

Earnings Release

1Q22



1Q22 Earnings Release

Belo Horizonte, May 10, 2022 - Patrimar S.A. ("Patrimar" or "Company"), one of the largest development and construction companies in Brazil, operating in the economic, middle-income, and high-income segments with luxury and high-luxury products, discloses its results for the first quarter of fiscal year 2022 ("1Q22"). Except where otherwise indicated, the information in this document is expressed in Brazilian Reais (R\$) and shows the consolidated value (100%).

Highlights

- **Cash generation of R\$ 7.1 million in 1Q22** (R\$ 51.5 million LTM) continuing our track record of **five consecutive years of positive generation**;
- Net cash of R\$ 39.8 million on March 31, 2022, with **negative net debt** (Net Debt / Shareholders' Equity) of -8.0%, **improving 5.1 p.p. compared to March 31, 2021** and 1.3 p.p. as of December 31, 2021;
- **Largest receivables portfolio of R\$ 1.1 billion in the history** which, in addition to Cash, Cash Equivalents and TVM, gives us a **coverage of 1.6 times over construction liabilities** at the end of the quarter.

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About Patrimar Group

The Company is a real estate developer and homebuilder based in the city of Belo Horizonte, state of Minas Gerais, on the Southeast region of Brazil with over 58 years of experience, being placed in the top best real estate companies of Brazil. Its business model is vertical, 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-income developments through the Patrimar brand, in addition to a presence in the middle and low-income segments through the Novolar brand.



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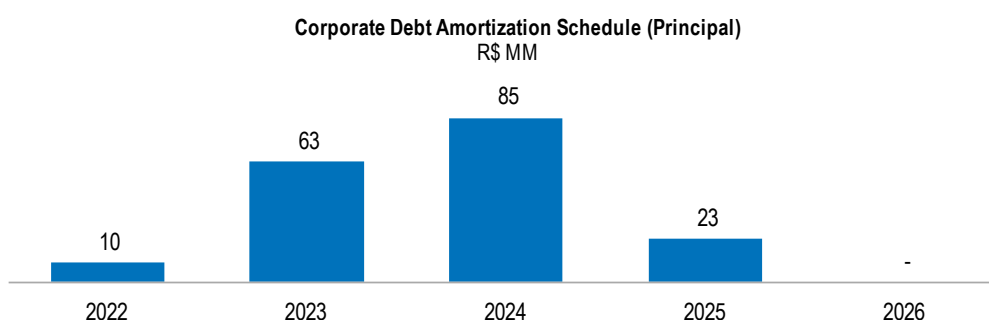
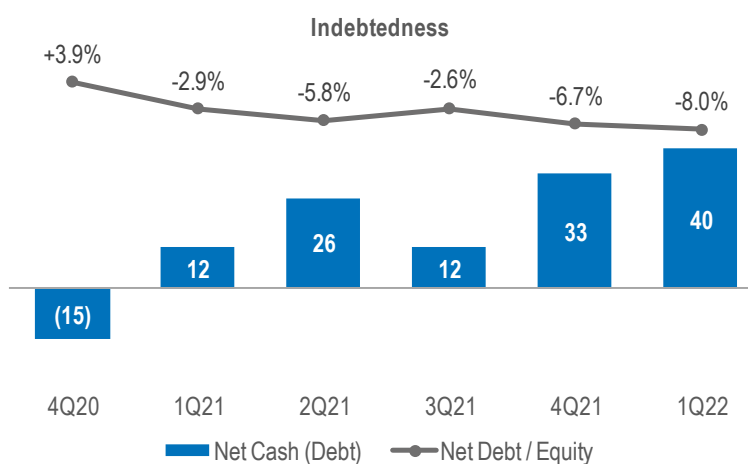


Message from the Management

We are pleased to present our operational and financial results for the first quarter of 2022. We are confident in our operation and quality of execution and we remain financially solid and excited about the growth prospects in our markets.

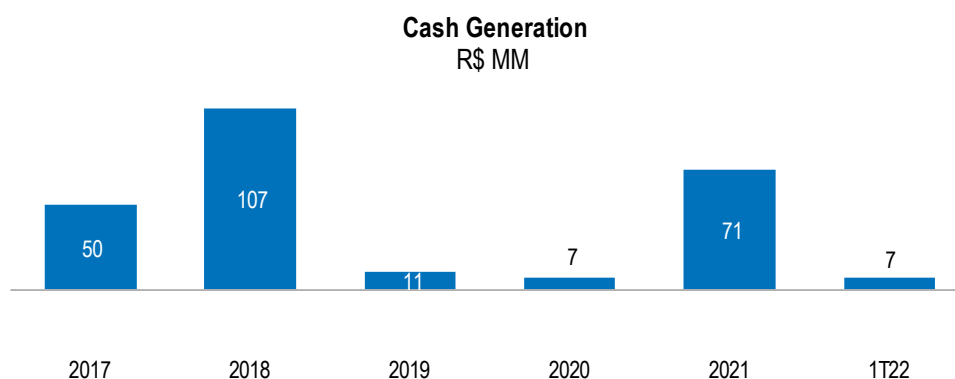
Capital Structure and Liquidity

Within our operating philosophy and strategy, we maintained our financial discipline with a low leverage capital structure, a long indebtedness profile and a volume of cash and accounts receivable appropriate to the structure of our operation.

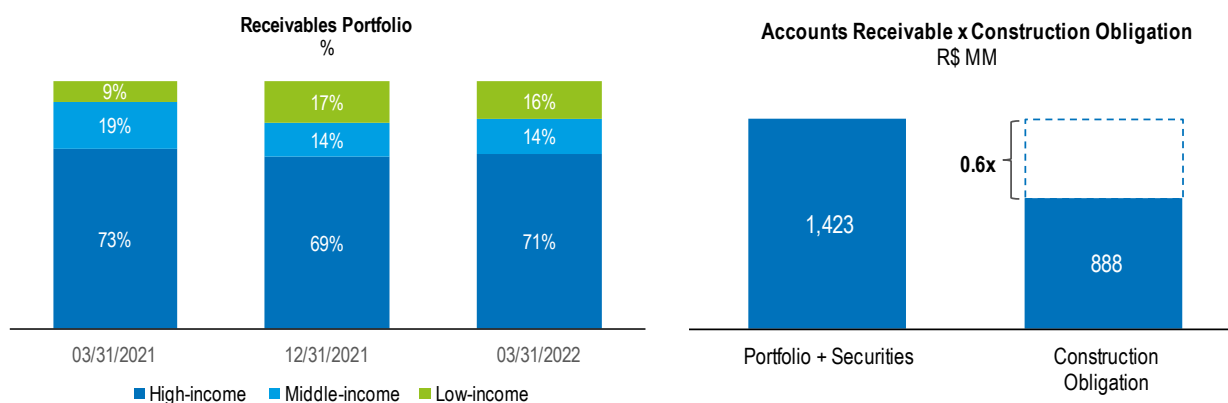


Strategically we anticipated our cash flows from customers with more voluminous entry profile sales and flow anticipations, aiming to carry more cash for better opportunities to purchase materials and take advantage of the occurred and expected increases in the SELIC rate.

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We present a healthy receivables portfolio, with a large percentage of receivables linked to the high-income segment, with lower risk and protection against inflation.



We are prepared for a longer carry of accounts receivable, due to interest rate hikes, and we will adopt the best strategies for the Company aiming at greater profitability and protection of construction liabilities, without distancing ourselves from our financial discipline and capital structure.

As of March 31, 2022, we have an undrawn construction financing balance of R\$ 489.4 million, which adds to our liquidity position above for the purpose of meeting the construction liability. Of this amount, we have 47.2% at a fixed rate, 37.0% at Savings and the remainder linked to CDI.

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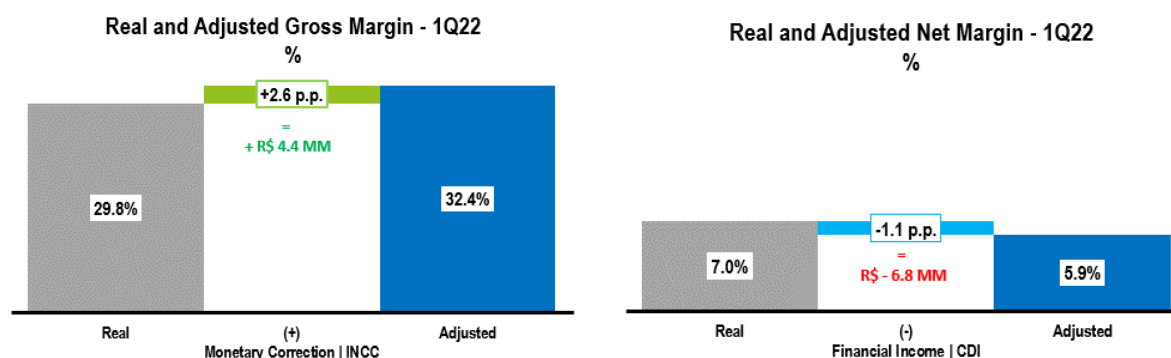


Profitability

The gross margin for the first quarter of 2022 was strongly impacted by several factors, which are listed below:

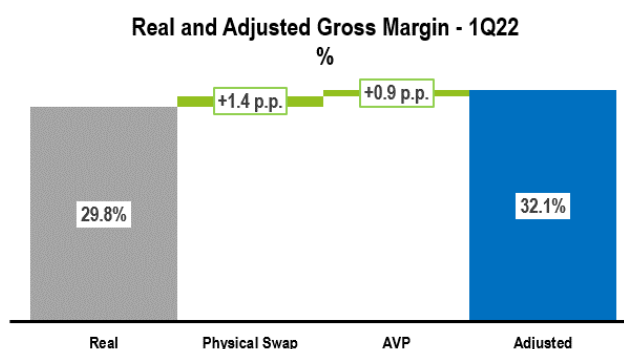
Bigger cash carry

Since we have shortened the cycle of accounts receivable, the Company no longer has a greater exposure of its balance linked to INCC and, therefore, less monetary restatement linked to gross revenue. This factor generates, in a first analysis, mismatch of INCC in revenue and production cost, since the cost remains proportionally more exposed to inflation. However, due to the increases in SELIC, carrying a greater volume of cash today, applied in CDI, yields a better hedge for inflation in projects, however, it shifts the effect of financial income to the financial result, after EBITDA, bringing a better impact to the net margin, but a negative effect to the gross margin.



Accounting Effects

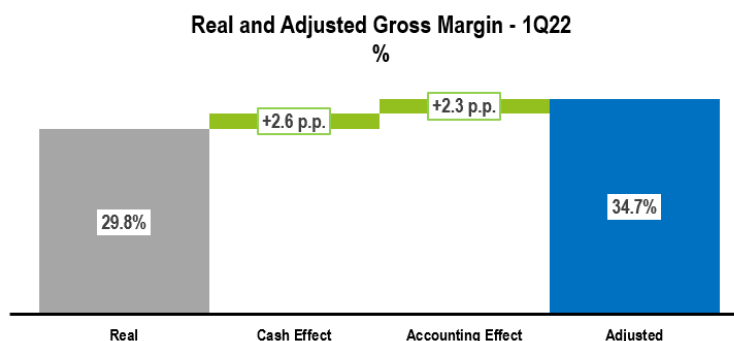
As in the previous period, despite the strategy of increasing cash and shortening accounts receivable, with the increase in sales volume due to the growth of the operation and the lengthening of sales profile by certain customers, the adjustment effect at present value – AVP, on sales made with long-term flows impacts gross revenue at the time of recognition, as required by Brazilian accounting standards.





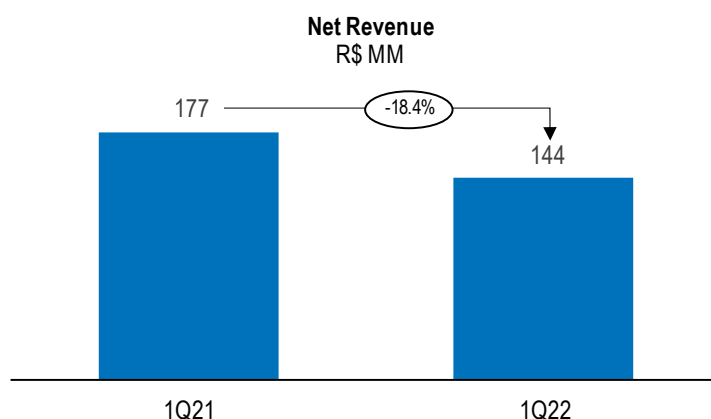
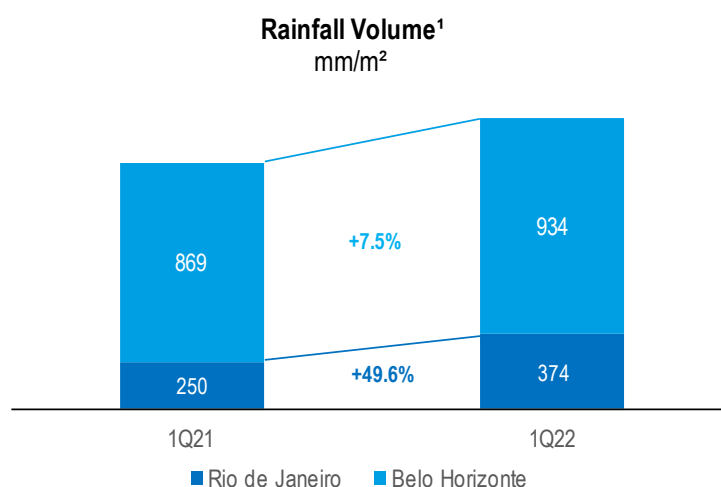
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Adding both, the effect of carrying the largest cash and the accounting effects, both explained above, we would have a gross margin of 34.7%:



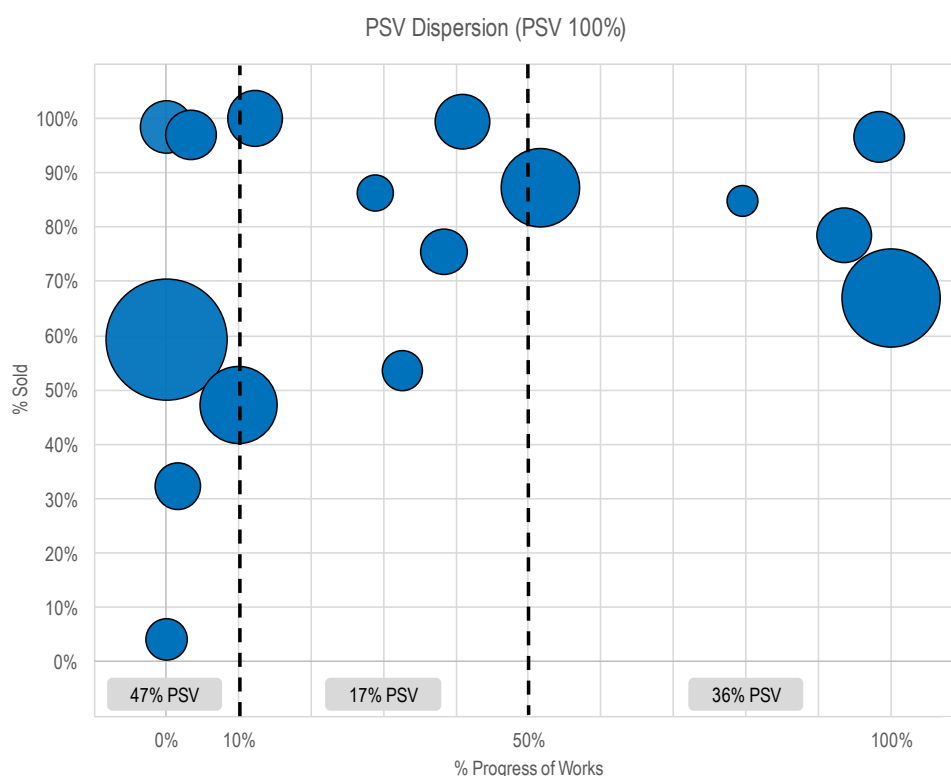
Climate Effects

In addition to the factors described above regarding the gross margin, 1Q22 was a very rainy quarter in the markets we operate, significantly impacting production at our works.

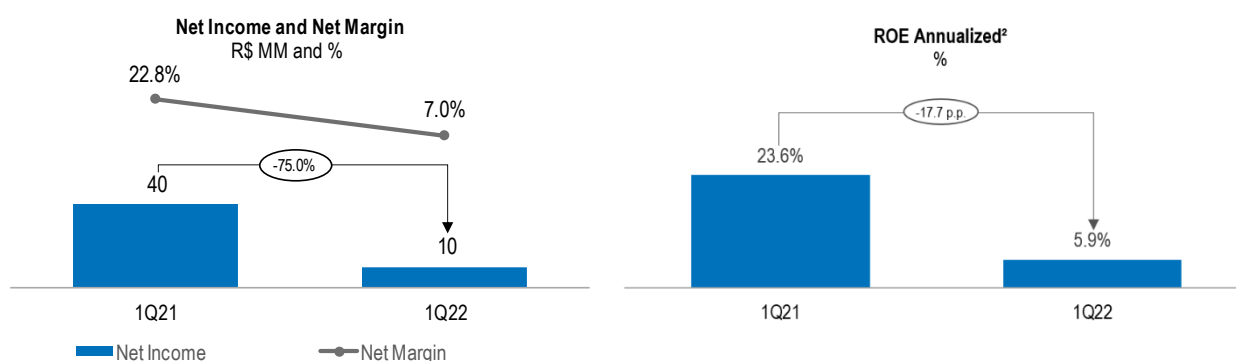


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Since our revenue is measured by the PoC, the lower production directly impacts the volume of recognized revenue. For the next quarters, we expect a recovery in production volumes, considering a shorter period of rain and the start of works in large projects that have a high percentage of sales, generating a greater volume of revenue appropriation. The total PSV sold in projects with less than 10% of works on March 31, 2022 was R\$ 618.3 million.



Furthermore, the volume of pre-sales recorded in 1Q21 pulled the level of revenue compared to 1Q22. We remain focused on being one of the most profitable companies in the real estate development segment, with a consistent and above-average net margin over the quarters, reflecting a return on capital that is also above the industry average. These factors impacted our metrics this quarter, but we are confident that we will return to our profitability levels in the coming ones.



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Main Indicators

Financial Indicators (R\$ '000)	1Q22 (a)	1Q21 (b)	Δ % (a/b)
Net Operational Revenue	144,477	177,143	-18.4%
Gross Profit	43,105	67,788	-36.4%
% Gross Margin	29.8%	38.3%	-8.4 p.p.
EBITDA	16,138	44,200	-63.5%
% EBITDA Margin	11.2%	25.0%	-13.8 p.p.
EBITDA Ajustado	22,260	45,924	-51.5%
% Adjusted EBITDA Margin	15.4%	25.9%	-10.5 p.p.
Net Income	10,087	40,422	-75.0%
% Net Margin	7.0%	22.8%	-15.8 p.p.

Launches by Income Levels (R\$ '000)	1Q22 (a)	1Q21 (b)	Δ % (a/b)
PSV 100%	112,782	87,241	29.3%
Low-income	38,284	87,241	-56.1%
Middle-income	74,498	-	n/a
High-income	-	-	n/a
PSV % Patrimar	107,272	307,736	-65.1%
Low-income	38,284	65,872	-41.9%
Middle-income	68,988	-	n/a
High-income	-	-	n/a
Units	316	400	-21.0%
Low-income	220	400	-45.0%
Middle-income	96	-	n/a
High-income	-	-	n/a

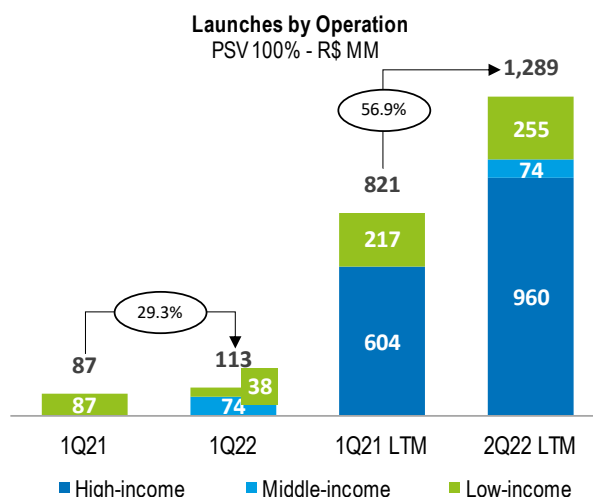
Net Contracted Sales (R\$ '000)	1Q22 (a)	1Q21 (b)	Δ % (a/b)
PSV 100%	152,975	251,743	-39.2%
Low-income	59,067	58,944	0.2%
Middle-income	5,425	8,826	-38.5%
High-income	88,483	183,973	-51.9%
PSV % Patrimar	132,905	150,871	-11.9%
Low-income	58,396	48,453	20.5%
Middle-income	4,737	6,178	-23.3%
High-income	69,773	96,240	-27.5%
Units	266	349	-23.8%
Low-income	230	281	-18.1%
Middle-income	11	22	-50.0%
High-income	25	46	-45.7%
Average Price	575	721	-20.3%
Low-income	257	210	22.4%
Middle-income	493	401	22.9%
High-income	3,539	3,999	-11.5%

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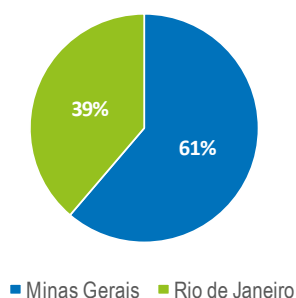
Launches

In the first quarter of 2022, we launched medium-income projects, which had not happened since April 2019. The strong volume of launches in the last quarter of 2021 and inventory management impacted launches in 1Q22, but we are confident about launches in the coming quarters of the year, depending on the economic and demand scenario. The Company's average share of launches in 1Q22 was 95.1% (75.5% in 1Q21).

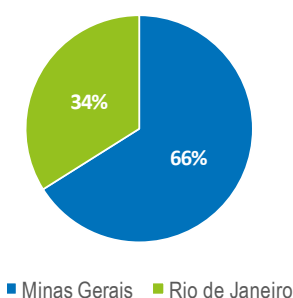


We continue to operate in well-known regions where we have great absorption capacity in the markets, due to the strength of our brands.

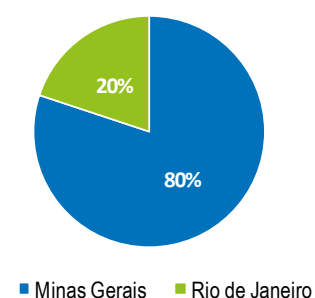
Launches by Region 1Q21
PSV 100% - %



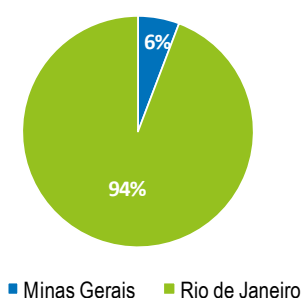
Launches by Region 1Q22
PSV 100% - %



Launches by Region 1QT21 LTM
PSV 100% - %



Launches by Region 1Q22 LTM
PSV 100% - %

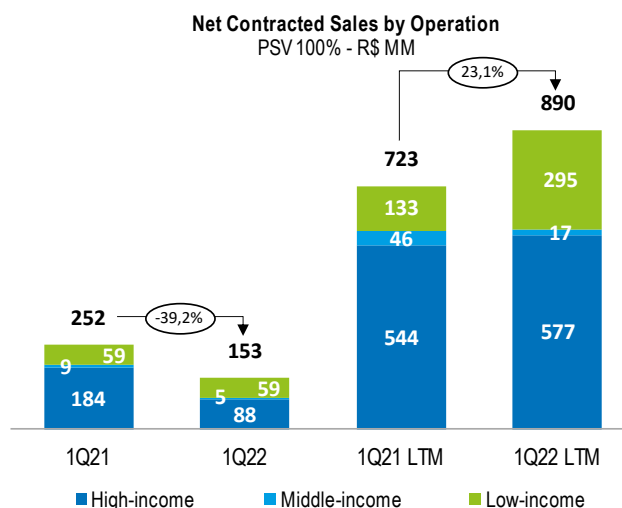


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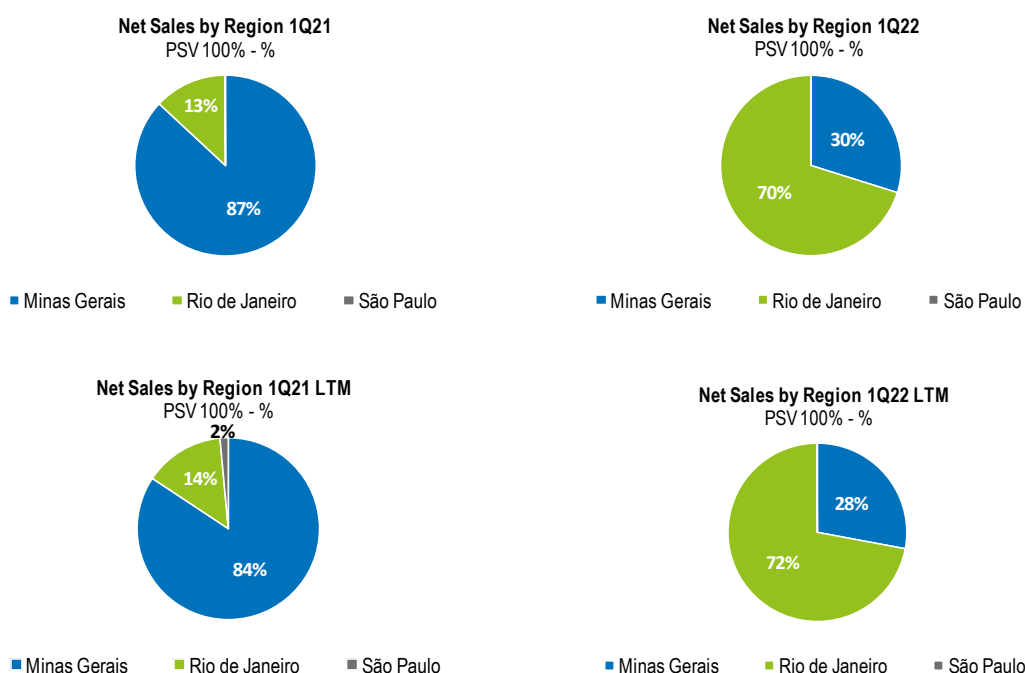


Contracted Sales

In 1Q22, 266 housing units were sold (349 units in 1Q21). The drop in sales reflects the strong sales volume in the previous quarter (4Q21) and a lower volume of launches scheduled for management and focus on reducing inventories. Our expectation is that the volume will pick up in the following quarters. The average share of the company in net contracted sales was 86.9% in 1Q22 against 59.9% in 1Q21.



Our operations are still focused on the states of Rio de Janeiro and Minas Gerais. We are already acquiring plots of land in São Paulo's upstate to have greater balance of regional exposure and, thus, obtain better results with the combination of markets and products.



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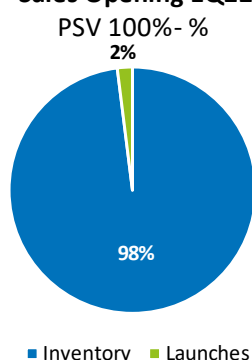


The table below provides more information about sales.

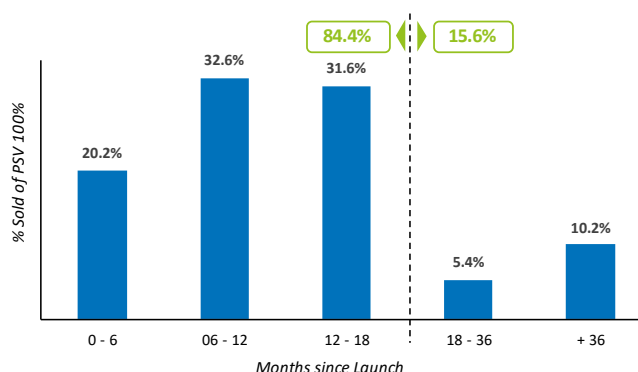
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Average Price	575	721	-20.3%
Low-income	257	210	22.4%
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In line with our strategy of focusing on inventories, our sales were concentrated in projects launched prior to 1Q22, with a large part of these sales being projects with up to 18 months of launch, reinforcing the strength of our sales team, the quality of our products and market knowledge. We have approximately 80% of our projects launched with more than 50% of the total PSV sold.

Sales Opening 1Q22

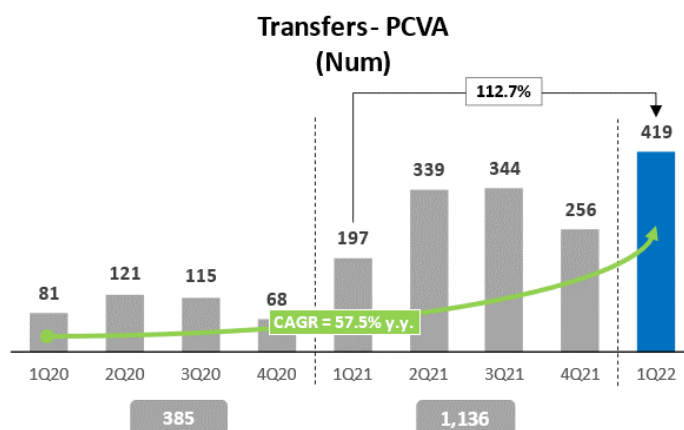


**Aging Net Sales x Launches
1Q22**



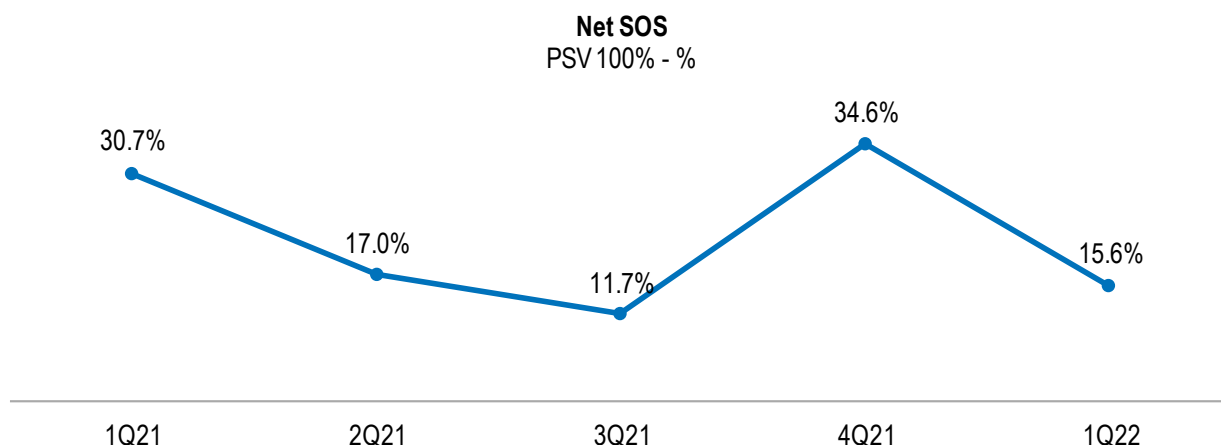
We continue to increase our PCVA operation, mainly, and our flux of transfers has evolved satisfactorily. The units transferred in 1Q22 represent R\$ 91.3 million that certainly impact our cash cycle in a positive way this quarter and in the following periods. In comparative terms, the transferred units in 1Q22 already account for 36.9% of what we accomplished throughout 2021 and more than what was accomplished in 2020.

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SOS (Sales Speed) – Sales over Supply

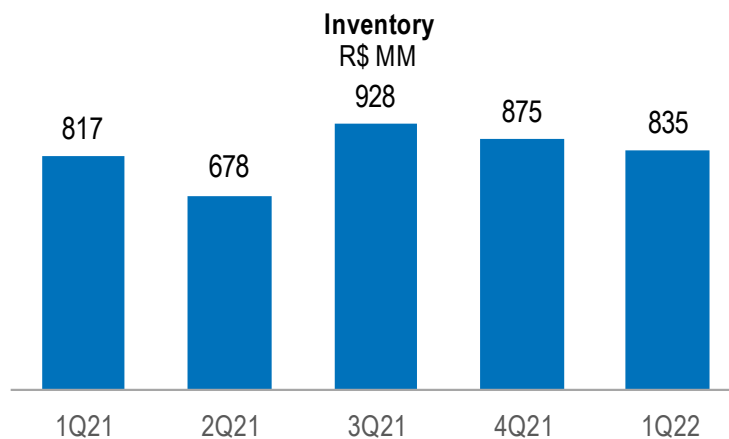
Net sales speed in 1Q22, measured by the net SOS indicator (Net Sales over Supply), was 19 p.p. lower than the immediately preceding quarter and 15.1 p.p. lower than the same period of 2021. The first quarter is seasonally weaker in SOS due to the strong launches in last year's fourth quarter and the vacations in this period. This quarter we focused our efforts on reducing inventories, especially of projects that are in completion stage, where we achieved a good result for this period considering the lower number of available products.



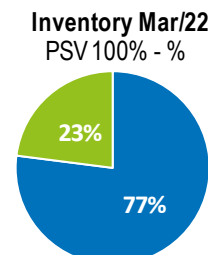
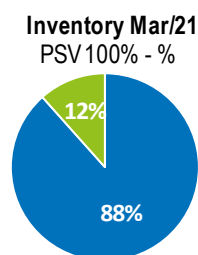
Inventory

As was mentioned before, we focused on reducing inventories and directed our sales force to products that are concluded or close to conclusion. Our efforts already created results in 1Q22, however we expect better results in the following quarters, mainly due to units' prices. The position on March 31 of 2022 closed 4.6% lower than at the end of last year and practically in line with the previous year.

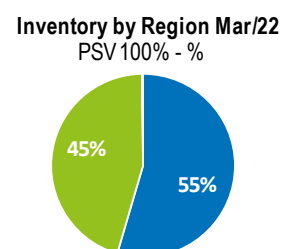
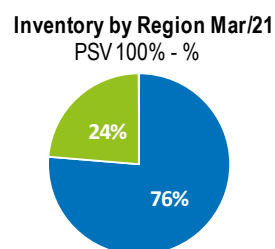
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The inventory profile remains increasingly comfortable and balanced. Our inventories positions focused mainly on buildings under construction, allows us to carry lower costs of maintenance with low idle inventory. The finished inventory in 1Q22 was reduced 11.4 p.p. in comparison to 1Q21.



■ Under Construction ■ Finished



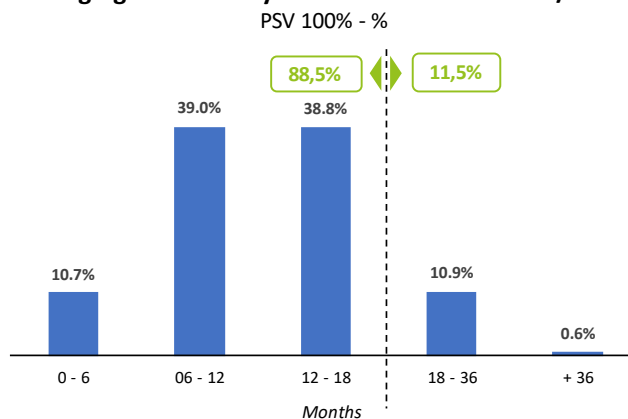
■ Minas Gerais ■ Rio de Janeiro ■ São Paulo

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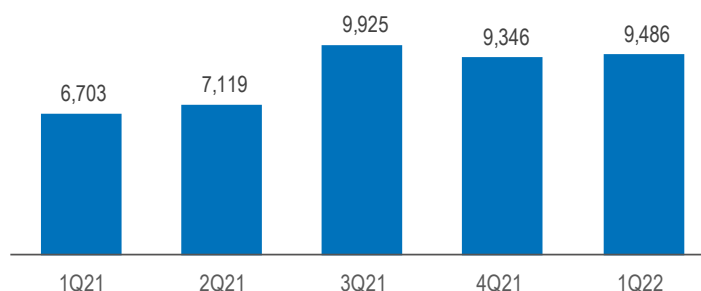
Most of the inventory under construction is related to recent launches within the last 18 months, which shows our abilities to sell at launch and not carry finished inventories over time.

Aging of Inventory under Construction Mar/22



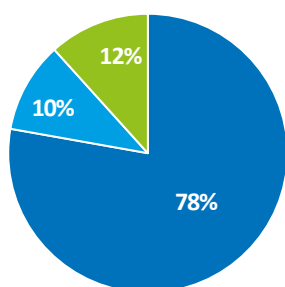
Landbank

Landbank
PSV 100% - R\$ MM



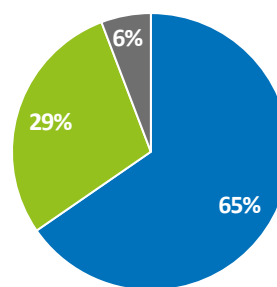
Landbank by Operation Mar/ 22

PSV 100% - %



Landbank by Region Mar/ 22

PSV 100% - %



■ High-income ■ Middle-income ■ Low-income

■ Minas Gerais ■ Rio de Janeiro ■ São Paulo

Our Land bank has 11,752 units and our average share is 68%. The Land bank increase in March 2022, is due to the recomposition of lands considering our future growth plan, the PX2. We bought 1 plot of land in 1Q22, in São Paulo, totaling a potential PSV of R\$ 151.8 million or 288 units. We finished the first quarter with approximately R\$ 1.7 billion in projects already approved for launch.

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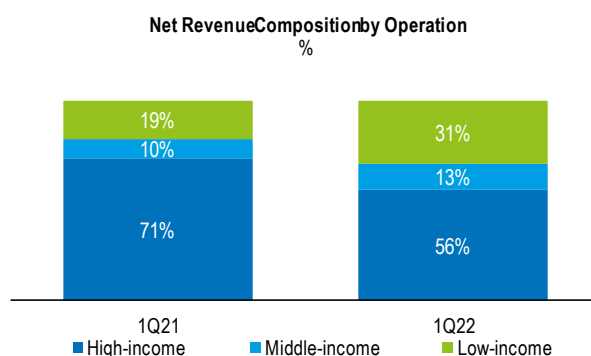


Financial Performance

Net Income

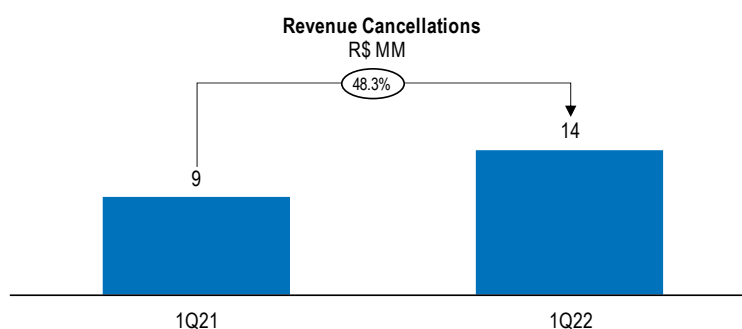
Net Operating Revenue (R\$ '000)	1Q22	1Q21	Δ %
Gross revenue from properties sales	159,642	185,712	-14.0%
Service revenue	406	2,207	-81.6%
Gross Revenue	160,048	187,919	-14.8%
AVP - Adjustment to present value	1,991	2,600	-23.4%
Canceled sales	(14,065)	(9,485)	48.3%
Deduction and taxes	(3,497)	(3,891)	-10.1%
Net Revenue	144,477	177,143	-18.4%

In this first quarter of 2022, the drop in Net Revenue compared to 1Q21 is mainly justified by the accounting effect of POC in the period which, impacted by heavy rains in the municipalities where we operate, recorded a smaller advance leading to a lower appropriation of revenue, in addition to the lower PSV sold in the quarter. The drop in Revenue from Services, which follows the accrual basis of recognition as opposed to Gross Revenue from Sales, was due to the completion of customizations in high-end operation, still last year, and there was no equivalent yet this year.



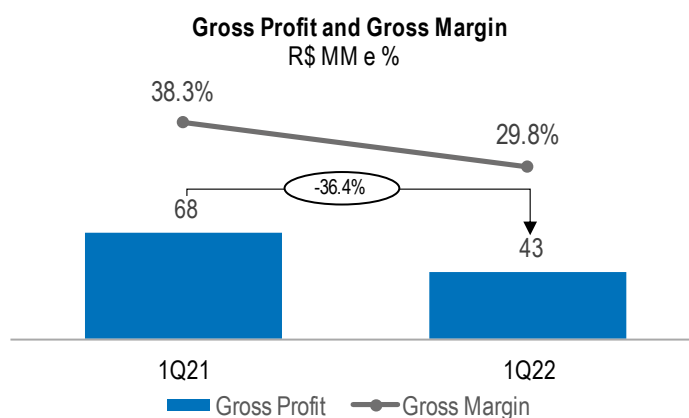
Notwithstanding, we had an unusual volume of cancellations this quarter: more than 40% of the registered volume was due to the exchange of units within the same projects (mainly upgrades) and will be reflected as revenues in the coming quarters.

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Gross Profit and Gross Margin

As explained in our message from management, when comparing 1Q22 against 1Q21, our gross margin remains impacted by the accounting effect generated by the AVP, by the effect of the rains on revenue recognition and, also, by the strategy of carrying more cash at this moment, shifting part of the monetary revenue corrected by the INCC that goes in the gross profit to be corrected by the CDI in the financial result line.



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Operational Expenses

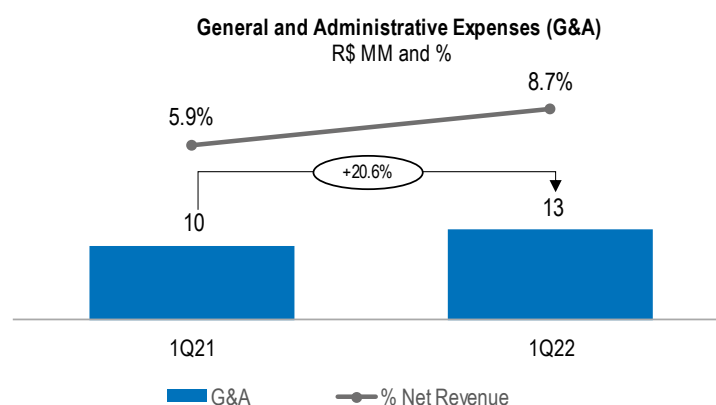
Operating Expenses (R\$ '000)	1Q22	1Q21	Δ %
General and administrative expenses	12,572	10,422	20.6%
Selling expenses	16,299	9,227	76.6%
Other operating revenue (expenses)	867	(698)	-224.2%
Total	29,738	18,951	56.9%

General and Administrative Expenses (G&A)

General and Administrative Expenses (R\$ '000)	1Q22	1Q21	Δ %
Personnel expenses	7,992	4,830	65.5%
Depreciation and amortization	1,879	1,812	3.7%
Third-party services	1,732	2,835	-38.9%
General administrative expenses	969	945	2.5%
Total	12,572	10,422	20.6%

As described in our previous earnings reports, the growth of the G&A is explained by the greater investment in personnel in strategic areas, aiming to support the Company's growth cycle. In this quarter, we concluded, for example, in the administrative structure, the creation of an executive board exclusively focused on new businesses and real estate development. In addition, we are also strengthening our tactical teams, with changes in our management and technical staff, being that on 03/31/2022 we ended our administrative staff with 174 employees, an increase of about 10% compared to 03/31/2021.

These changes aimed to strengthen our team of people, associated with the lower level of revenue appropriation in the quarter, led to an increase in the proportion of G&A in Net Revenue of 2.8 p.p in 1Q22 compared to 1Q21. However, with the progress of the launched works, which have a high percentage of sales, and the new growth cycle for new launches to be carried out, the operational leverage added to the company's diligence in managing expenses will enable productivity gains for our teams, so we expect this proportion to return the operation to its historical levels.



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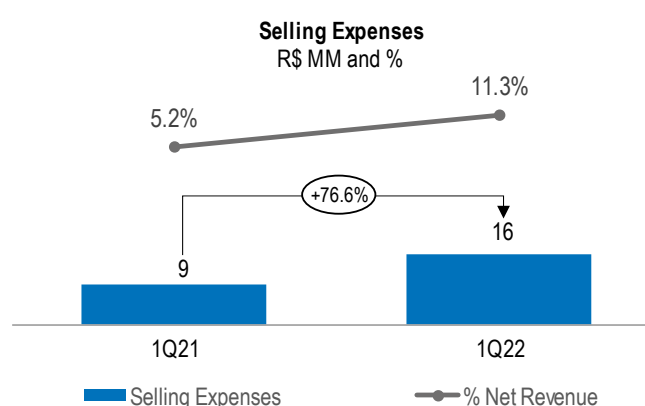


Commercial Expenses

Commercial Expenses (R\$ '000)	1Q22	1Q21	Δ %
Commissions and brokerages	4,726	2,654	78.1%
Advertising	4,078	2,885	41.4%
Other commercial expenses	5,477	2,424	125.9%
Personnel expenses	1,864	1,130	65.0%
Sales stands / decorated apartments	154	134	14.9%
Total	16,299	9,227	76.6%

The increase in commercial expenses is explained by commission and brokerage expenses, generated due to the result of sales success, as well as by the progress of construction on projects already very well sold, which generate commission expenses as the work progresses. The increase in other selling expenses is largely explained by depreciation of sales stand, which follows the sales success.

In addition to the commissions, the increase in commercial expenses explains the strategic investments we have made in Marketing and Advertising in the markets in which we have sought to develop an even more significant performance (as is the case of the Rio de Janeiro market), as well as the investments in people that we mentioned in the administrative expenses but that also apply to our own commercial teams. At this point, it is even worth mentioning that we created a Commercial Department exclusively focused on the Rio de Janeiro region. We remain very confident that the product availability in the region, added to an even more structured sales force, will bring us more sales in order to dilute the investments made in selling expenses.



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Other Operational Expenses (Income)

Other Operating Expenses (Revenues) (R\$ '000) ³	1Q22	1Q21	Δ %
Real estate loan expenses	5	193	-97.4%
Tax expenses	8	7	14.3%
Provision for contingencies	(2,102)	(1,245)	68.8%
Eventual losses	117	0	0.0%
Other operating income and expenses	2,839	347	718.2%
Total	867	(698)	-224.2%

The increase in other net operating expenses in 1Q22 compared to the same period of the previous year is basically explained by a greater reversal of the provision for legal contingencies, since relevant lawsuits became final and their loss recognized in 1Q22, in the line of other expenses and operating income.

Financial Result

When analyzing 1Q22 versus 1Q21, the variation in financial income, due to the 1,184.8% increase in interest on financial investments, demonstrates the higher yield resulting from the strategy of carrying more cash than receivables, increasing exposure to CDI instead of INCC, in view of the increase in the CDI projection in the periods. However, this higher yield was not enough to offset the higher interest payments on loans that are basically linked to the CDI. The lower volume in the monetary adjustment and contractual interest line in 1Q22 compared to 1Q21 is explained by the strategy of anticipating our cash flows from customers with bulkier entry profile sales and cash advances.

Financial Result	1Q22	1Q21	Δ %
Monetary adjustment and contractual interest	1,010	3,593	-71.9%
Interest on financial investments	6,758	526	1184.8%
Swap Creditor Result	-	-	n/a
Other Financial Results	52	17	205.9%
Total	7,820	4,136	89.1%
Financial Expenses	1Q22	1Q21	Δ %
Interest on loans and financing	(5,858)	(1,165)	402.8%
Debits from bank charges and fees	(262)	(177)	48.0%
Financing Expenses	-	(1)	-100.0%
Swap debtor result	-	-	n/a
Other Financial Expenses	(2)	(21)	-90.5%
Total	(6,122)	(1,364)	348.8%
Financial Result	1,698	2,772	-38.7%

1Q22 Earnings Release



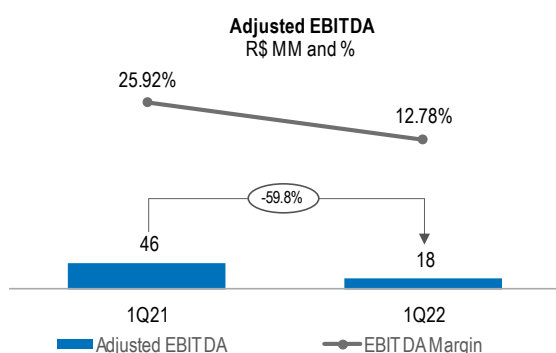
Equity Result

Equity Result	1Q22	1Q21	Δ %
Equity Result	(597)	(7,120)	-92%

The equity result has been impacted by a legacy of old projects carried out in partnership, mainly in the low income segment, for which certain contingencies have been recognized due to discussions of constructive issues, delays of works and other matters. These projects, for the most part, were completed more than 5 years ago and their legal effects will still impact our results for some quarters, although, as our results show over the quarters, in smaller and smaller installments.

EBITDA and Adjusted EBITDA

The reduction in EBITDA and Adjusted EBITDA in the first quarter of this year compared to the first quarter of the last one are explained by the reduction in gross profit and the increase in general administrative expenses as detailed above, but which were not offset by the reversal of non-operating results with Equity and Capitalized Financial Expenses. With a lower revenue level, EBITDA and Adjusted EBITDA margins also decreased. We expect, however, with the progress of operations, higher volume of revenue and lower volume of extraordinary events as occurred in the quarter that our margins will return to normalized levels.



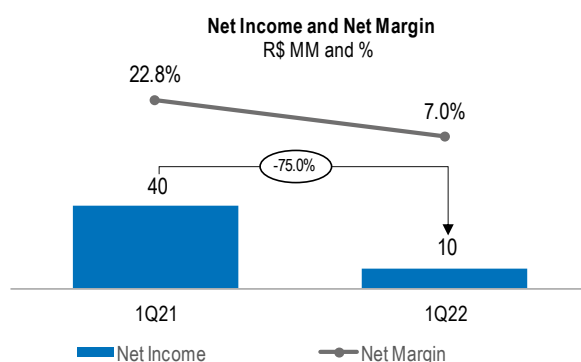
EBITDA (R\$ '000)	1Q22	1Q21	Δ %
Net Income	10,087	40,422	-75.0%
(+) Income Tax and Social Contribution	4,381	4,067	7.7%
(+) Financial Results	(1,698)	(2,772)	-38.7%
(+) Depreciation and Amortization	3,311	2,483	33.3%
EBITDA	16,081	44,200	-63.6%
EBITDA Margin (%)	11.13%	24.95%	-55.4%
Capitalized Interest Expense	2,379	1,724	38.0%
Adjusted EBITDA	18,460	45,924	-59.8%
Adjusted EBITDA Margin (%)	12.78%	25.92%	-50.7%



1Q22 Earnings Release

Net Profit and Net Margin

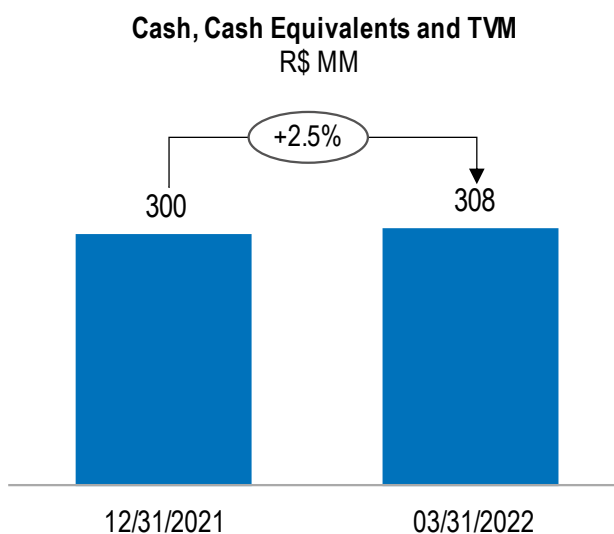
The lower net income and lower net margin in 1Q22 compared to 1Q21 is impacted by the drop in gross margin as widely commented, but also by the choices we made to maintain our investments in personnel and marketing relying on our long-term strategy, while preserving our cash.



Balance Sheet Highlights

Cash, Cash Equivalents and TVM

In line with our strategy of carrying more cash due to the increase in the CDI rate and better protection against inflation, our cash balance has been steadily increasing, still supported by cash generation in the period. For the next quarters, we can take advantage of good negotiations with suppliers and anticipate purchases of materials, aiming to guarantee better prices and conditions, which may impact our cash position.



1Q22 Earnings Release



Accounts Receivable

The growth in Accounts Receivable is mainly explained by the progress of works, by the recognition of balance sheet balances and by a marginal increase in our revenue from services, which was partially offset by a decrease in accounts receivable from completed units (receipts and advances) in addition to a higher provision for cancellations.

Accounts Receivable (R\$ '000)	03/31/2022	12/31/2021	Δ %
Completed units	40,777	43,270	-5.8%
Units under construction	425,315	405,895	4.8%
Management services	15,543	15,138	2.7%
Provision for canceled sales / losses / PVA	(21,079)	(17,376)	21.3%
Total	460,556	446,927	3.0%

According to current accounting rules, the recognition of Accounts Receivable is proportional to the rate of execution of the respective works (Percentage of Completion - PoC). Therefore, the portfolio balance of units sold for development and those not yet built is not fully reflected in the Financial Statements. The total balance of accounts receivable from sales exceeded, for the first time, the R\$ 1.1 billion mark, reflecting the accumulated sales volume and our portfolio management strategies.

Accounts Receivable (R\$ '000)	03/31/2022	12/31/2021
Due within 1 year	351,024	408,462
Due 1 to 2 years	395,027	326,937
Due 2 to 3 years	159,917	172,679
Due 3 to 4 years	182,651	127,183
Due over 4 years	4,032	41,662
	1,092,651	1,076,923
Expired up to 1 year	19,931	14,182
Expired between 1 to 2 years	1,326	1,164
Expired between 2 to 3 years	824	765
Expired between 3 to 4 years	470	371
Expired over 4 years	64	34
	22,615	16,516
Total	1,115,266	1,093,439

The profile of our portfolio has become increasingly healthy and aligned with the cycle of works, with a greater concentration in the next two years – around 68.3% of the total (63.3% on March 31, 2021). We are aligned with the financial strategy of combining financing for production and the financial cycle of sales and construction, aiming to increase the return on our projects.

1Q22 Earnings Release



We are always attentive to the dynamics between inflation and interest to obtain the best return on our monetary assets, whether carrying a greater balance of accounts receivable obtaining a hedge against inflation via the INCC or greater cash focusing on the return of financial investments with higher CDI, as we did this month.

Real Estate for Sale

The significant volume of Properties under Construction is explained by the recognition of the start of the construction of the launched projects.

Properties for Sales (R\$ '000)	03/31/2022	12/31/2021	Δ %
Inventories of land	144,432	144,598	-0.1%
Properties under construction	270,158	273,874	-1.4%
Completed properties	7,374	7,792	-5.4%
Provision for canceled sales	1,918	747	156.8%
Total	423,882	427,011	-0.7%

Advances from Costumers

The variation in the balance of advances from customers basically refers to the swaps of projects that were launched and later on are being consumed by the construction activity.

Advances from Customers (R\$ '000)	03/31/2022	12/31/2021	Δ %
Advances from customers and barter made for construction in progress	281,146	280,142	0.4%
Advances from customers for customized units	48,320	47,435	1.9%
Barter made for land - not launched developments	40,897	45,590	-10.3%
Total	370,363	373,167	-0.8%

Suppliers

The variation in the suppliers account in this first quarter is explained by the work we are doing to extend payment terms in order to improve the financial cycle of the works, in addition to a greater volume of works in progress, which also explains the increase in Technical Retentions:

Trade Payables (R\$ '000)	03/31/2022	12/31/2021	Δ %
Trade Payables	43,980	37,775	16.4%
Technical Retentions	7,387	6,627	11.5%
Total	51,367	44,402	15.7%

1Q22 Earnings Release



Real Estate Purchase Obligations

The reduction in the balance of unincorporated land is mainly explained by the transfer of the balance of properties to lands that have been incorporated as a result of launches carried out and the settlement of part of the incorporated lands due to the schedule of these obligations.

Real estate purchase obligations (R\$ '000)	03/31/2022	12/31/2021	Δ %
Land developed	43,823	44,609	-1.8%
Land not developed	21,356	23,334	-8.5%
Total	65,179	67,943	-4.1%

Indebtness

About 32.8% of our debt liabilities are linked to our production financed works and we still have a volume of financing to be disbursed of R\$ 489.4 million, which together with the volume of Accounts Receivable from the units already sold, offer us great comfort to withstand both a more adverse scenario and the growth targeted for the operation in the coming years.

Net Debt / Equity (R\$ '000)	03/31/2022	12/31/2021
(+) Loans and Financing	268,034	267,650
(-) Cash and Cash Equivalent	307,864	300,341
(=) Net Debt	(39,830)	(32,691)
(=) Equity	499,323	487,282
Net Debt/ Equity	-8.0%	-6.7%

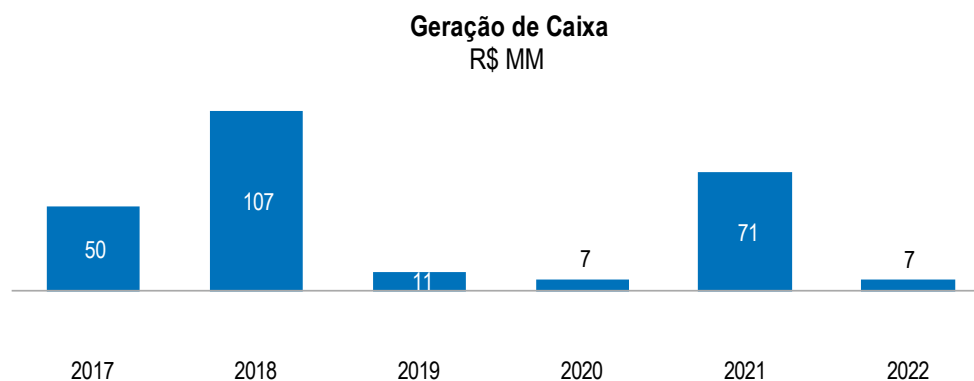
We remain having an unleveraged capital structure, with room for growth, but within our concepts of financial discipline and profitability.

1Q22 Earnings Release



Cash Generation (*Cash Burn*)

In this quarter, we kept a positive cash generation, in line with our track record of five consecutive years of cash generation. Financial management and accounts receivable strategy have helped in this cash generation.



Our cash position and healthy leverage allow us to evaluate alternatives for acquiring materials in advance, at more attractive commercial conditions, which contribute to a better result of our operation. Such factor may lead to a greater cash burn in the following quarters.

1Q22 Earnings Release



Attachments

Consolidated Results Report

Income Statement (R\$ '000)	1Q22	1Q21	Δ %
Net operating Revenue	144,477	177,143	-18.4%
Cost of properties sold	(101,372)	(109,355)	-7.3%
Gross profit	43,105	67,788	-36.4%
Gross profit margin	29.8%	38.3%	-8.4 p.p.
Operating income (expenses)	(29,738)	(18,951)	56.9%
General and administrative expenses	(12,572)	(10,422)	20.6%
Selling expenses	(16,299)	(9,227)	76.6%
Other operating income (expenses), net	(867)	698	-224.2%
Operating profit (loss)	13,367	48,837	-72.6%
Finance income	7,820	4,136	89.1%
Finance costs	(6,122)	(1,364)	348.8%
Finance income (costs), net	1,698	2,772	-38.7%
Equity in the results of investees	(597)	(7,120)	-91.6%
Profit (loss) before income tax and social contribution	14,468	44,489	-67.5%
Income tax and social contribution	(4,381)	(4,067)	7.7%
Profit (loss) for the period	10,087	40,422	-75.0%
Net Profit Margin	7.0%	22.8%	-15.8 p.p.
Attributable to:			
Owners of the company:	5,235	20,713	-74.7%
Non-controlling interests	4,852	19,709	-75.4%

1Q22 Earnings Release

Balance Sheet



Assets (R\$ '000)	03/31/2022	12/31/2021	Δ %
Current assets			
Cash and cash equivalents	248,992	243,926	2.1%
Securities	58,872	56,415	0
Accounts receivable	185,286	201,174	-7.9%
Properties for sale	356,789	402,608	-11.4%
Taxes recoverable	10,029	9,270	8.2%
Prepaid expenses	23,221	22,011	5.5%
Other receivables	13,880	14,138	-1.8%
Total current assets	897,069	949,542	-5.5%
Non-current assets			
Financial investments	2,390	2,339	2.2%
Accounts receivable	275,270	245,753	12.0%
Properties for sale	67,093	24,403	174.9%
Judicial deposits	1,205	1,189	1.3%
Related parties	7,546	12,013	-37.2%
Long-term receivables	353,504	285,697	23.7%
Investments	29,641	27,697	7.0%
Property and equipment	38,047	36,087	5.4%
Right to use lease	4,689	5,102	-8.1%
Intangible assets	7,085	7,796	-9.1%
Total non-current assets	432,966	362,379	19.5%
Total assets	1,330,035	1,311,921	1.4%

Liabilities and Equity (R\$ '000)	03/31/2022	12/31/2021	Δ %
Current liabilities			
Loans and financing	61,684	60,797	1.5%
Leases	2,361	2,362	0.0%
Trade payables	51,367	44,402	15.7%
Salaries and social charges	12,891	9,531	35.3%
Tax liabilities	27,867	26,197	6.4%
Real estate purchase obligations	23,740	35,942	-33.9%
Dividends payable	155	80	93.8%
Advances from customers	370,363	373,167	-0.8%
Provision for canceled sales	-	-	n/a
Deferred taxes	-	-	n/a
Other payables	2,321	1,963	18.2%
Provision for property maintenance	2,963	6,425	-53.9%
Total current liabilities	555,712	560,866	-0.9%
Non-current liabilities			
Loans and financing	206,350	206,853	-0.2%
Leases	2,461	2,874	-14.4%
Real estate purchase obligations	41,439	32,001	29.5%
Advances from customers	0	-	n/a
Provision for contingencies	4,525	6,626	-31.7%
Provision for real estate maintenance	10,438	6,358	64.2%
Related parties	5,080	4,268	19.0%
Provision for net capital deficiency	4,707	4,793	-1.8%
Total non-current liabilities	275,000	263,773	4.3%
Equity			
Capital	269,172	269,172	0.0%
Capital Reserve	259	259	0.0%
Revenue Reserves	80,213	74,978	7.0%
Retained earnings	-	-	n/a
Total equity	349,644	344,409	1.5%
Non-controlling interests	149,679	142,873	4.8%
Total equity	499,323	487,282	2.5%
Total liabilities and equity	1,330,035	1,311,921	1.4%

1Q22 Earnings Release



Cash Flow

Cash Flows (R\$ '000)	03/31/2022	12/31/2021	Δ %
Cash flows from operating activities			
Profit for the year	10,087	40,422	-75.0%
Adjustments to reconcile profit with cash flows from operating activities			
Depreciation and amortization	3,311	2,557	29.5%
Present value adjustment of receivables	1,811	(2,027)	-189.3%
Equity in the results of investees	597	7,120	-91.6%
Provision for real estate maintenance	(447)	861	-151.9%
Provision for labor, civil, and tax contingencies	335	593	-43.5%
Provision for interest on loans and financing	8,071	2,690	200.0%
Income tax and social contribution	4,381	4,067	7.7%
Write-off of fixed assets	-	-	n/a
	28,146	56,283	-50.0%
Changes in working capital			
Increase (decrease) in assets and liabilities			
Accounts receivable	(15,441)	(48,406)	-68.1%
Properties for sale	3,186	(17,833)	-117.9%
Taxes recoverable	(759)	(595)	27.6%
Other assets	(967)	(2,765)	-65.0%
Trade payables	6,965	6,151	13.2%
Salaries and social charges	3,360	1,759	91.0%
Tax liabilities	(2,338)	1,921	-221.7%
Real estate purchase obligations	(2,764)	(2,974)	-7.1%
Advances from customers	(2,804)	52,342	-105.4%
Other liabilities	137	4,194	-96.7%
Amounts paid for civil, labor and tax contingencies	980	(1,838)	-153.3%
	(10,445)	(8,044)	29.8%
Interest paid	(2,373)	(2,616)	-9.3%
Income tax and social contribution paid	(2,336)	(2,336)	0.0%
Net cash provided by (used in) operating activities	12,992	43,287	-70.0%
Cash flows from investing activities			
Increase in securities	(2,457)	-	n/a
Changes in restricted financial investments	(51)	(9)	466.7%
Advances to related parties	5,279	(1,932)	-373.2%
Investment contributions (returns)	(2,627)	1,444	-281.9%
Net assets merged RPMV	-	(11,800)	-100.0%
Purchases of property and equipment and intangible assets	(4,524)	-	n/a
Additions to intangible assets	-	-	n/a
Net cash used in investing activities	(4,380)	(12,297)	-64.4%
Cash flows from financing activities			
New loans and financing	13,507	68,004	-80.1%
Repayment of loans and financing - principal	(19,007)	(23,462)	-19.0%
Dividends paid	-	(1,350)	-100.0%
Capital Reduction	-	(3,102)	-100.0%
Distributions to non-controlling interests, net	1,954	-	0.0%
Net cash provided by (used in) financing activities	(3,546)	40,090	-108.8%
Net increase in cash and cash equivalents	5,066	71,080	-92.9%
Cash changes			
Cash and cash equivalents at the beginning of the year	243,926	119,256	104.5%
Cash and cash equivalents at the end of the year	248,992	190,336	30.8%
Increase in cash and cash equivalents	5,066	71,080	-92.9%



Glossary

Land bank 100% - total PSV amount of all lands owned by the Company or which the Company has a stake.

Land bank % Patrimar – total PSV amount of all lands owned by the Company or which the Company has a stake, except for swap units and partners' participation, in other words, the net PSV of lands owned by the Company.

Launches 100% - total amount of the PSV for launched projects, at launching prices, considering eventual swaps of units and partners participation in these enterprises.

Launches % Patrimar – total PSV amount of projects already launched, at launching prices, not considering swap units and partners' participation, in other words, only considers the percentage of 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. Does not consider swap units. Contracted sales (100%) refer to all trading units within the period (except swap units) and %Patrimar contracted sales refer to the participation percentage of the Company in such sales, not considering partners participation.

Net Contracted Sales – Contracted Sales minus the value of the cancelations in the period.

Sales Speed – Sales Speed over Supply.

Gross Sales Speed – $\text{Gross Sales} / (\text{Initial Inventory of a Period} + \text{Period Launches})$

Net Sales Speed – $\text{Net Sales} / (\text{Beginning Period Inventory} + \text{Period Launches})$

PSV – Potential Sales Value

Percentage of Completion ("PoC") – According to IFRS, revenues, costs and expenses related to real estate costs are appropriated based on the Percentage of Completion ("PoC"), measuring the progress of work by actual costs incurred versus total budgeted costs for each enterprise phase.

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

Adjusted EBITDA - EBITDA adjusted by construction financing interest classified as cost of properties sold;

ROE - Return on Equity - ROE is defined as the quotient between net income attributed to majority shareholders and the average value of the shareholders' equity of controlling company for annualized periods;

ROE LTM- Return on Equity. ROE LTM is defined by the quotient between net income attributed to majority shareholders and average value of parent company's shareholders' equity for the period of last 12 months;

Cash Burn – Cash generation or (consumption) measured by change in net debt, excluding capital increases, repurchase of shares held in treasury and dividends paid, if any;

Portfolio - represented by receivables from sales of concluded or to be concluded residential real estate units and amounts receivable for services rendered;

Construction Liabilities – Construction cost to be incurred.

1Q22 Earnings Release



Disclaimer

The statements contained in this document relative to business perspectives, projections of operational and financial results and those relative to the growth projections of Patrimar are mere projections and as such, they are exclusively based on the expectations of the Board of Directors regarding the future of the business.

These expectations depend, substantially, on approvals and licenses necessary for ratifying projects, market conditions, Brazilian economy performance, the performance of the industry and of international markets and therefore, they are subject to changes without notice in advance.

This performance report includes non-accounting data, such as operational, financial and projection data based on the expectations of the Company's management. Non-accounting data such as quantitative information and values of Launches, Contracted Sales, values of the Casa Verde Amarela Program - CVA (formerly MCMV), market value inventory, Land bank, Results to appropriate, cash consumption and projections were not subject to review by the Company's independent auditors.

The EBITDA indicated in this report represents net earnings before financial results, financial charges in the cost of property sold title, income tax and social contribution, expenses due to depreciation and amortization and 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, registered as gross operating revenue is part of its operating activities and therefore, that revenue was not removed from the calculation of EBITDA. EBITDA is not a financial performance measurement according to Accounting Practices Adopted in Brazil and the IFRS, and it shall also not be considered in isolation, or as an alternative to net profit, as a measurement of operational performance, or as an alternative to operational cash flows, or as a measurement of liquidity. For not being considered in its calculation, the financial results, financial charges included in the title and the cost of property sold, income tax and social contribution, expenses with depreciation and amortization and participation of non-controlling shareholders, EBITDA works as an indicator of the general economic performance of Patrimar, not impacted by changes of the burden of income tax and social contribution or depreciation and amortization levels. EBITDA, however, presents limitations that negatively impact its use as a measurement of Patrimar's profitability, for not considering some cost incurred in Patrimar's businesses, which could significantly impact Patrimar's profits, such as financial results, taxes, depreciation and amortization, capital expenditures and other related cost.

1Q22 Earnings Release



Relationship with Independent Auditors

The Company's policy in contracting the services of independent auditors ensures there is no conflict of interests, loss of independence or objectivity. According to CVM Directive 381/03, we hereby inform our independent auditors - PricewaterhouseCoopers ("PWC") - have provided, in 2020, services other than those relative to external audit and other previously agreed services relative to the Initial Public Offer operation (IPO). In PWC's case, considering that the services and procedures were agreed beforehand, according to the contracting letter, were different and did not mix with the object and procedures of an audit or review of the Company's financial statements, according to the audit/review standards applicable in Brazil, PWC understands that the provision of previously agreed services does not impact the independence and objectivity necessary for performing external audit services

As of fiscal year 2022, the company contracted to provide auditing services to the Company was replaced. Ernst & Young Auditores Independentes was selected for these purposes.