)	23,802	n.a.
Adjusted recurring Net Result <sup>3</sup>	28,769	(29,218)	n.a.	(22,567)	n.a.	(18,105)	(37,544)	-51.8%

<sup>1</sup> Adjusted by capitalized interests.

<sup>2</sup> Adjusted by capitalized interests, with a stock option plan (non-cash) and minority shareholders.

<sup>3</sup> Adjusted by non recurring some items

## Revenue Backlog and Results

At the end of 4Q20, the balance of revenue backlog according to the PoC method totaled R\$ 109.4 million, compared to R\$ 100.3 million and R\$ 150.6 million in 3Q20 and 4Q19, respectively. Margin to be recognized stood at 32.8%, in line with 3Q20.

Table 16 – Backlog Results (REF) (R\$ 000)

	4Q20	3Q19	Q/Q(%)	4Q19	Y/Y (%)
Revenue Backlog	333,688	291,189	14.6%	421,651	-20.9%
Backlog Costs (units sold)	(224,311)	(190,878)	17.5%	(271,047)	-17.2%
Backlog Results	109,377	100,311	9.0%	150,604	-27.4%
Backlog Margin	32.8%	34.4%	-167 bps	35.7%	-294 bps

Notes: Backlog results net of PIS/COFINS taxes (3.65%) and excluding the impact of PVA (Present Value Adjustment) method according to Law No. 11.638. Backlog results comprise the projects restricted by a condition precedent.



## BALANCE SHEET

### Cash and Cash Equivalents and Marketable Securities

As of December 31, 2020, cash and cash equivalents and marketable securities totaled R\$ 622.1 million, in line with R\$ 630.7 million in 3Q20. The Company believes that disciplined cost control and maintenance of a liquidity reserve are essential for the operation. This business vision and the team's readiness allowed the company to overcome the most critical moments of the Pandemic, in a very consistent and smooth manner.

### Receivables

At the end of 4Q20, total accounts receivable came to R\$ 1,050.6 million. Of this amount, R\$ 704.2 million were already recognized in the balance sheet.

Table 17 – Total Receivables (R\$ 000)

	4Q20	3Q20	Q/Q(%)	4Q19	Y/Y (%)
Receivables from developments - backlog	346,329	302,220	14.6%	437,624	-20.9%
Receivables PoC - ST (on balance sheet)	487,083	544,147	-10.5%	445,303	9.4%
Receivables PoC - LT (on balance sheet)	217,169	86,843	150.1%	112,135	93.7%
<b>Total</b>	<b>1,050,581</b>	<b>933,210</b>	<b>12.6%</b>	<b>995,062</b>	<b>5.6%</b>

Notes: ST – Short term | LT- Long term | PoC – Percentage of Completion Method.

Receivables from developments: Accounts receivable not yet recognized according to PoC and BRGAAP.

Receivables from PoC: Accounts receivable already recognized according to PoC and BRGAAP.

Table 18 – Receivables Schedule (R\$ 000)

	Total	2020	2021	2022	2023	2024 – Onwards
Receivables Backlog	346,329	121,891	121,005	87,815	4,228	11,390
Receivables PoC	630,990	260,387	360,332	5,334	1,310	3,627
<b>Total</b>	<b>977,319</b>	<b>382,278</b>	<b>481,337</b>	<b>93,149</b>	<b>5,538</b>	<b>15,017</b>

### Cash Generation

Table 19 – Cash Generation (R\$ 000)

	1Q20	2Q20	3Q20	4Q20
Cash <sup>1</sup>	363,337	570,156	630,660	622,120
Change in Cash Available (1)	(50,993)	206,819	60,504	(8,540)
Total Debt	710,169	673,649	745,498	940,924
Change in Total Debt (2)	(20,509)	(36,520)	71,849	195,426
Capital Increase (3)	-	259,729	218,171	42,000
Cash Generation in the Period (1) - (2) - (3)	(30,484)	(16,390)	(229,516)	(245,966)
<b>Final Accumulated Cash Generation <sup>2</sup></b>	<b>461</b>	<b>(15,929)</b>	<b>(245,445)</b>	<b>(491,411)</b>

<sup>1</sup> Cash and cash equivalents and marketable securities.

<sup>2</sup> Reflects year-to-date.

## Liquidity

By returning the Company's releveraging process, in a disciplined manner and through its projects, taking advantage of the good moment of the credit market, the Net Debt/Shareholders' Equity ratio at the end of 4Q20 reached 20.5%, compared to 7.6% reported in 3Q20. Within one year, we went from a Net Debt/Shareholders' Equity ratio of 35.3% in 4Q19. Net debt increased from R\$ 114.8 million reported in the previous quarter to R\$ 318.8 million, as a result of strict discipline in relation to the funding of projects in which all works in progress have adequate financing structures, and all launches are only carried out after financing is contracted. In addition, we are increasingly anticipating funding in the business life cycle, and even making acquisitions of land/assets with a contracted or identified financing structure.

Table 20 – Debt and Investor Obligation (R\$ 000)

	4Q20	3Q20	Q/Q(%)	4Q19	Y/Y (%)
<b>Housing Financial System - SFH</b>	293,172	259,432	13.0%	279,082	5.0%
<b>Real Estate Financial System - SFI</b>	96,086	126,340	-23.9%	177,165	-45.8%
<b>Debentures (Projects)</b>	240,617	172,578	39.4%	159,487	50.9%
<b>Bank Credit Notes (Projects)</b>	249,279	59,695	317.6%	37,802	559.4%
<b>Subtotal Project Debt (A)</b>	879,154	618,045	42.2%	653,536	34.5%
<b>Debentures (Working Capital)</b>	29,833	70,232	-57.5%	38,038	-21.6%
<b>Bank Credits Notes (Working Capital)</b>	7,844	40,922	-80.8%	17,220	-54.4%
<b>Other operations (Working Capital)</b>	24,093	16,299	47.8%	21,884	10.1%
<b>Subtotal Working Capital Debt (B)</b>	61,770	127,453	-51.5%	77,142	-19.9%
<b>Total Debt (A)+(B)= (C)</b>	940,924	745,498	26.2%	730,678	28.8%
<b>Cash and Cash Equivalents<sup>1</sup> (D)</b>	622,120	630,660	-1.4%	414,330	50.2%
<b>Net Debts (C)-(D) = (E)</b>	318,804	114,838	177.6%	316,348	0.8%
<b>Shareholders' Equity + Minority (F)</b>	1,558,388	1,513,890	2.9%	895,143	74.1%
<b>(Net Debts) / (SE) (E)/(F) = (G)</b>	20.5%	7.6%	1287 bps	35.3%	-1488 bps
<b>(Net Debt – Proj. Fin.) / SE ((E)-(A))/(F) = (H)</b>	(36.0%)	(33.2%)	-272 bps	(37.7%)	171 bps

<sup>1</sup> Cash and cash equivalents and marketable securities.

The Company ended 2020 with R\$ 394.6 million indebtedness due this year, or 52.5% of total debt. It is important to highlight that approximately 93.4% of the Company's debt is linked to projects, whose maturities are related to the delivery of projects. On December 31, 2020, the consolidated debt average cost was 9.5% p.a.





Table 21 – Debt Maturity (R\$ 000)

	Average cost (a.a.)	Total	Until Dec/20	Until Dec/21	Until Dec/22	Until Dec/23	After Dec/23
Housing Financial System - SFH	TR + 7,00% a 14,20%	293,172	193,307	33,705	-	-	66,160
Real Estate Financial System - SFI	Pré +13,66% / 143% CDI	96,086	47,563	7,800	7,800	7,800	25,123
Debentures (Projects)	CDI + 3% / CDI + 3,75% / CDI + 5,00% / CDI + 6,00%	240,617	114,757	815	-	125,045	-
Bank Credit Notes (Projects)	CDI + 3,50% / Pré + 16,77%	59,696	12,292	23,027	19,660	4,717	-
Subtotal Projects Debts (A)		<b>689,571</b>	<b>367,919</b>	<b>65,347</b>	<b>27,460</b>	<b>137,562</b>	<b>91,283</b>
Debentures (Working Capital)	IPCA + 7,8%	29,833	12,105	10,930	6,798	-	-
Bank Credit Notes (Working Capital)	CDI + 3,7% / 4,25%	7,844	4,084	3,760	-	-	-
Other operations (Working Capital)	Pré + 11,36%	24,093	10,469	13,624	-	-	-
Subtotal Working Capital Debt (B)		<b>61,770</b>	<b>26,658</b>	<b>28,314</b>	<b>6,798</b>	-	-
Total Debts (A)+(B)=©		<b>751,341</b>	<b>394,577</b>	<b>93,661</b>	<b>34,258</b>	<b>137,562</b>	<b>91,283</b>
Total maturity per period %		-	52.5%	12.5%	4.6%	18.3%	12.1%
Project debt maturity as % of total debt (B)/(E)		-	93.2%	69.8%	80.2%	100.0%	72.5%
Working capital maturity as % of total debt ((A)+(C))/(E)		0.0%	6.8%	30.2%	19.8%	0.0%	0.0%



## Consolidated Income Statement

	4Q20	3Q20	Q/Q (%)	4Q19	A/A (%)	2020	2019	A/A (%)
Net Revenue	579,910	148,632	290.2%	116,173	399.2%	884,045	400,465	120.8%
Operational Costs	(466,277)	(124,220)	275.4%	(79,914)	483.5%	(702,824)	(282,684)	148.6%
<b>Gross Result</b>	113,633	24,412	365.5%	36,259	213.4%	181,221	117,781	53.9%
Gross Margin	19.6%	16.4%	32 bps	31.2%	-116 bps	20.5%	29.4%	-89 bps
<b>Operational Expenses</b>	(46,149)	(51,952)	0.0%	(8,585)	437.6%	(177,618)	(107,535)	65.2%
Selling Expenses	(18,243)	(3,909)	(78.6%)	(3,206)	469.0%	(28,992)	(14,889)	94.7%
General and Administrative Expenses	(30,417)	(19,543)	(35.7%)	(22,215)	36.9%	(81,553)	(54,133)	50.7%
Other operating Revenue/Expenses	2,762	(26,457)	n.a.	26,370	(89.5%)	(56,455)	(19,329)	192.1%
Depreciation and Amortization	(2,294)	(1,936)	(15.6%)	(2,442)	(6.1%)	(8,278)	(14,181)	-41.6%
Equivalência Patrimonial	2,043	(107)	n.a.	(7,092)	n.a.	(2,340)	(5,003)	-53.2%
<b>Operational Result</b>	67,484	(27,540)	n.a.	27,674	143.9%	3,603	10,246	-64.8%
Net Financial Result	(34,196)	(28,049)	(209.3%)	(17,648)	93.8%	(72,995)	(59,624)	22.4%
Financial Revenue	(40,155)	(21,537)	(46.4%)	(22,654)	77.3%	(101,532)	(76,306)	33.1%
Financial Expenses	33,288	(55,589)	(267.0%)	10,026	232.0%	(69,392)	(49,378)	40.5%
<b>Net Income Before Taxes on Income</b>	33,288	(55,589)	n.a.	10,026	232.0%	(69,392)	(49,378)	40.5%
Deferred Taxes	-	-	0.0%	37,259	(100.0%)	-	37,259	-100.0%
Income Tax and Social Contribution	(3,989)	(1,604)	(295.2%)	(763)	422.8%	(7,608)	(1,984)	283.5%
<b>Net Income After Taxes on Income</b>	29,299	(57,193)	n.a.	46,522	(37.0%)	(77,000)	(14,103)	446.0%
Minority Shareholders	320	(700)	n.a.	(482)	n.a.	(479)	(361)	32.7%
<b>Net Income</b>	28,979	(56,493)	n.a.	47,004	(38.3%)	(76,521)	(13,742)	456.8%

## Consolidated Balance Sheet

	4Q20	3Q20	Q/Q (%)	4Q19	A/A (%)
<b>Current assets</b>					
Cash and Cash Equivalents	29,038	6,705	-76.9%	12,435	133.5%
Securities	593,082	623,955	5.2%	401,895	47.6%
Receivable from clients	487,083	544,147	11.7%	445,303	9.4%
Properties for sales	1,243,841	1,317,144	5.9%	786,660	58.1%
Other account receivable	181,939	148,435	-18.4%	145,001	25.5%
Prepaid expenses and other	890	1,045	17.4%	1,860	-52.2%
Land for sale	7,014	7,014	0.0%	7,014	0.0%
<b>Subtotal</b>	<b>2,542,887</b>	<b>2,648,445</b>	<b>-4.0%</b>	<b>1,800,168</b>	<b>41.3%</b>
<b>Non current assets</b>					
Receivable from clients	217,169	86,843	-60.0%	112,135	93.7%
Properties for sales	305,460	191,985	-37.1%	279,207	9.4%
Other account receivable	228,241	224,683	-1.6%	200,332	13.9%
<b>Subtotal</b>	<b>750,870</b>	<b>503,511</b>	<b>-32.9%</b>	<b>591,674</b>	<b>26.9%</b>
Intangible, property and equipment	29,711	21,297	-28.3%	21,243	39.9%
Investments	426,531	272,497	-36.1%	138,802	207.3%
<b>Total Asset</b>	<b>3,749,999</b>	<b>3,445,750</b>	<b>8.8%</b>	<b>2,551,887</b>	<b>47.0%</b>
<b>Current liabilities</b>					
Loans and financing	332,447	349,348	5.1%	426,124	-22.0%
Debentures	126,862	127,147	0.2%	158,179	-19.8%
Obligation of purchase of land	336,029	259,336	-22.8%	129,353	159.8%
Material and service suppliers	122,576	131,054	6.9%	95,450	28.4%
Taxes and contributions	86,831	82,979	-4.4%	69,868	24.3%
Provision for contingencies	147,066	193,357	31.5%	140,735	4.5%
Other liabilities	315,175	297,086	-5.7%	232,693	35.4%
<b>Subtotal</b>	<b>1,466,986</b>	<b>1,440,307</b>	<b>1.9%</b>	<b>1,252,402</b>	<b>17.1%</b>
<b>Non current liabilities</b>					
Loans and financing	338,027	153,340	-54.6%	107,029	215.8%
Debentures	143,588	115,663	-19.4%	39,346	264.9%
Obligation of purchase of land	79,400	87,942	10.8%	93,075	-14.7%
Deferred taxes	14,649	12,114	-17.3%	12,114	20.9%
Provision for contingencies	103,417	86,250	-16.6%	123,878	-16.5%
Other liabilities	45,544	36,244	-20.4%	28,900	57.6%
<b>Subtotal</b>	<b>724,625</b>	<b>491,553</b>	<b>47.4%</b>	<b>404,342</b>	<b>79.2%</b>
<b>Shareholders' Equity</b>					
Shareholders' Equity	1,562,377	1,509,624	-3.4%	893,708	74.8%
Minority interest	- 3,989	4,266	-206.9%	1,435	-378.0%
<b>Subtotal</b>	<b>1,558,388</b>	<b>1,513,890</b>	<b>-2.9%</b>	<b>895,143</b>	<b>74.1%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,749,999</b>	<b>3,445,750</b>	<b>8.8%</b>	<b>2,551,887</b>	<b>47.0%</b>

## Consolidated Cash Flow

	4Q20	4Q19	2020	2019
<b>Net Income (Loss) before taxes</b>	33,288	10,026	(69,393)	(49,378)
<b>Expenses/revenues that do not impact working capital</b>	(39,658)	101,120	69,028	113,017
Depreciation and amortization	2,294	2,442	8,278	14,181
Impairment	(68,238)	(8,692)	(69,282)	(36,913)
Expenses with stock options plans	15	332	(347)	(2,366)
Unrealized interest and fees, net	(1,121)	1,146	1,009	5,448
Equity income	(2,043)	7,092	2,340	5,003
Warranty provision	8,106	(3,603)	9,208	(7,521)
Provisions for contingencies	3,440	(37,585)	56,148	8,300
Profit sharing provision	10,000	4,500	16,194	5,000
Provision (reversal) for doubtful accounts	9,146	(30,141)	43,343	(47,257)
Provision for fine due to construction work delay	(1,257)	4,529	2,137	5,283
Quotas assignment	-	-	-	2,759
Receivables	(123,014)	(12,946)	(206,196)	115,003
Properties for sale	(386,863)	(13,663)	(414,152)	131,581
Other receivables	(67,022)	(62,563)	(155,118)	(98,544)
Prepaid expenses	155	299	970	808
Obligation for purchase of land	225,745	(30,542)	193,001	(87,003)
Taxes and contribution	9,169	4,982	16,963	12,592
Suppliers	(5,222)	(35,561)	28,504	(37,750)
Payroll, charges and bonus provision	(3,747)	2,877	(11,468)	511
Other account payable	125,666	17,092	54,398	(76,442)
Transactions with related parties	1,871	(4,437)	49,006	21,608
Paid taxes	(3,989)	(763)	(7,608)	(1,984)
<b>Cash used in operating activities</b>	(233,621)	(24,079)	(452,065)	44,019
Acquisition of properties and equipment	(12,128)	780	(16,746)	(3,581)
Redemption of securities, collaterals and credits	85,124	39,835	372,718	90,280
Investment in marketable securities and restrict credits	(53,580)	(60,333)	(564,749)	(387,319)
<b>Cash used in investing activities</b>	(10,584)	(19,718)	(238,777)	(300,620)
Increasing of loans and financing	314,778	101,120	69,028	122,639
Amortization of loans and financing	(56,781)	2,442	8,278	(286,822)
Loan operations	(3,591)	(1,062)	(12,604)	(11,179)
Sales of treasury shares	-	-	-	148
Proceeds from sale of treasury shares	-	-	19,251	6,984
Capital increase	-	272,696	477,900	404,962
Subscription and payment of common shares	-	(206,927)	-	-
Cash acquired from Upcon	12,132	-	13,647	-
<b>Cash Flow from Financing Activities</b>	254,406	43,413	693,798	236,732
<b>Increase (Decrease) in cash and cash equivalents</b>	22,333	(384)	16,603	(19,869)
Beginning of the period	6,705	12,819	12,435	32,304
End of the period	29,038	12,435	29,038	12,435



*This release contains forward-looking statements about business prospects, estimates for operating and financial results, and Gafisa's growth prospects. Readers can identify several of these statements by reading words like "estimates", "believes", "expects" and "will" and similar words or their negatives. Although management believes that the expectations represented in such statements are reasonable, it cannot guarantee that those expectations will be confirmed, and should not be characterized as projections. By their nature, statements about future events require us to make assumptions and, therefore, such statements are subject to inherent risks and uncertainties. These are only expectations and, as such, are based exclusively on what is expected by Gafisa's management in relation to the future of the business and its continuous access to capital to finance the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy, and the industry, among other factors; therefore, they are subject to change without prior notice. The forward-looking statements included herein are based on the premise that our plans and operations will not be affected by such risks, but that, if our plans and operations are affected by such risks, the statements about future events may become inaccurate. We do not undertake to update such statements about future events, unless strictly required by the applicable securities regulation.*



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