Earnings Release

3Q20 and 9M20

3Q20 Earnings Release

Belo Horizonte, November 11, 2020 - Patrimar S.A. (“Patrimar” or “Company”), one of the largest development and construction company in Brazil, operating in the economic, middle-income and high-income segments with luxury and high-luxury products, discloses its results for the third quarter of fiscal year 2020 (“3Q20”) and nine months of 2020 (“9M20”). Except where otherwise indicated, the information in this document is expressed in national currency (R$ Million) and the Potential Sales Volume (“PSV”) shows the consolidated value (100%).

Highlights

- **All time high volume of Net Contracted Sales in the 3Q20 of R$ 243 million,** 260% higher when compared to the 2Q20;
- **Net revenue growth of 94.9%** in 9M20 compared to the same period in 2019;
- Adjusted EBITDA in 9M20 reached R$ 79.5 million, **an increase of 225.4% compared to 9M19**, which was R$ 24.4 million;
- **Net income went from R$ 17.7 million to R$ 63.5 million in the comparison from 9M19 to 9M20,** an increase of 259.5%;
- Annualized return on equity (ROE) of **35.4% in 3Q20 and 26.7% in 9M20.**

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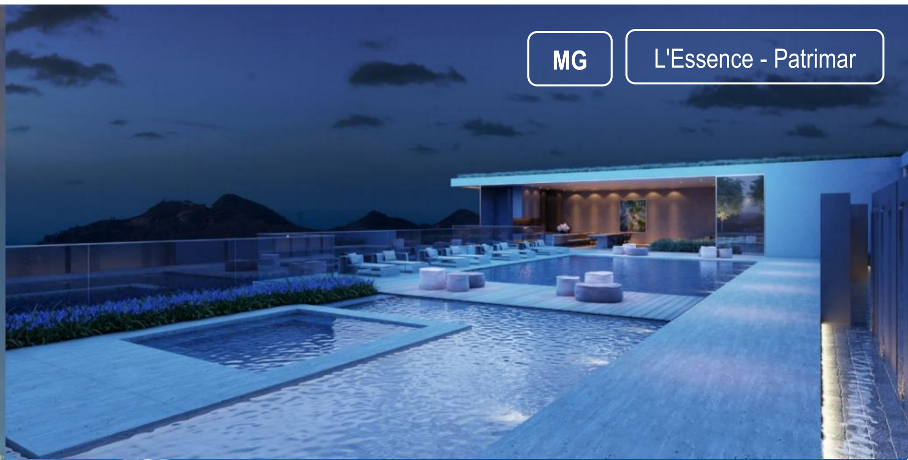
About Patrimar Group

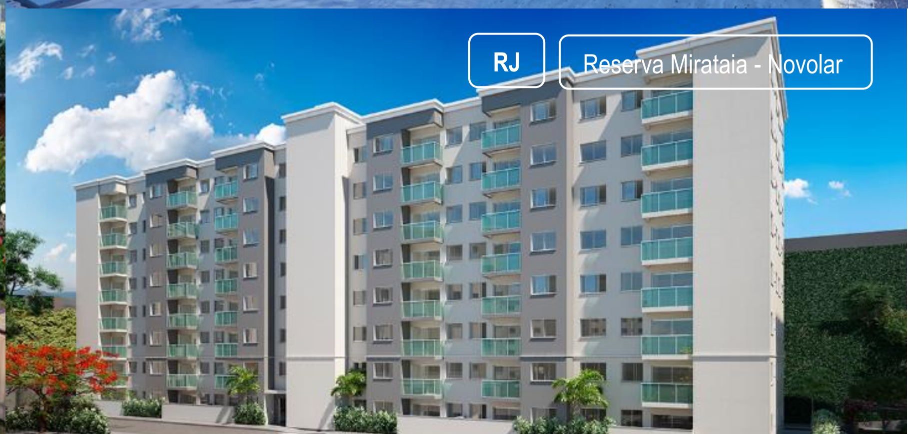
The Company is a real estate development and homebuilder based in the city of Belo Horizonte state of Minas Gerais, on the Southeast region of Brazil with over 56 years of experience being placed in the top best real estate companies of Brazil. Its business model based on a vertical model, developing and constructing real estate projects, as well as marketing and selling real estate units.

The Company diversifies its operations in the residential real estate segment, with a presence in the high-income real estate segment offering luxury and high-end developments through the Patrimar brand, as well as with a presence in the middle- and low-income segments through the Novolar brand.

PATRIMAR
Mude para melhor

novolar
uma empresa do Grupo Patrimar



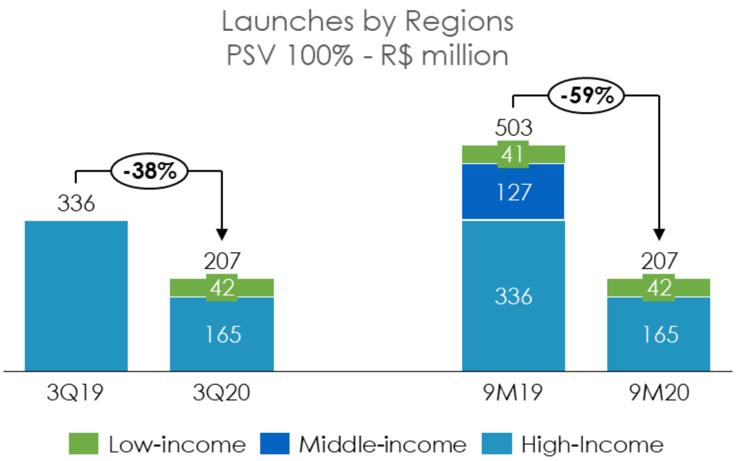


Message from the Management

We are very pleased to present the results for the third quarter of 2020 and the first nine months of 2020. This is the first earning disclosure of Patrimar as a **Category A** publicly-held company before CVM. We do not yet have our shares listed in any stock exchange, but such initiative is in our planning for the future.

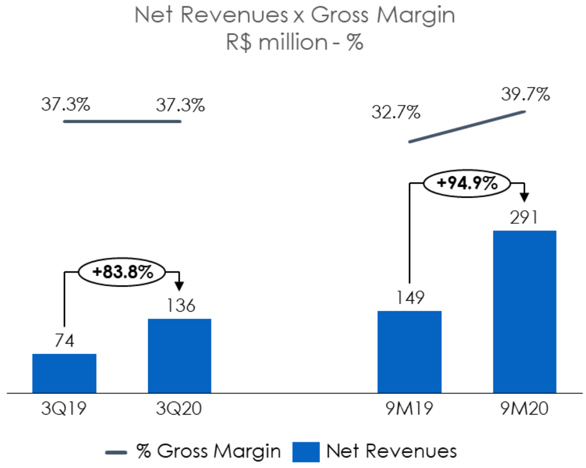
3Q20 had excellent results, especially when we look at how the year 2020 has been designed since the beginning of the COVID-19 pandemic in mid-March this year. We resumed our launches and had a very good sales performance this quarter. Our landbank is reaching the final stages of approval for a very significant volume - we already have more than R$ 800 million in PSV (100%) approved and we expect to approve more than R$ 2.0 billion in PSV (100%) over the next few months.

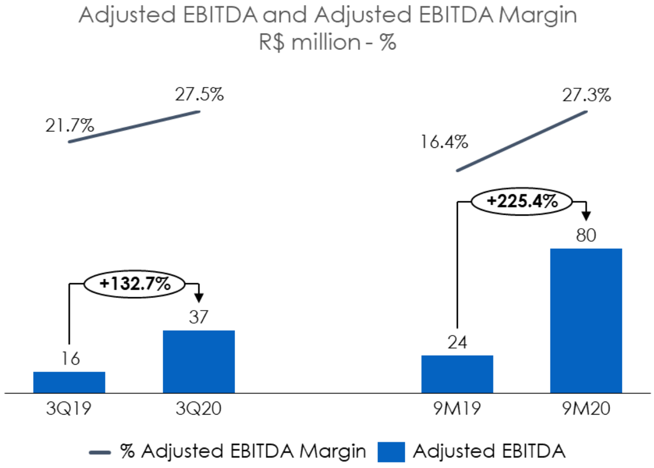
Patrimar has a regional strategy in the states of MG, RJ and SP (ex - state capital) and that is what will develop its projects in the upcoming years. We understand that high income is going through a good moment, given the interest rate at the levels in which they are and the change in people's behavior due to the COVID-19 pandemic - the residence has gained more importance in families' lives.

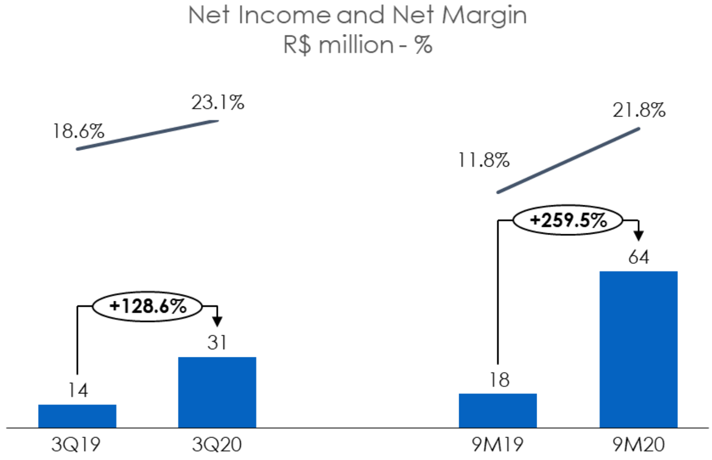


We also believe in the growth of the middle-income segment, which should be, in terms of growth, the Company's main focus for rebuilding its landbank. The combination of low interest rates, availability of credits in different formats and costs, and the low volume of supply in this segment in the markets in which we operate, should push demand in the following years. We are a company that takes advantage of opportunities and efficiently allocates capital in segments.

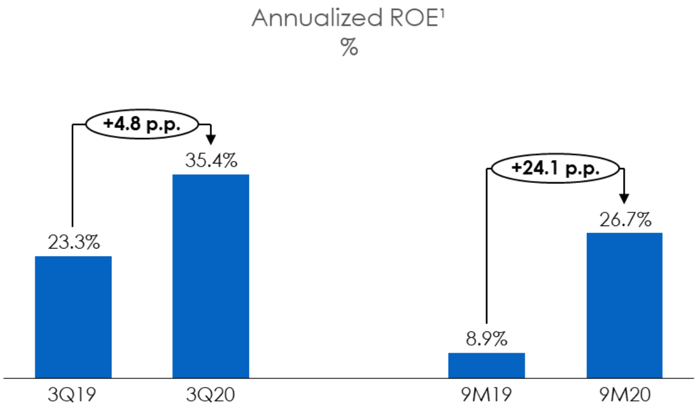
Our biggest focus will always be on profitability, not on size of operation. We always stand out because we know how to anticipate market trends and allocate our resources to those segments and projects with the highest return, not the greatest volume. This efficiency has been demonstrated in the growth of our operations.





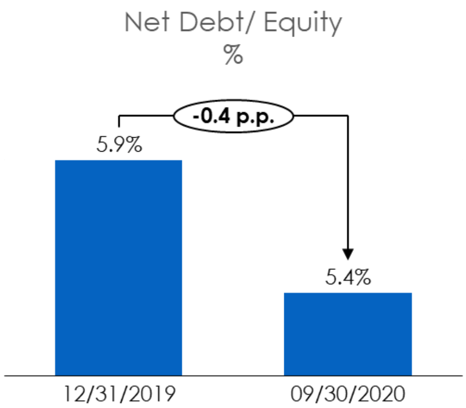


We built our landbank at opportunist times in the past and we have always maintained financial discipline and capital risk management. To this end, we have adopted a large volume of swaps and partnerships in our landbank - we hold, on average, 68% interest in the total PSV of our landbank. This strategy allowed us to allocate less equity per project, which has been reflected in a higher return on capital (ROE).

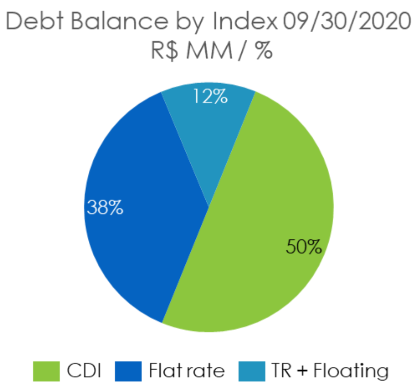


1. Annualized ROE: Net profit for each annualized period over the average equity of the periods analyzed.

We maintained a comfortable liquidity position for the growth of the coming months and we are advancing in alternatives that aim to support the strong growth of the next years, evolving efficient financial management, new debt raising and, eventually, new equity raising.



We have a well-balanced liability with respect to the exposure of indexes and an increasing volume of funding for construction, with approximately R$ 278.27 million of contracts signed yet to be disbursed based on construction growth (as of September 30, 2020).



We are very confident in the residential development market in the markets in which we operate - and we have a large market share, in the quality of our landbank and our products, and we believe in the growth of our operations for the coming years.

Subsequent Events

On October 5, 2020, through the Extraordinary General Meeting - EGM, the Company changed the number of shares in the Share Capital, grouping in the proportion of 3:1, that is, each 3 common shares were grouped into 1 common share. As a result, the Share Capital, previously composed of 174,827,996 common shares, now comprises 58,275,999 common shares, all registered, book-entry and without par value.

Additionally, at the same meeting, it was approved the distribution of interim dividends to shareholders in the amount of R$ 5.3 million (R$ 0.090405 per common stock), already paid in October 6, 2020.

On November 10, 2020 CVM granted the Company registration as a publicly held company - category A. All documents required by the CVM are available on the Company's Investor Relations website, as well as on the CVM.

Other Information

As described in our Company interim financial information, as of October 1, 2019, Construtora Novolar Ltda became a wholly-owned subsidiary of the Company, based on a corporate restructuring of the group. Therefore, the consolidated results of Patrimar Engenharia S.A. in the first nine months of 2019 do not incorporate the results of Construtora Novolar, incorporated only as of that date on.

Main Indicators

Financial Indicadors (BRL '000)	3Q20 (a)	3Q19 (b)	Δ % (a/b)	9M20 (c)	9M19 (d)	Δ % (c/d)
Net Revenue	135,666	73,822	84%	290,897	149,229	95%
Gross Profit	50,574	27,556	84%	115,417	48,843	136%
% Gross Margin	**37.28%**	**37.33%**	**0.0 p,p,**	**39.68%**	**32.73%**	**6.9 p,p,**
EBITDA	35,947	15,794	128%	75,124	22,989	227%
% EBITDA Margin	**26.50%**	**21.39%**	**5.1 p,p,**	**25.82%**	**15.41%**	**10.4 p,p,**
Adjusted EBITDA	37,248	16,010	133%	79,529	24,437	225%
% Adjusted EBITDA Margin	**27.5%**	**21.7%**	**5.8 p,p,**	**27.3%**	**16.4%**	**11.0 p,p,**
Net Income	31,363	13,721	129%	63,542	17,674	260%
% Net Margin	**23.12%**	**18.59%**	**4.5 p,p,**	**21.84%**	**11.84%**	**10.0 p,p,**
Launches	**3Q20 (a)**	**3Q19 (b)**	**Δ % (a/b)**	**9M20 (c)**	**9M19 (d)**	**Δ % (c/d)**
PSV 100% (BRL '000)	**206,657**	**335,721**	**-38.4%**	**206,657**	**503,266**	**-58.9%**
Low-income	41,670	-	n/a	41,670	40,653	2.5%
Middle-income	-	-	n/a	-	126,892	-100.0%
High-Income	164,987	335,721	-50.9%	164,987	335,721	-50.9%
PSV % Patrimar (BRL '000)	**168,359**	**167,861**	**0.3%**	**168,359**	**297,338**	**-43.4%**
Low-income	41,670	-	n/a	41,670	40,653	2.5%
Middle-income	-	-	n/a	-	88,824	-100.0%
High-Income	126,689	167,861	-24.5%	126,689	167,861	-24.5%
Units	**526**	**211**	**149.3%**	**526**	**843**	**-37.6%**
Low-income	280	-	n/a	280	280	0.0%
Middle-income	-	-	n/a	-	352	-100.0%
High-Income	246	211	16.6%	246	211	16.6%
Sales	**3Q20 (a)**	**3Q19 (b)**	**Δ % (a/b)**	**9M20 (c)**	**9M19 (d)**	**Δ % (c/d)**
PSV 100% (BRL '000)	**242,790**	**155,290**	**259.7%**	**385,248**	**291,268**	**32.3%**
Low-income	27,219	16,313	105.6%	53,355	45,008	18.5%
Middle-income	13,875	12,426	37.3%	36,843	38,620	-4.6%
High-Income	201,696	126,552	356.8%	295,050	207,641	42.1%
PSV % Patrimar (BRL '000)	**196,983**	**90,440**	**291.8%**	**297,094**	**201,995**	**47.1%**
Low-income	27,219	16,313	105.6%	53,355	45,008	18.5%
Middle-income	10,959	8,723	48.4%	27,660	29,948	-7.6%
High-Income	158,805	65,405	435.7%	216,079	127,039	70.1%
Units	**389**	**226**	**226.9%**	**651**	**495**	**31.6%**
Low-income	139	97	101.4%	284	237	19.8%
Middle-income	31	32	24.0%	87	91	-4.4%
High-Income	219	97	776.0%	280	167	68.2%
Average Price (BRL/unit)	**624**	**688**	**-17.5%**	**592**	**589**	**0.5%**
Low-income	196	168	14.1%	188	190	-1.1%
Middle-income	448	388	4.1%	423	424	-0.2%
High-Income	921	1,308	35.0%	1,054	1,247	-15.5%
Net VSO % 100	**25.5%**	**14.5%**	**-6.8 p,p,**	**40.4%**	**21.7%**	**18.7 p,p,**
Low-income	19.7%	16.9%	-5.0 p,p,	38.7%	31.9%	6.8 p,p,
Middle-income	18.5%	10.3%	1.6 p,p,	49.0%	17.2%	31.9 p,p,
High-Income	27.3%	14.9%	-8.3 p,p,	39.9%	21.2%	18.6 p,p,

Operacional Performance

Launches

High Line Square
Nova Lima/MG

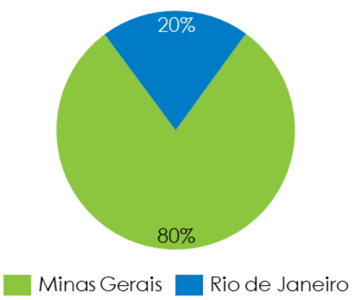
Villagio Florença
Rio de Janeiro/RJ

Due to the Covid-19 pandemic that took up most of the first half of 2020, the Company did not launch in this period, resuming launches only in the third quarter, with the highlight being the launch of the High Line Square, a project by Patrimar in Nova Lima/MG launched in July, which has 95% of its units sold.

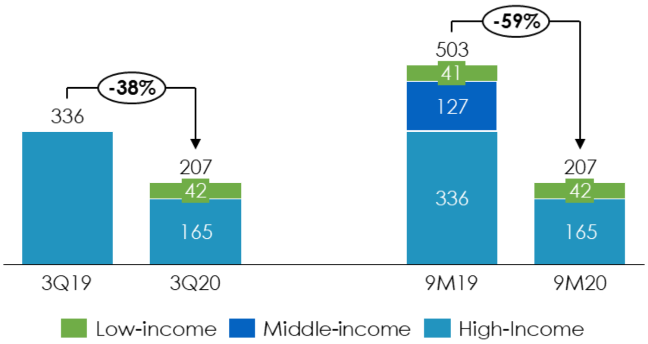
The Company currently has a portfolio of projects with just over R$ 800 million of PSV 100% for launch.

The Patrimar Group has an average percentage of participation in launches of 81% in 3Q20 and 9M20.

Launches by Regions - 3Q20 and 9M20
PSV 100% - % / R$ MM



Launches
PSV 100% - R$ million

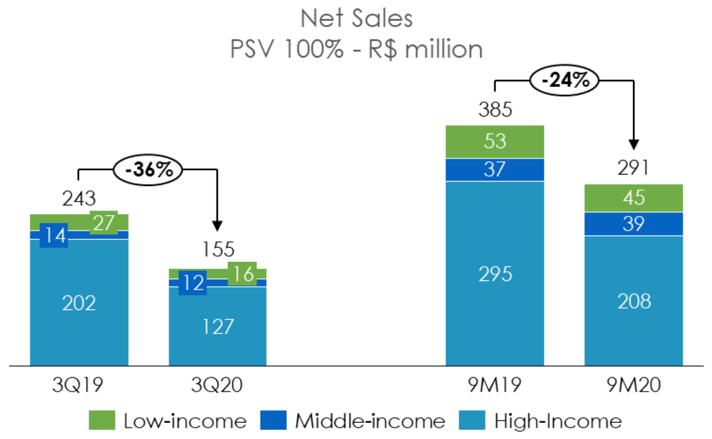


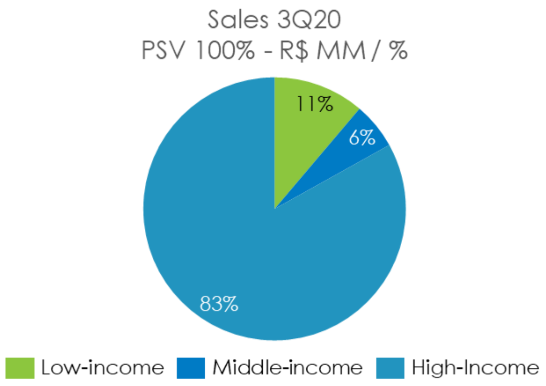
Contracted Sales

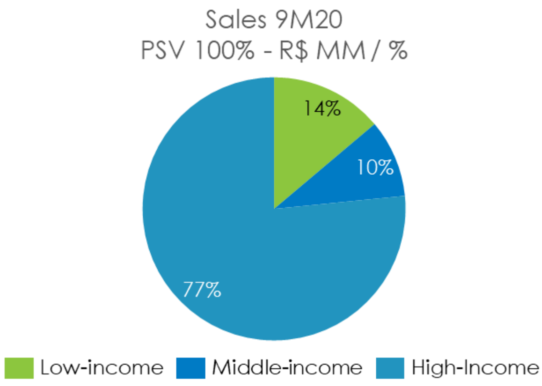
The 3Q20 was all time high sales volume the Company, with more than 389 units sold (651 in 9M20), with a project launched in 3Q20 nearly fully sold in the same quarter, showing the Company's sales power, product quality and strong market performance.

The high-income segment is still the most representative segment of the Company in terms of sales volume, with a 76.6% share in 9M20. Despite the low volume of launches in the 3Q20 and 9M20, sales growth gives us a good perspective about future results in the upcoming quarters.

The Patrimar Group owns an average percentage of 94% of net sales in the 3Q20 and 77% in the 9M20.

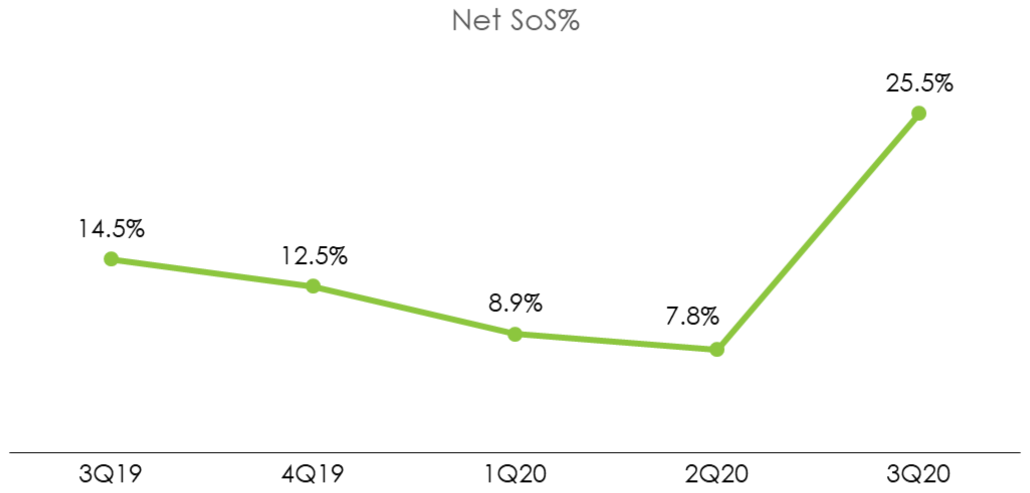






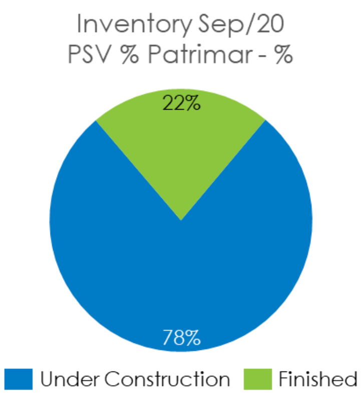
SoS (Sales speed) – Sales over Supply

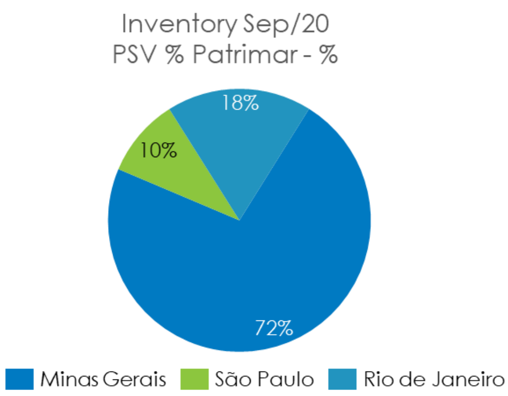
The Net Sales Speed for 3Q20, measured by the net SoS ratio (Net Sales over Supply), had a significant impulse due to the almost full sale of a project launches in the same quarter.



Inventory

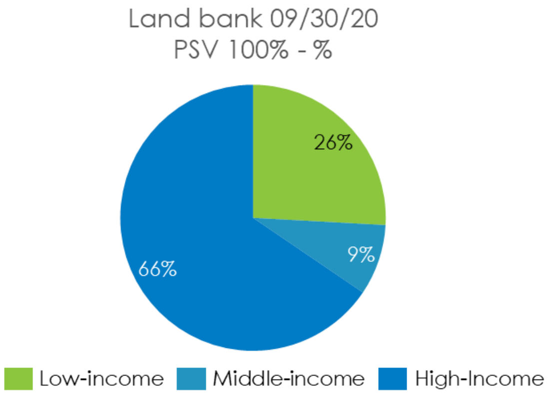
As of September 30, 2020, the Company's inventory at market value totaled R$ 391.0 million (% Patrimar). The Company expects to reduce the inventory volume of finished products in 4Q20.

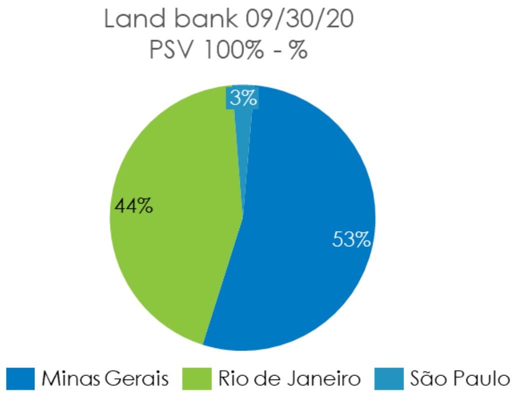




Land Bank

The Patrimar Group ended 3Q20 with a landbank with a potential PSV of R$ 7.6 billion (R$ 5.2 billion % Patrimar).



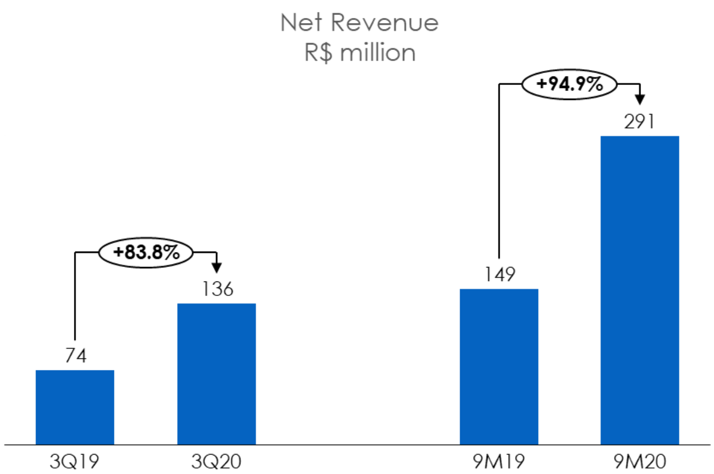


Financial Performance

Net Revenue

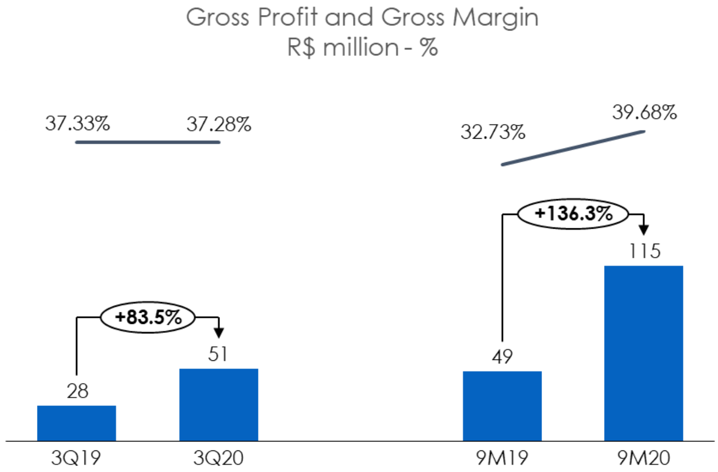
The Company's net revenue showed strong growth, both in the comparison of 3Q20 with 3Q19 and 9M20 and 9M19, largely due to the large volume of sales made in 3Q20 and the evolution of the construction of projects launched in previous periods, whose activities remained regular even during the pandemic period of COVID-19.

With the increase in the volume of construction in progress and the strong moment of demand for homes in our markets, we are confident of even stronger results in the coming quarters.



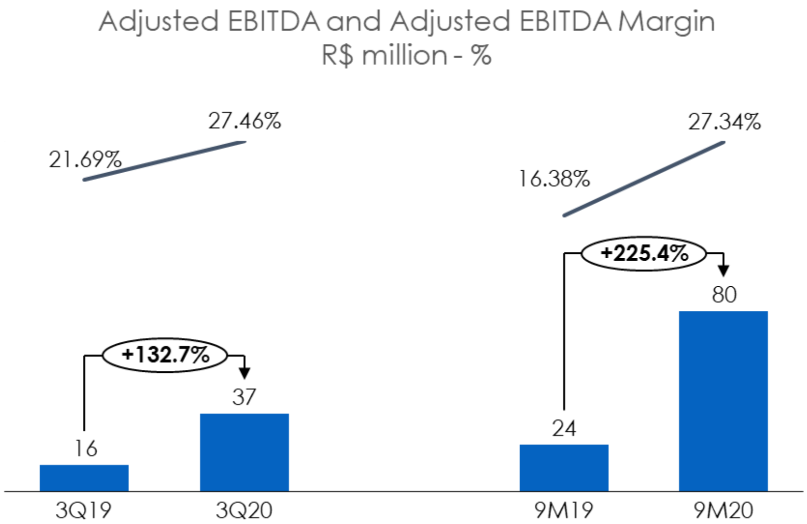
Gross Profit and Gross Margin

Our gross margin remains one of the largest in the sector, largely due to the mix of construction in progress, where there is a greater weight in high-end developments, which have a higher gross margin, corroborating our strategy of allocating capital efficiently, seeking greater profitability.



EBITDA and EBITDA Margin

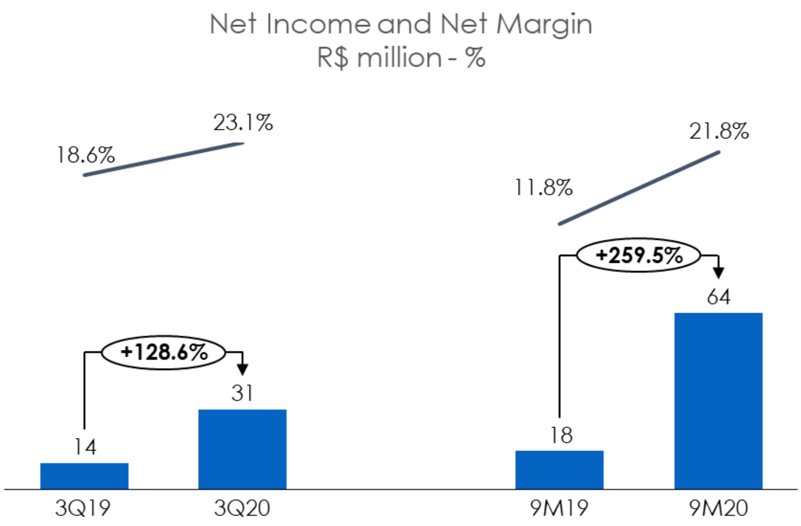
With the growth in the volume of revenue and discipline in controlling expenses, our Adjusted EBITDA showed strong growth both in the comparison of 3Q20 with 3Q190 as well as 9M20 with 9M19. Selling and administrative and general operating expenses totaled only 11.3% and 14.1% in 3Q20 and 9M20, respectively, compared to 12.7% and 18.3% in 3Q19 and 9M19, respectively, proving our operational leverage and generating results capacity. With the growth of the operation in the coming quarters, we still see room for expansion in the Adjusted EBITDA margin.



Recomposition of EBITDA (BRL '000)	3Q20 (a)	3Q19 (b)	Δ % (a/b)	9M20 (c)	9M19 (d)	Δ % (c/d)
Net Income	**31,363**	**13,721**	**128.6%**	**63,542**	**17,674**	**259.5%**
(+) Income Tax and Social Contribution	2,089	1,484	40.8%	5,532	3,142	76.1%
(+) Financial Results	(187)	(376)	-50.3%	(1,021)	(1,310)	-22.1%
(+) Depreciation and Amortization	2,682	965	177.9%	7,071	3,483	103.0%
EBITDA	**35,947**	**15,794**	**127.6%**	**75,124**	**22,989**	**226.8%**
EBITDA Margin (%)	**26.5%**	**21.4%**	**5.1p,p,**	**25.8%**	**15.4%**	**10.4p,p,**
Capitalized Interest Expense	1,301	216	503.6%	4,405	1,448	204.1%
Adjusted EBITDA	**37,248**	**16,010**	**132.7%**	**79,529**	**24,437**	**225.4%**
Adjusted EBITDA Margin (%)	**27.5%**	**21.7%**	**5.8p,p,**	**27.3%**	**16.4%**	**11.0p,p,**

Net Income and Net Margin

The growth in net income follows the effects described in the growth in net revenue and Adjusted EBITDA. Our financial discipline and strong momentum for cash generation keeps our financial results constant despite growth.



Indebtedness and Liquidity

As described above, we maintained strong financial discipline throughout this year and are reaping the results. We have low leverage, where approximately 44% of our liabilities are linked to our works via production financing. We have a significant volume of construction financing contracted and yet to be disbursed, which together with the volume of accounts receivable from the units already sold, gives us great comfort to support the growth of the operation in the following years.

Net Debt (BRL '000)	09/30/2020	12/31/2019	Δ %
(+) Loans and Financing	103,103	70,729	45.8%
(-) Cash and cash equivalents	83,253	52,425	58.8%
(=) Net Debt	19,850	18,304	8.4%
Equity	366,122	312,364	17.2%
(=) Net Debt / Equity	**5.4%**	**5.9%**	**-0.4 p.p.**

Due to this low leverage and the growth cycle for the next year, the Company remains attentive to market opportunities in all segments in the regions in which it operates, aiming at restoring its landbank to maintain a level of growth in the coming years. Our financial discipline, efficient capital allocation and focus on profitability will continue to be the main pillars in conducting our business.

Annexes

Consolidated Statement of Income

CONSOLIDATED STATEMENT OF INCOME (R$'000)	3Q20 (a)	3Q19 (b)	Δ % (a/b)	9M20 (c)	9M19 (d)	Δ % (c/d)
Net operating revenue	135,666	73,822	83.8%	290,897	149,229	94.9%
Cost of properties sold	(85,092)	(46,266)	83.9%	(175,480)	(100,386)	74.8%
Gross profit	**50,574**	**27,556**	**83.5%**	**115,417**	**48,843**	**136.3%**
Gross profit margin	**37.28%**	**37.33%**	**-0.05 p,p,**	**39.68%**	**32.73%**	**6.9 p,p,**
Operating income (expenses)						
General and administrative expenses	(8,266)	(4,708)	75.6%	(22,429)	(15,180)	47.8%
Selling expenses	(7,117)	(4,674)	52.3%	(18,583)	(12,230)	51.9%
Other operating income (expenses), net	(2,369)	(1,543)	53.5%	(8,639)	(2,704)	219.5%
Operating profit (loss)	**32,822**	**16,631**	**97.4%**	**65,766**	**18,729**	**251.1%**
Finance income	3,106	1,068	190.8%	8,918	4,076	118.8%
Finance costs	(2,919)	(692)	321.8%	(7,897)	(2,766)	185.5%
Finance income (costs), net	**187**	**376**	**-50.3%**	**1,021**	**1,310**	**-22.1%**
Equity	**443**	**(1,802)**	**124.6%**	**2,287**	**777**	**194.3%**
Profit (loss) before income tax and social contribution	**33,452**	**15,205**	**120.0%**	**69,074**	**20,816**	**231.8%**
Income tax and social contribution	(2,089)	(1,484)	40.8%	(5,532)	(3,142)	76.1%
Profit (loss) for the period	**31,363**	**13,721**	**128.6%**	**63,542**	**17,674**	**259.5%**
Net Profit Margin	**23.12%**	**18.59%**	**4.5 p,p,**	**21.84%**	**11.84%**	**10.0 p,p,**

Balance Sheet

Assets - (BRL '000)	09/30/2020	12/31/2019	Δ %
CURRENT ASSET			
Cash and cash equivalents	81,017	50,234	61.3%
Trade receivables	162,839	97,389	67.2%
Properties for sales	254,190	266,193	-4.5%
Taxes recoverable	5,973	5,430	10.0%
Prepaid expenses	12,500	6,373	96.1%
Other receivables	10,444	6,295	65.9%
TOTAL CURRENT ASSET	526,963	431,914	22.0%
NONCURRENT ASSET			
Long-term receivables			
Account receivable from customers	47,043	36,287	29.6%
Judicial deposits	2,048	2,592	-21.0%
Restricted financial investments	2,236	2,191	2.1%
Property commitments payable	29,920	10,969	172.8%
Related parties	7,982	27,537	-71.0%
	89,229	79,576	12.1%
Investments	51,399	47,616	7.9%
Property and equipment	24,360	20,337	19.8%
Intangible assets	9,598	15,429	-37.8%
Total non-current assets	174,586	162,958	7.1%
Total Assets	701,549	594,872	17.9%

Liabilities and Shareholder's Equity - (BRL '000)	09/30/2020	12/31/2019	Δ %
Current Liabilities			
Trade payables	29,513	29,623	-0.4%
Salaries and social charges	5,776	1,628	254.8%
Tax liabilities	12,478	8,166	52.8%
Real estate purchase obligations	51,933	46,799	11.0%
Borrowings	62,789	38,715	62.2%
Profit distributions payable	80	38	110.5%
Advances from customers	103,177	85,397	20.8%
Other payables	3,621	5,534	-34.6%
Provision for canceled sales	781	726	7.6%
Total current liabilities	270,148	216,626	24.7%
Non-current liabilities			
Advances from customers	4,321	6,580	-34.3%
Borrowings	40,314	32,014	25.9%
Real estate purchase obligations	65	-	n/a
Provision for contingencies	8,811	6,992	26.0%
Provision for real estate maintenance	8,148	7,701	5.8%
Provision for net capital deficiency	2,352	3,056	-23.0%
Related parties	1,268	9,539	-86.7%
Total non-current liabilities	65,279	65,882	-0.9%
Equity			
Capital	281,602	281,602	0.0%
Capital reserves	259	259	0.0%
Accumulated deficit	19,861	(17,301)	-214.8%
	301,722	264,560	14.0%
	64,400	47,804	34.7%
Non-controlling interests	366,122	312,364	17.2%
Total equity	701,549	594,872	17.9%

Statement of Cash Flow

Cash flows - (BRL '000)	09/30/2020	09/30/2019	Δ %
Cash flows from operating activities			
Profit (loss) for the period	**63,542**	**17,674**	**259.5%**
Adjustments for non-cash items			
Depreciation and amortization	7,071	3,483	103.0%
Provision for real estate maintenance	447	580	-22.9%
Present value adjustment of receivables	(3,771)	1,733	-317.6%
Provision for labor, civil, and tax contingencies	1,819	3,335	-45.5%
Equity in the results of investees	(2,287)	(777)	194.3%
Provision for interest on borrowings	4,578	2,517	81.9%
Income tax and social contribution	5,532	3,142	76.1%
	76,931	**31,687**	**142.8%**
Increase (decrease) in assets and liabilities			
Trade receivables	(72,435)	(33,437)	116.6%
Properties for sale	(6,948)	(97)	7062.9%
Taxes recoverable	(543)	(1,013)	-46.4%
Other assets	(9,731)	(3,582)	171.7%
Trade payables	(110)	11,011	-101.0%
Salaries and social charges	4,148	(46)	-9117.4%
Tax liabilities	3,094	2,639	17.2%
Real estate purchase obligations	2,875	26,890	-89.3%
Advances from customers	17,846	19,655	-9.2%
Other liabilities	(2,769)	(12,283)	-77.5%
	(64,573)	**9,737**	-763.2%
Amounts paid for civil, labor and tax contingencies	(1,924)	(5,251)	-63.4%
Interest paid	(3,426)	(2,895)	18.3%
	(69,923)	**1,591**	-4494.9%
Net cash provided by (used in) operating activities	**7,008**	**33,278**	-78.9%
Cash flows from investing activities			
Changes in restricted financial investments	(45)	2,082	-102.2%
Contributions to (return on) investments	(2,198)	839	-362.0%
Purchases of property and equipment and intangible assets	(5,496)	(6,882)	-20.1%
Advances to related parties	11,284	(2,828)	-499.0%
Net cash provided by (used in) investing activities	**3,545**	**(6,789)**	-152.2%
Cash flows from financing activities			
Distributions to non-controlling interests, net	(9,785)	(10,478)	-6.6%
New borrowings	78,640	38,437	104.6%
Distributions to non-controlling interests, net	(48,625)	(40,163)	21.1%
Net cash provided by (used in) financing activities	**20,230**	**(12,204)**	-265.8%
Increase (decrease) in cash and cash equivalents, net	**30,783**	**14,285**	**115.5%**
Changes in cash			
Cash and cash equivalents at the beginning of the period	50,234	19,761	154.2%
Cash and cash equivalents at the end of the period	81,017	34,046	138.0%
	30,783	**14,285**	**115.5%**

Glossary

Landbank 100% - total value of the potential PSV of all land held by the Company or in which the Company has a stake;

Landbank % Patrimar – the total value of the potential PSV of the land held by the Company or that the Company has a stake, excluding the exchanged units and the participation of partners, that is, the net value belonging to the Company of the potential PSV of the land;

Launches 100% - total PSV of the launched projects, at launch list prices, considering any exchanged units and participation of partners in the projects;

Launches % Patrimar – refers to the total PSV of launched projects, at launch list prices, disregarding exchanged units and partner participation, that is, only the percentage of the net PSV belonging to the Company;

Contracted Sales - Value of contracts signed with customers, referring to the sale of finished Units or for future delivery. The exchanged units are disregarded from the contracted sales value. Contracted sales 100% refer to all units sold in the period (except exchanged units) and contracted sales % Patrimar refers to the percentage of the Company's participation in these sales, disregarding the participation of partners;

Net Contracted Sales - Contracted Sales less the value of canceled contracts in the period;

VSO - Sales over Offer;

Gross VSO - Gross Sales / (Initial Inventory for the period + Launches for the Period);

Net VSO - Net Sales / (Initial Inventory for the period + Launches for the Period);

PSV - Potential Sales Volume.

EBITDA (Earnings Before Interests, Taxes, Depreciation and Amortization) - Net Income before financial result, income tax and social contribution, and depreciation expenses.

Adjusted EBITDA: it is not a measure of financial performance under Accounting Practices Adopted in Brazil, nor should it be considered in isolation, or as an alternative to net income, as a measure of operating performance, or as an alternative to operating cash flows, or as a measure of liquidity. Adjusted EBITDA serves as an indicator of our general economic performance, which is not affected by fluctuations in interest rates, changes in the tax burden of Income Tax and Social Contribution or levels of depreciation and amortization.

ROE - Return On Equity. ROE is defined by the quotient between the net income and the average value of equity.

Legal Notice

The statements contained in this document related to business prospects, projections of operating and financial results and those related to PATRIMAR's growth prospects are merely projections and, as such, are based exclusively on the management's expectations about the future of the business.

These expectations depend, substantially, on the approvals and licenses required for the approval of projects, market conditions, the performance of the Brazilian economy, the sector and international markets and, therefore, are subject to change without prior notice.

This performance report includes non-accounting data such as operating, financial and projections based on the expectations of the Company's management. Non-accounting data such as quantitative and launch values, Contracted Sales, MCMV program values, inventory at market value, Landbank, unearned income, cash consumption, and projections were not subject to review by the independent auditors of the Company.

The EBITDA indicated in this report represents net income before financial result, financial charges included in the caption cost of properties sold, income tax and social contribution, depreciation and amortization expenses and the participation of non-controlling shareholders. PATRIMAR understands that the reversal of the adjustment to present value of accounts receivable from units sold and not delivered recorded as gross operating revenue is part of its operating activities and, therefore, this revenue was not excluded in the calculation of EBITDA. EBITDA is not a measure of financial performance under accounting practices adopted in Brazil and IFRS, nor should it be considered in isolation, or as an alternative to net income, as a measure of operating performance, or as an alternative to operating cash flows, or as a measure of liquidity. As the financial result, financial charges included in the cost of properties sold, income tax and social contribution, depreciation and amortization expenses and the participation of non-controlling shareholders are not considered for the calculation, EBITDA serves as an indicator of PATRIMAR's general economic performance, which is not affected by changes in the tax burden of income tax and social contribution or in the levels of depreciation and amortization. EBITDA, however, has limitations that hinder its use as a measure of PATRIMAR's profitability, due to the fact that it does not consider certain costs arising from PATRIMAR's business, which could significantly affect PATRIMAR's profits, such as financial result, taxes, depreciation and amortization, capital expenses and other related charges.

Relationship with Independent Auditors

The Company's policy on hiring independent auditors ensures that there is no conflict of interest, loss of independence or objectivity. Pursuant to CVM Instruction 381/03, we inform that the Company's independent auditors - PricewaterhouseCoopers (“PWC”) - did provide services in the 9 months of 2020 other than those related to external audit related to other pre-agreed services related to the IPO. In the case of PWC, considering that the services and procedures pre-arranged, according to hiring letter, were different and did not mistake with the object and procedures of an audit or the review of the Company's financial statements according to the audit/review practices applicable in Brazil, PWC understands that the other pre-arranged services provided does not affect the autonomy or objectiveness necessary to the external audit services.