

Earnings Release

Melnick discloses 2Q21

Porto Alegre, August 9, 2021, Melnick Desenvolvimento Imobiliários (B3: MELK3), a construction and real estate development company strategically focused in the south region with operations in real estate projects and lot development, announces its results for the second quarter of 2021 (2Q21). Except where stated otherwise, the consolidated financial and operating information herein is presented in Brazilian Reals (R\$).

Highlights

- Launches totaled R\$605 million in the semester.
- Sales of R\$144 million in inventory in 2Q21.
- Inventory margin reaches 29.3%, 4 p.p. above 4Q20.
- Acquisition of land in 2Q21 was R\$383 million in potential PSV.

STOCK PRICE CLOSED ON 08/09/2021
PRICE PER SHARE: R\$5.45
NUMBER OF SHARES: 207,969,341 ((203.185.741 shares ex-treasury)
MARKET CAP: R\$1,1 bi (ON 08/09/2021)

IR Contact



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The information, figures and data included in this performance report, which do not correspond to the accounting balances and information contained in the Quarterly Information (ITR), such as: Potential Sales Value (PSV), Total Sales, Even's Sales, Usable Area, Units, Inventories at Market Value, Launches, Expected Delivery Year, Backlog Gross Margin and other items, were not audited by the independent auditors. Except when stated otherwise, the comparisons in this quarter report refer to the numbers verified in the second quarter of 2021 (2Q21).

Content

MESSAGE FROM MANAGEMENT¹	3
MAIN INDICATORS (R\$ '000)	4
OPERATING PERFORMANCE	5
LAUNCHES	5
GROSS AND NET SALES	6
PROVISION FOR CANCELLATION	8
INVENTORY	9
FINISHED INVENTORY	11
LAND BANK	12
DELIVERY AND EXECUTION OF PROJECTS	13
TRANSFERS AND RECEIPT	14
ECONOMIC-FINANCIAL PERFORMANCE	15
NET REVENUE	15
GROSS PROFIT AND GROSS MARGIN	15
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND OTHERS EXPENSES	16
EBITDA	17
NET INCOME AND NET MARGIN	17
FINANCIAL STRUCTURE	18
CASH GENERATION / CASH BURN	18
ACCOUNTS RECEIVABLE FROM CLIENTS	18
OWNERSHIP STRUCTURE	19
ATTACHMENTS	20
ATTACHMENT 1 – Income Statement	20
ATTACHMENT 2 – Balance Sheet	21
ATTACHMENT 4 – NET ASSET	23
ATTACHMENT 5 – Land Bank	24
ATTACHMENT 6 – Trade evolution and cost financial evolution	25
DISCLAIMER	27
RELATIONSHIP WITH INDEPENDENT AUDITORS	27

MESSAGE FROM MANAGEMENT¹

The second quarter of 2021 was marked by a slow return to normalization of activities. We started in april still under restrictions due to the pandemic, but by the end of June most routines had returned to normal.

As the restrictions on the opening our stands of sales mainly impact launches, during the last three months we decided to focus on the sale of inventories, and with that we sold R\$144 million in the quarter, the best volume of inventory sales in the last three years. Even so, we launched Seen Boa Vista at the end of June, a high-end project that closed the quarter 12% sold.

On the other hand, costs continued the strong upward movement. With the union agreement for wage increases concentrated in May and June, the INCC rose 5.4% in the quarter. The increase in costs has already amounted to 17.4% in the last 12 months, and the rapid increase has made it difficult to pass on to the sale price, putting pressure on margins and on the VSO, depending on the product's development phase.

Despite this, residential finished inventory, both ours and in the market, remains low, which makes us confident that sales prices should recover as costs rise, with the normalization of activities and the recovery of the economy.

The approval of our land bank projects continues to progress very well and today the company already has R\$1 billion in approved PSV, including land acquired and businesses with an option contract signed. This helps to keep the volume of launches predictable in the coming quarters.

We continued with our plan to take Melnick to a new level in terms of launch volume, sales and net income post-IPO, always maintaining safe growth and a high return on equity as requirements. For this we have a structured and experienced team, great execution capacity built mainly over the last 10 years, and an extremely qualified land bank.

We constantly reinforce, internally and externally, our long-term strategic orientation. Our current planning is based on three pillars: financial strength, operational capacity and fantastic products. With a long-term mentality, great focus on planning and based on the constant strengthening of these pillars, we maintain our main objective, which is to deliver a high return on invested capital measured through ROE.

¹ This document contains certain forward-looking statements and information relating to Melnick, which reflect the Company's current views and/or expectations in respect to its performance, businesses and future events. Any statements bearing predictions, expectations or estimates of future results, performance or objectives, as well as such terms as "we believe", "we estimate", among others with a similar meaning should not be construed as guidance. Such statements are subject to risks, uncertainties and future events.

MAIN INDICATORS (R\$ '000)

Consolidated Financial Information	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21
Net Sales	134,213	187,589	111,748	147,899	581,449	165,035	183,530
Gross Profit	32,261	41,806	32,905	23,095	130,067	39,704	42,604
Adjusted Gross Margin	27.8%	26.1%	36.5%	17.4%	26.3%	26.1%	24.5%
Net Profit	3,043	22,355	10,102	7,013	42,513	14,609	12,326
Net Margin Before Part. Minority shareholders	7.3%	15.1%	9.6%	5.7%	9.8%	12.7%	6.7%
LTM ROAE (with minority shareholders)	8.5%	11%	7.1%	6.4%	6.4%	5.7%	5.7%
Backlog Revenue (after PIS-COFINS)	611,210	738,354	758,413	753,926	753,926	808,612	828,175
Backlog Costs (after PIS-COFINS)	(427,135)	(521,900)	(536,126)	(540,158)	(540,158)	(584,728)	(597,083)
Backlog Profit (after PIS-COFINS)	184,075	216,634	222,287	213,778	213,778	223,884	231,092
Backlog Margin -%	30.1%	29.3%	29.3%	28.4%	28.4%	27.7%	27.9%
Net Debt	104,320	(14,744)	(595,419)	(622,307)	(622,307)	(603,407)	(586,202)
Cash Burn (ex-dividends and IPO)	2,391	(115,764)	(33,575)	(28,588)	(175,536)	3,396	22,866

Launches	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21
Launched Projects	2	2	1	1	6	4	1
PSV of Launches (100%)	147,915	332,458	90,689	115,170	686,232	470,487	134,105
PSV of Launches (Melnick's share)	81,349	244,583	86,155	88,339	500,425	334,921	97,764
Number of Units Launched	498	322	179	184	1,183	808	49
Usable Area (sq.m.)	102,780	24,227	6,819	12,334	146,160	136,211	8,460
Average Launch Price (R\$/sq.m.)	1,055	10,625	13,300	7,520	3,758	2,816	12,134
Average Price Unit Launched (R\$ thousand / unit)	478	2,663	481	480	4,102	451	1,995

Net Sales	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21
Net Sales (100%)	103,573	233,672	134,693	36,658	508,596	142,494	116,253
Net Sales (Melnick's share)	83,979	230,664	126,392	31,456	472,491	109,592	115,117
SOS (Melnick's share)	12.9%	28.6%	19.5%	4.9%	4.9%	11.0%	11.5%
Launch SOS (Melnick's share)	50.9%	62.5%	38.8%	15.6%	46.3%	30.6%	11.9%

Deliveries	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21
PSV Delivered (100%)	-	64,640	185,381	37,854	287,875	-	120,599
PSV Delivered (Melnick's share)	-	23,601	129,793	28,274	181,668	-	90,316
Number of Developments Delivered	-	1	2	1	4	-	1
Number of Units Delivered	-	95	701	77	873	-	190

Land Bank	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21
Land Bank (100%)	4,251,038	4,040,406	4,282,395	4,907,003	4,907,003	4,722,888	5,242,092
Land Bank (% Melnick's share)	3,754,626	3,543,994	3,498,309	3,665,118	3,665,118	3,409,763	3,628,334

OPERATING PERFORMANCE

LAUNCHES

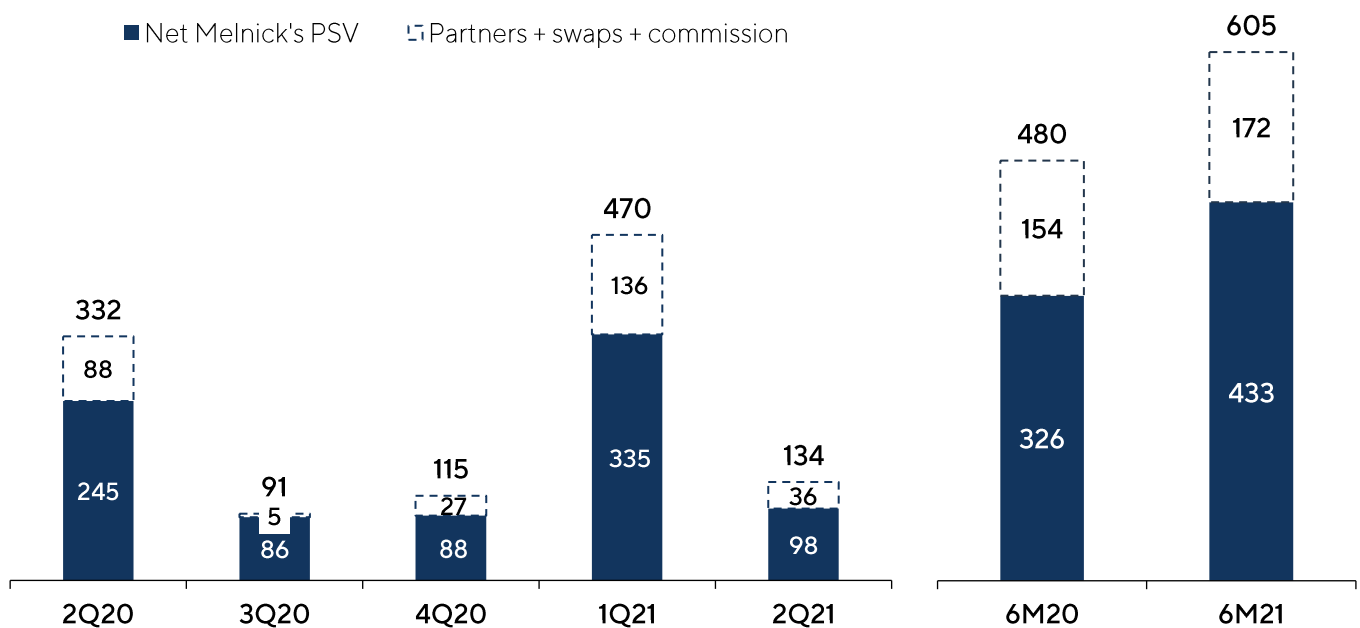
In the second quarter of 2021, there was a project launched amounting to R\$134.1 million gross PSV (R\$97.8 million net Melnick's PSV), totaling R\$604.6 million gross PSV (R\$432.7 million net Melnick's PSV) during the the year.

Projects 1Q21	Business	Gross PSV ² (R\$ '000)	Net PSV ³ (R\$ '000)	Melnick's PSV (R\$ '000)	Usable Area (sq.m.) ⁴	Unit ⁴	Average Unit Value (R\$ '000)	Segment
1st quarter		470,487	363,975	334,921	136,211	808	451	
Go Rio Branco	R.E.	93,933	71,394	71,394	6,634	183	390	Residencial
Grand Park Lindóia - F3	R.E.	117,158	89,599	89,599	12,628	190	472	Residencial
Casa Viva	LOT	77,721	72,637	43,582	105,957	332	219	Lot development
Botanique	R. E.	181,676	130,346	130,346	10,992	103	1.265	Residencial
2nd quarter		134,105	97,764	97,764	8,460	49	1,995	
Seen Boa Vista	R.E.	134,105	97,764	97,764	8,460	49	1,995	Residencial
Total		604,593	461,739	432,684	144,670	857	539	

¹ PSV gross of swaps and commission.

² PSV net of swaps and commission.

³ Net of swaps.

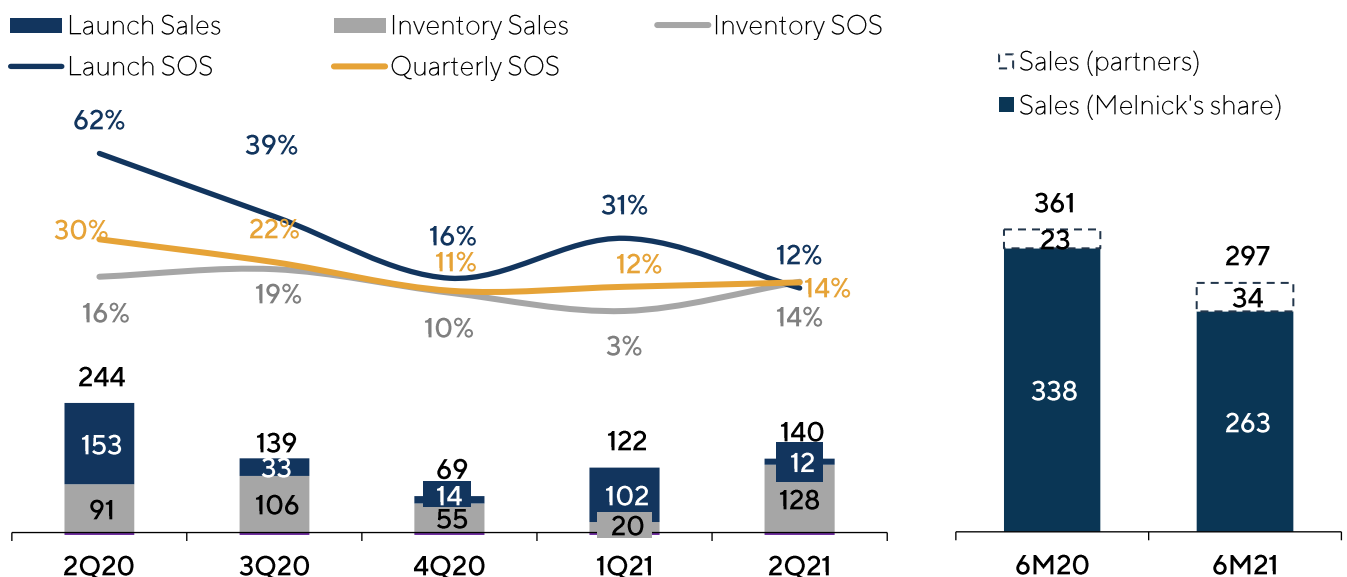


GROSS AND NET SALES

In the second quarter of 2021, gross and net current sales totaled respectively R\$156 million (Melnick's share) and R\$140 million (Melnick's share), as shown below:

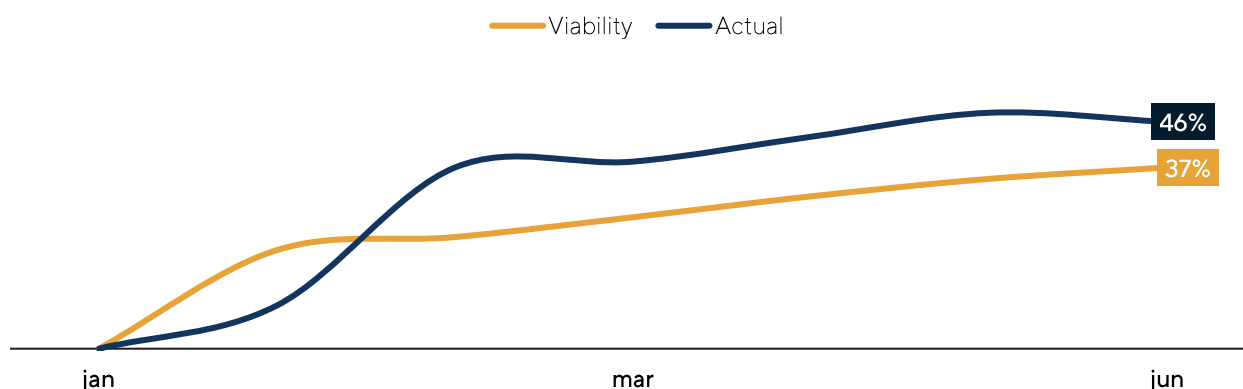
Composição das vendas do período (R\$ milhões, % Melnick)	2Q20	3Q20	4Q20	1Q21	2Q21
Gross Sales	257	154	83	135	156
Inventory	104	121	69	33	144
Launches	153	33	14	102	12
Current cancellations	(13)	(15)	(14)	(13)	(16)
Current net sales	244	139	69	122	140
Resolution of the provision of cancellations	(13)	(13)	(38)	(13)	(25)
Sales net of provisioned cancellations	231	126	31	109	115

Below we show the evolution of sales speeds in the last five quarters and our total sales in the six months of 2021 and 2020:



Tracking sales of 2021 launches:

We demonstrate below that our launches were 46% sold on June 30, 2021:



The table below shows the breakdown of sale by business unit:

Business unit	Total Sales (R\$ '000)		Melnick Sales (R\$ '000)		Usable area (sqm)		Units.	
	2Q21	2021	2Q21	2021	2Q21	2021	2Q21	2021
Real State	131,891	201,075	131,891	201,075	12,952	19,874	202	337
Lot development	3,267	85,480	1,791	51,103	(1,298)	117,975	(26)	353
Open	5,944	10,521	5,944	10,521	1,457	2,560	33	58
Total	141,103	297,075	139,627	262,698	13,110	140,409	209	748

The table below gives a breakdown of sale by launch year:

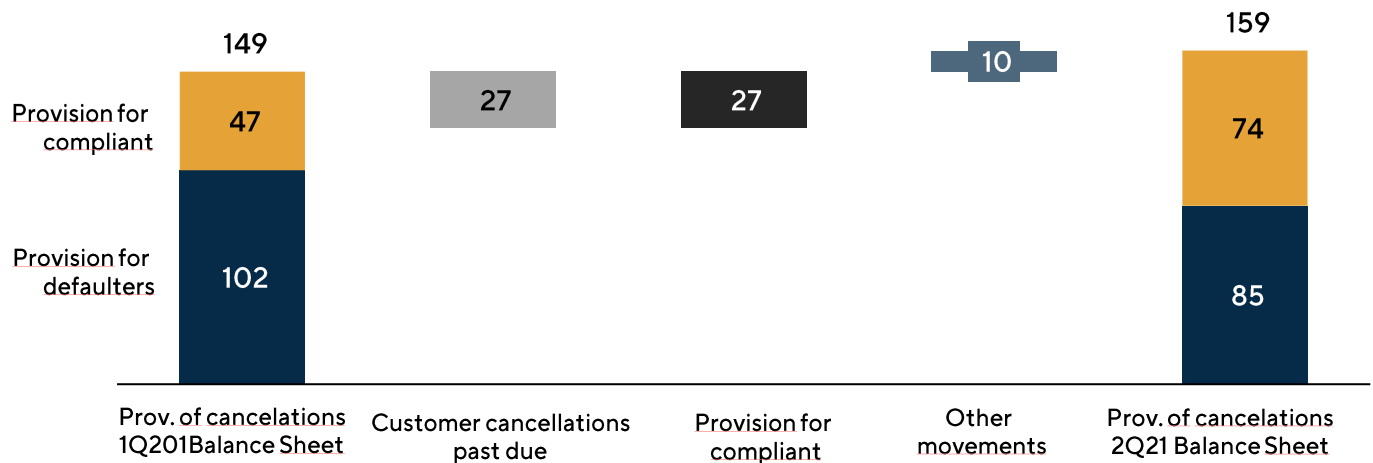
Year of launch	Total Sales (R\$ '000)		Melnick Sales (R\$ '000)		Usable area (sqm)		Units.	
	2Q21	2021	2Q21	2021	2Q21	2021	2Q21	2021
Up to 2014	2,844	6,046	2,844	6,046	433	817	8	13
2015	6,305	10,522	6,305	10,522	779	1,291	20	35
2016	(2,441)	(2,652)	(1,533)	(1,380)	(6,364)	(10,169)	(30)	(49)
2017	773	(3,591)	(1,200)	(6,018)	4,312	5,718	2	1
2018	(1,146)	(4,382)	(1,809)	(5,046)	3,607	3,072	6	(3)
2019	19,392	24,730	19,765	25,096	(2,739)	(2,382)	(4)	(2)
2020	36,631	56,190	36,511	52,320	4,974	23,081	78	172
2021	78,746	210,213	78,746	181,158	8,108	118,981	129	581
Total	141,103	297,075	139,627	262,698	13,110	140,409	209	748

Finally, the table below gives a breakdown of sale by launch segment:

Segment	Total Sales (R\$ '000)		Melnick Sales (R\$ '000)		Usable area (sqm)		Units.	
	2Q21	2021	2Q21	2021	2Q21	2021	2Q21	2021
Residential	91,642	140,155	91,642	140,155	9,410	13,941	155	262
Commercial	13,936	11,338	13,936	11,338	895	769	11	2
Mixed use	5,214	10,859	5,214	10,859	696	1,441	18	39
Open	5,944	10,521	5,944	10,521	1,457	2,560	33	58
Lot development	24,365	124,202	22,889	89,825	653	121,699	(8)	387
Total	141,103	297,075	139,627	262,698	13,110	140,409	209	748

PROVISION FOR CANCELLATION

Below, we can observe the evolution of the provision for cancellation in the amount of appropriate revenue:



The accounting of this provision for contracts that show defaults is made affecting the Company's gross profit. For the forecast of future cancellations, including non-performing contracts, required as of the entry into force of IFRS9 on January 1, 2018, the provision is classified as "other operating expenses".

The R\$5.4 million increase in the provision for non-defaulting customers in 2Q21 was due to the concentration of project delivery in the next 12 months, which is 95% higher than the average PSV launched in the last 5 years:



As of June 30, 2021, the effect of the cancellation provision on the balance sheet is R\$ 40.4 million:

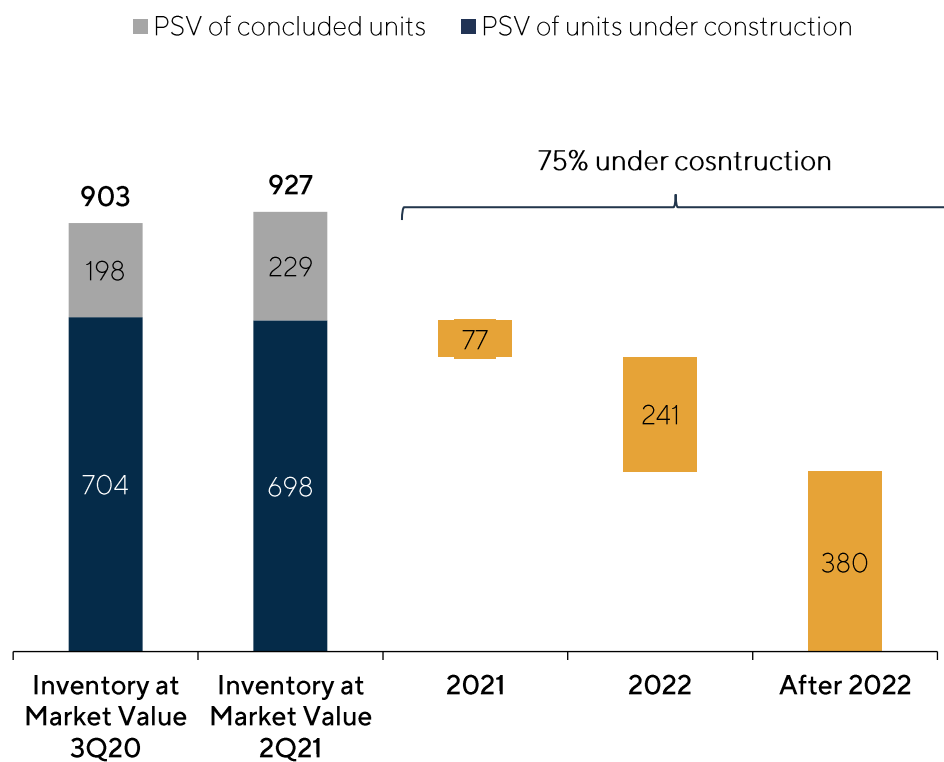
Balance sheet	06/30/2021
Accounts receivable	(109,7)
Properties for sale	110,0
Constitution of accounts payable / provision for cancellations	(40,7)
Effect on income	40,4

INVENTORY

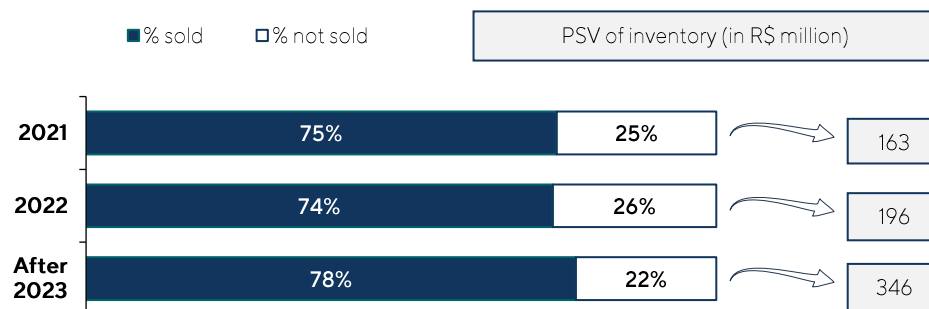
The inventory ended the 2Q21 amounting R\$927 million in potential sales value (Melnick's share), equivalent to 1 year and 10 months of gross sales, based on the pace of gross sales in the last 12 months.

Estimated year of completion	Total Inventory (R\$ '000)	Inventory at Melnick's share (R\$ '000)	% Value	Units	% Units
Concluded units	240,420	229,066	25%	836	41%
2021	137,146	135,800	15%	302	15%
2022	192,690	181,932	20%	356	17%
After 2022	385,624	379,811	41%	570	28%
Total	955,880	926,610	100%	2,064	100%

Of the Company's total inventory, 75% is under construction, of which 88% will be delivered in 2022 or after:



The graph below shows the percentage of projects sold by expected year of completion:



The table below gives a breakdown of inventory PSV by year of launch:

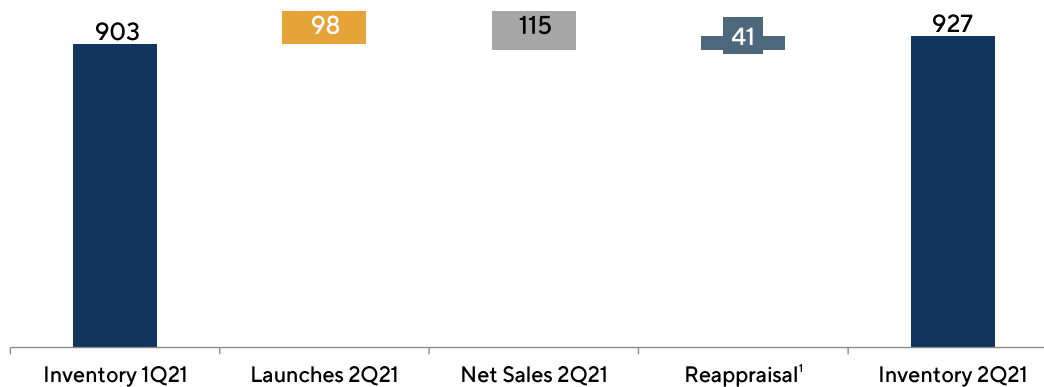
Year of launch	Total PSV	Melnick's PSV	Projects	Units	% Units
Up to 2014	41,999	41,999	10	106	5%
2015	88,997	88,997	2	173	8%
2016	72,405	65,215	9	371	18%
2017	80,192	76,027	5	283	14%
2018	64,296	53,539	5	206	10%
2019	149,826	143,245	8	341	17%
2020	197,620	197,042	6	313	15%
2021	260,546	260,546	4	271	13%
Total	955,880	926,610	49	2,064	100%

And below, our inventory per business unit:

Business unit	Total PSV	Melnick's PSV	Melnick's PSV completed	Finished Inventory		Inventory under Construction	
	(R\$ '000)	(R\$ '000)	(R\$ '000)	Projects	Units	Projects	Units
Real State	867,883	867,883	212,036	19	482	18	754
Lot development	66,373	37,103	17,030	6	354	4	366
Open	21,623	21,623	0	0	0	2	108
Total	955,880	926,610	229,066	25	836	24	1,228

It is worth noting that the company is constantly reappraising its inventory in order to reflect the best expected sales price, given the current state of the market.

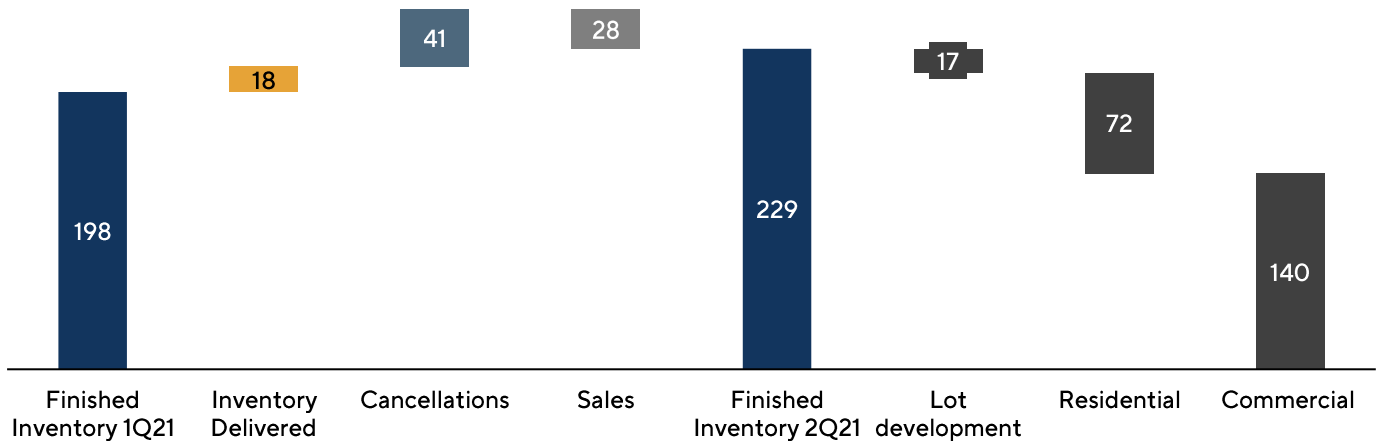
Inventory – quarterly variation PSV (Melnick's share) in R\$ million



¹ Update of the INCC and readjustment to the market price practiced in the last sales.

FINISHED INVENTORY

As the graphic below shows, we sold R\$28 million (Melnick's share) of finished inventory in the 2Q21, reaching a ready inventory of R\$ 229 million.



¹ Considering that 100% of the cancellations are from finished units.

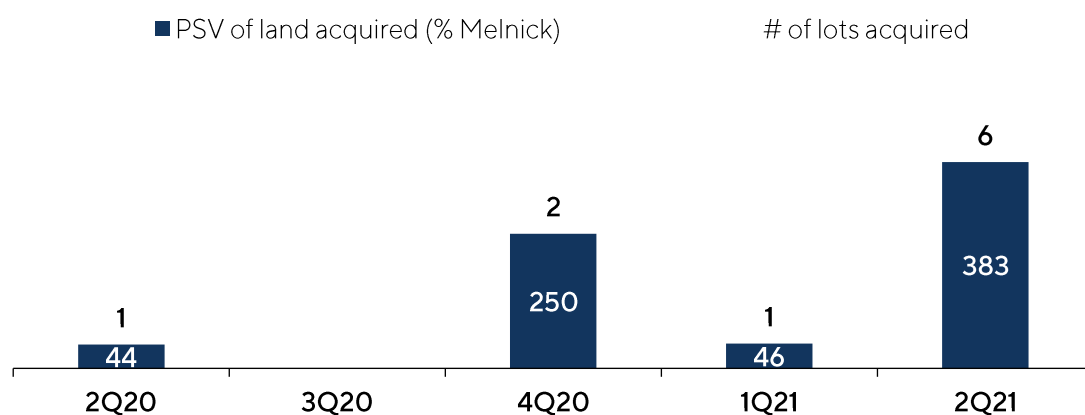
As a strategy to accelerate sales of commercial inventories, in 2019 we started a reversible lease program, which consists of the lease of our ready-to-sell inventory with a purchase option by the lessee during the lease period, using the amounts paid on a rental basis as at the time of purchase. Until June 30, 2021, we had R\$38 million of our inventory leased under this strategy.

LAND BANK

Our potential sales value of the land bank on June 30, 2021 was R\$3.6 billion (Melnick's share).

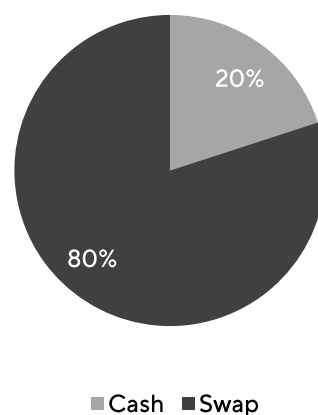
Business unit	# of Launches	Area (sqm)	Units	Total Gross PSV (R\$ '000)	Melnick's share Net PSV (R\$ '000)
Real Estate	21	231,683	4,613	3,480	2,823
Lot development	15	4,237,816	7,354	1,698	741
Open	2	8,780	320	65	65
Total	38	4,478,279	12,287	5,243	3,629

Below we show the evolution of land bank acquisitions in the last five quarters:



During the second quarter of 2021, we made important land acquisitions with a potential PSV of R\$383 million, four of which from our real estate unit, one from Open and one from lot-development.

As of June 30, 2021, the form of acquisition of our land bank is as follows:



this quarter, we consolidated 2 partnerships with local companies in Porto Alegre, with the acquisition of 2 plots of land with a potential PSV of R\$103 million (Melnick's share).

DELIVERY AND EXECUTION OF PROJECTS

In the second quarter of 2021, we delivered a project with gross PSV of R\$120.6 million (R\$90.3 million net Melnick's PSV):

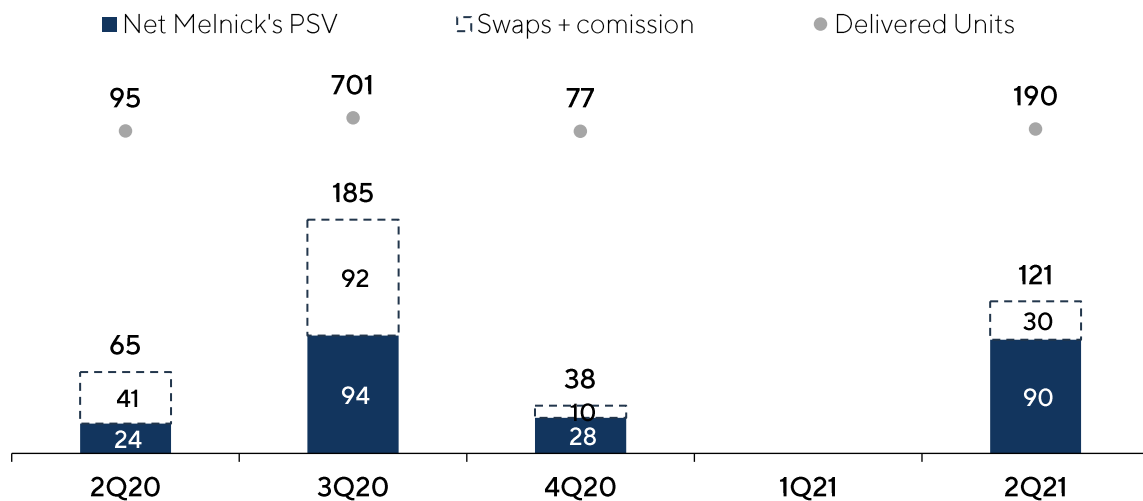
Projects	Business	Gross PSV ² (R\$ '000)	Net PSV ³ (R\$ '000)	Melnick's PSV (R\$ '000)	Usable Area ⁴ (sq.m.)	Unit ⁴	Average Unit Value (R\$ '000)	Segment
2nd quarter								
Gran Park Lindoia - Fase 2	R.E.	120,599	90,316	90,316	12,645	190	475	Residencial
Total acumulado		120,599	90,316	90,316	12,645	190	475	

² PSV gross of swaps and commission.

³ PSV net of swap and commission.

⁴ Net of swaps.

⁵ Considering the sales price at time of launch.



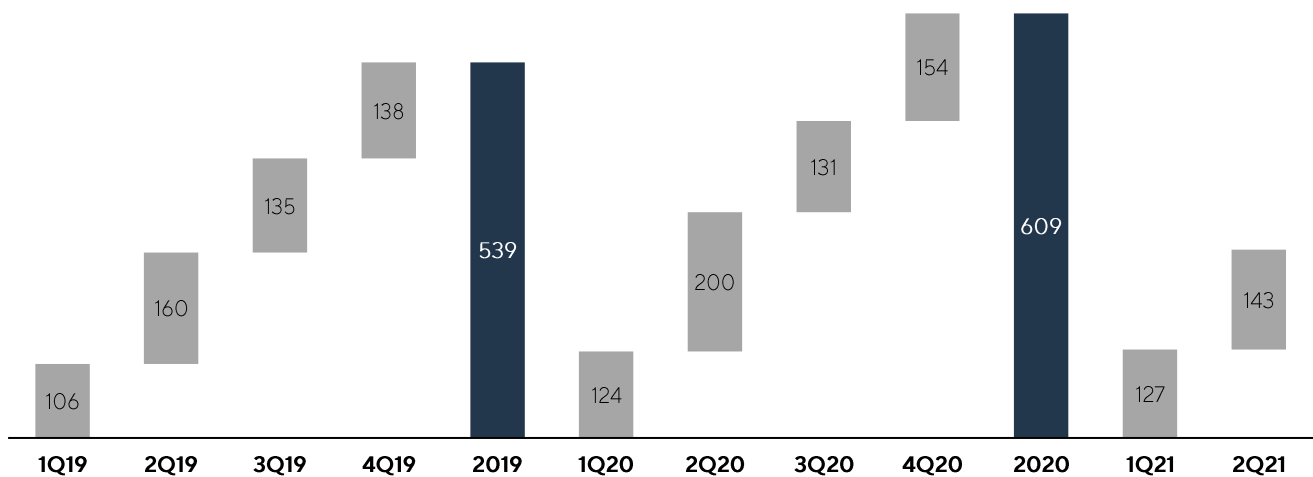
As of June 30, 2021, the Company had 20 active construction sites, of which 14 are from the real estate unit, 5 from lot-development unit and um from the Open business unit.

TRANSFERS AND RECEIPT

The transfer process (bank loans to clients) remains as a priority for the company given its relevance to the cash flow.

As the following table shows, our total receivables from clients (units under construction and completed) in the second quarter of 2021, came to R\$143 million.

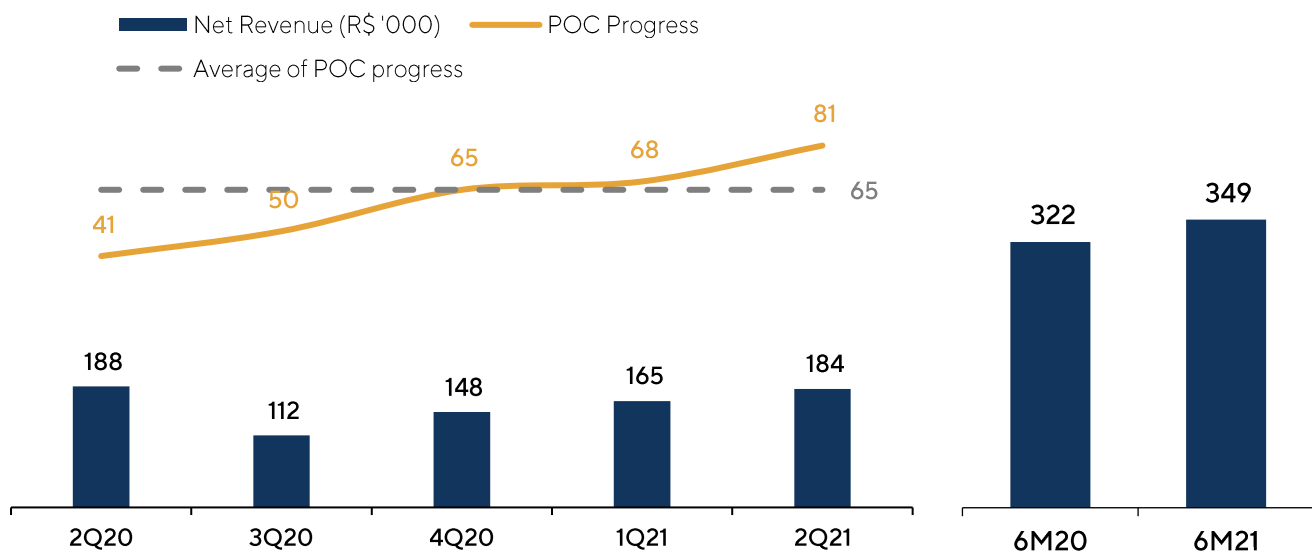
R\$ '000	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Units under construction	50,944	98,290	67,458	61,201	70,878	156,981	84,227	106,101	101,303	116,313
Performed (finished) units	55,115	61,623	67,951	76,959	52,785	42,925	47,152	48,097	25,983	26,733
Total	106,059	159,913	135,409	138,160	123,663	199,906	131,379	154,197	127,286	143,046



ECONOMIC-FINANCIAL PERFORMANCE

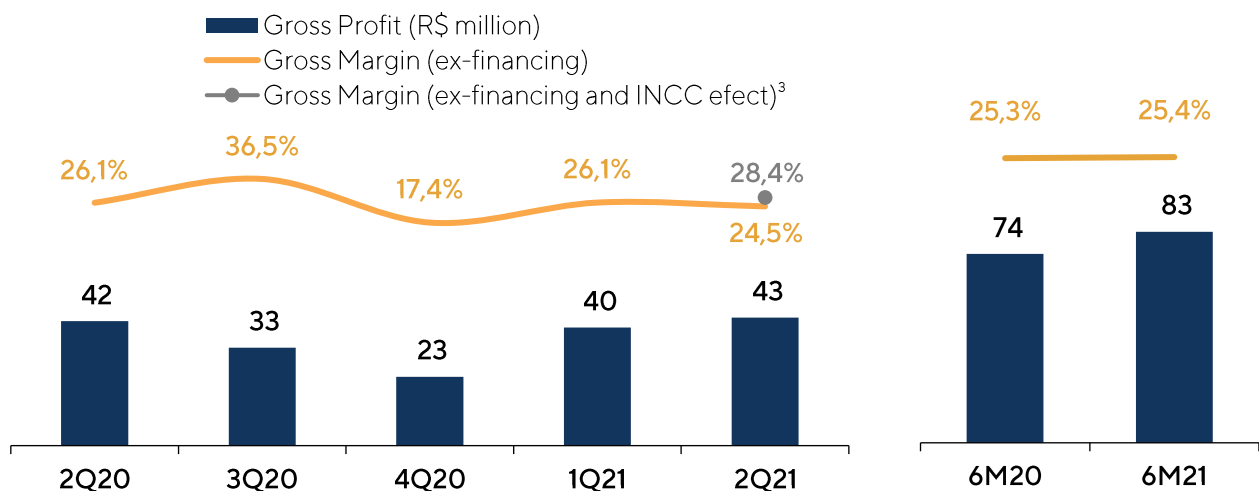
NET REVENUE

In the second quarter of 2021, we had a net revenue from sales and services of R\$ 184 million and a POC progress of R\$81 million, R\$16 million above the historical average POC. In 2020, at the beginning of the COVID-19 pandemic, our construction sites in the city of Porto Alegre were closed for 92 days. Even with the new restrictions imposed in 2021 with the further aggravation of the pandemic, in the first quarter the construction sites operated at 75% of capacity, as shown below:



GROSS PROFIT AND GROSS MARGIN

Gross profit came to R\$43 million in 2Q21. The fourth quarter gross margin stood at 24.5%, excluding the effects of financial charges appropriated to cost.



¹ The correction of the receivables portfolio is n-2, so the correction of the INCC impacted 1.27% more on budgeted costs than on the correction of accounts receivable. Seasonally impact of the 2nd quarter, given that the collective agreement affects the May index. Knowing that on June 30, 2021, we had R\$1 billion in accounts receivable (according to explanatory note 6) and estimating that the average POC of this portfolio is 80%, we have a monetary restatement time difference on sales revenue of approximately R\$10 million.

The table below presents the (i) booked gross margin, (ii) the backlog margin (REF) and (iii) the inventory gross margin (including the effects of financial charges apportioned to costs):

2 nd quarter of 2021 (R\$ '000)	Gross Margin	Gross Margin Backlog ²	Inventory Gross Margin ³
Net revenue	183.5	828.2	936.0
Cost of goods sold			
Construction and lot	(138.5)	(597.1)	(661.3)
Financial charges	(2.4)	-	(20.0)
Gross profit	42.6	231.1	254.7
Gross margin (%)	23.2%	27.9%	27.2%
Gross margin (%) excluding financing	24.5%	27.9%	29.3%

¹ When realized, backlog and inventory margins will benefit from service revenue and the indexation of the portfolio to the INCC.

² Excluding the cost of unlaunched phased project units amounting to R\$ 11,1 million.

It is important to note that Melnick updates the budgeted cost of projects every month not only based on the period variation in the INCC, but also considering the actual budgeted cost effectively updated by the technical department.

The table below shows annual costs to be incurred from all projects under construction, including units sold and units in inventory

Year	Costs to be incurred (2Q21)		
	Units sold Inventory (R\$ '000)	Units sold Inventory (R\$ '000)	Units sold (R\$ '000)
2021	256,679	62,734	319,413
2022	214,021	83,053	297,074
2023	101,130	64,868	165,997
2024	25,253	13,257	38,510
Total	597,083	223,911	820,994

¹ Excluding the total cost in phased projects (R\$11.1 million).

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND OTHERS EXPENSES

In the second quarter of 2021, operational expenses totalled R\$ 32,1 million. The breakdown is as follows:

	2Q20	3Q20	4Q20	1Q20	2Q20	6M20	6M21
Selling expenses	6,438	13,230	11,989	10,417	11,554	17,001	21,971
General and administrative	5,086	7,225	6,225	9,777	11,717	13,949	21,494
Other expenses	2,545	2,156	(766)	(1,683)	8,868	5,789	10,551
Operating expenses	14,069	22,611	17,448	21,877	32,139	36,739	54,016
% of Net Revenue (LTM)	12.33%	13.91%	12.97%	12.18%	15.24%	12,33%	15,24%

Other expenses, net (provisions)

Of the total R\$8.9 million classified as other expenses, R\$5.4 million is related to the provision for cancellations for compliant customers (IFRS 9). The details of this provision are in the section "Provision for Cancellations", page 7.

EBITDA

Below show historical EBITDA¹:

EBITDA reconciliation	2Q20	3Q20	4Q20	1Q21	2Q21	6M20	6M21
Earnings before income taxes	32,557	13,495	11,764	23,614	15,701	44,724	39,315
(+) Financial result	(4,820)	(1,790)	(6,117)	(5,787)	(5,236)	(7,396)	(11,023)
(+) Depreciation and amortization	901	361	1,080	1,075	621	1,494	1,696
(+) Interest on Production Financing	7,116	7,841	2,648	3,450	2,424	12,194	5,874
EBITDA	35,754	19,907	9,375	22,352	13,510	51,016	35,862
EBITDA margin (%)	19.06%	17.81%	6.34%	13.54%	7.36%	15.85%	10.29%

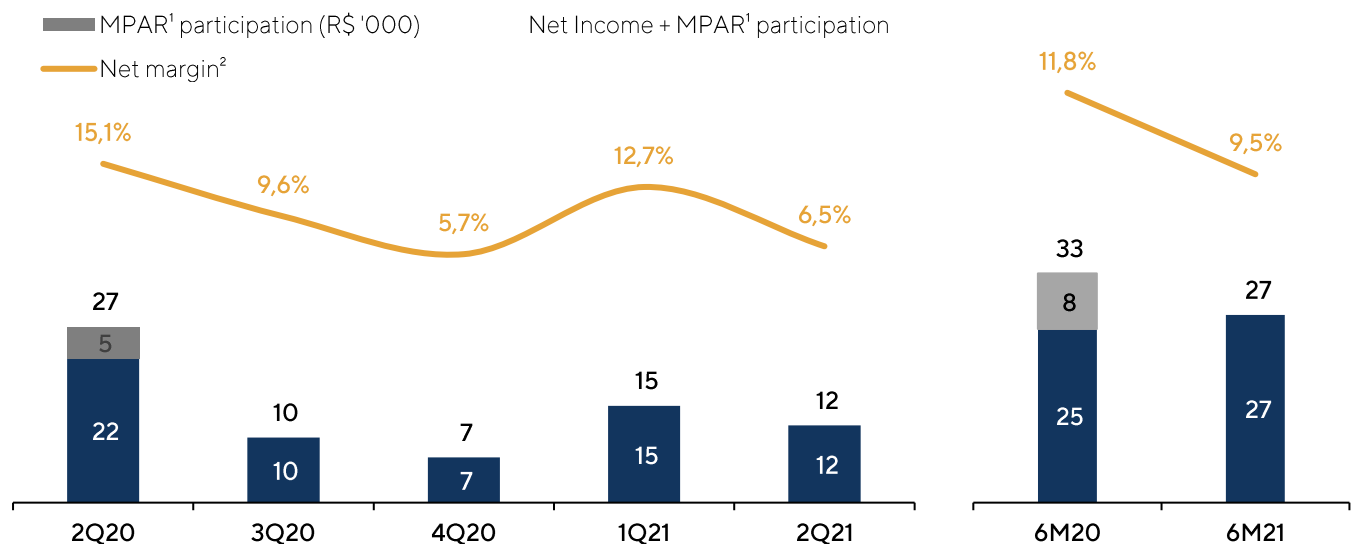
¹ EBITDA: earnings before taxes, interest, financial charges recognized to cost, depreciation and amortization.

The Company understands that the Adjusted EBITDA offers a better perception of the operating results.

In accordance with the accounting rules applied to real estate development entities, the financial costs regarding financing to production are capitalized in Cost of Property Sold. Therefore, the EBITDA, which should not include interest in its calculation, ends up including the portion related to financing to production. The amount is presented in note 7 to the Company's financial statements.

NET INCOME AND NET MARGIN

In the second quarter of 2021, net income was R\$ 12 million, with a net margin of 6.5%.



¹ Considering the profit from the direct stake held by MPAR of 15% in the Company's SPEs, due to the corporate reorganization of July 10, 2020.

² Given that net income considers minorities' interest, net margin is also related to net income before minorities' interest

FINANCIAL STRUCTURE

On June 30, 2021, cash, cash equivalents, securities and restrict cash totaled R\$ 635.3 million.

Loans, production financing came to R\$ 67.1 million, which are fully guaranteed by the projects receivables or inventory.

The table below shows our capital structure, leverage and receivables from completed units on June 30, 2021:

	06/30/2021 (R\$ '000)	
Financing to production - SFH	64.6	99%
Financing to production - CRI	2.5	1%
Gross Debt	67.1	100%
Cash	635.3	
Net Cash	568.2	
Shareholders' Equity	1,212.2	
Net debt /Shareholders' equity	-46.9%	

CASH GENERATION / CASH BURN

Cash burn in the second quarter of 2021 was negative in R\$ 22.9 million.

Below is the evolution of cash generation/burn in the last 5 quarters:

	2Q20	3Q20	4Q20	1Q20	1Q21
Initial net debt	104.3	(14.7)	(580.7)	(622.3)	(603.4)
Final net debt	(14.7)	(595.4)	(622.3)	(603.4)	(568.2)
Net debt variation	(119.1)	(580.7)	(26.9)	18.9	35.2
Dividends and capital contributions	(2.4)	(34.1)	-	-	(1.3)
Incorporation of MEIC ¹	6.4	-	-	-	-
IPO's funds	(0.7)	581.2	(1.7)	-	-
Purchase of treasury shares	-	-	-	(15.5)	(11.1)
Cash burn	(115.7)	(33.6)	(28.6)	3.4	22.9

¹On 06/30/2020 the Company incorporated the cash balances of Melnick Even Incorporações e Construções S.A.

ACCOUNTS RECEIVABLE FROM CLIENTS

We ended the second quarter of 2021 with R\$170 million of receivables from completed units. These amounts have the following composition:

Nature	(R\$ '000)
Customers with mortgage	100.7
Customers transfer (compliant and defaulters)	116.2
Provision for cancellation	(46.9)
Total	170.0

Accounts receivable (R\$ 439,3 million) were stable in relation to the 1st quarter of 2021. The balance of accounts receivable from units sold and not yet concluded is not fully reflected as an asset in the financial statements, since the balance is recognized as the construction progresses.

According to the schedule below, of the total receivables of R\$ 1,1 billion (accounts receivable plus receivables to be appropriated in the balance sheet), R\$ 1 billion are falling due and have the following receipt schedule:

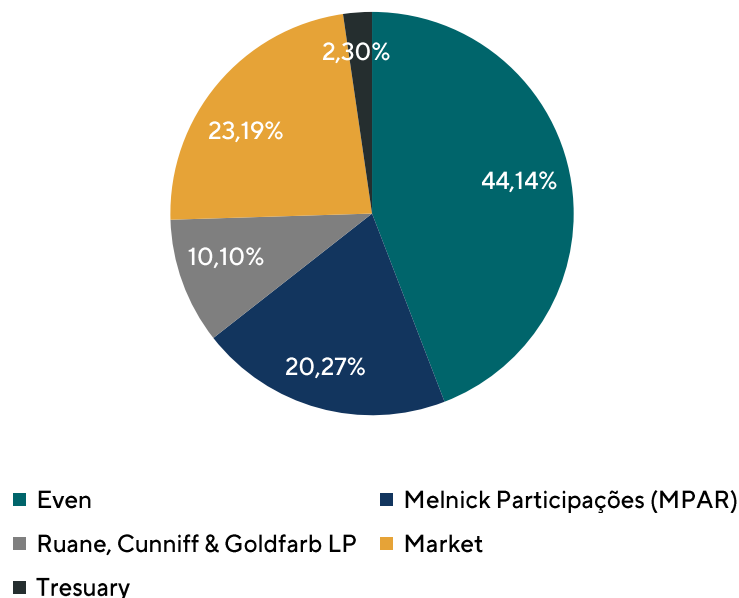
Year	(R\$ '000)
2021	263.3
2022	410.6
After 2022	331.1
Total	1,005.0

The balance of accounts receivable is adjusted by the variation in the INCC until the delivery of the keys and subsequently by the variation in the price index adopted (IPCA), plus annual interest of 12%, recognized on a pro rata temporis basis. The balance of accounts receivable is net of swaps.

It is worth noting that these amounts may be settled by the client, transferred to the banks (client financing) or securitized.

OWNERSHIP STRUCTURE

Ownership Structure
(On 07/31/2021, as of the CVM 358 form + Shareholder information with more than 5% – source: B3)



(Total share: 207,969,341)

ATTACHMENTS

ATTACHMENT 1 – Income Statement

(Consolidated - in thousands of reais)

INCOME STATEMENT	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Revenues	134,213	187,589	111,748	147,899	165,035	183,530
Cost of goods sold	(101,952)	(145,783)	(78,843)	(124,804)	(125,331)	(140,926)
Gross Income	32,261	41,806	32,905	23,095	39,704	42,604
<i>Gross Margin</i>	24.04%	22.29%	29.45%	15.62%	24.06%	23.21%
<i>Gross Margin (ex-financing)</i>	27.82%	26.08%	36.46%	17.41%	26.15%	24.53%
Operating expenses	(22,670)	(14,069)	(21,200)	(17,448)	(21,877)	(32,139)
Selling	(10,563)	(6,438)	(13,230)	(11,989)	(10,417)	(11,554)
General and administrative	(8,863)	(5,086)	(7,225)	(6,225)	(9,777)	(11,717)
Other operating expenses, net	(3,244)	(2,545)	(745)	766	(1,683)	(8,868)
Operating income before financial results	9,591	27,737	11,705	5,647	17,827	10,465
Financial result	2,576	4,820	1,790	6,117	5,787	5,236
Financial expenses	(1,435)	(1,093)	(2,152)	(905)	(20)	(1,688)
Financial revenues	4,011	5,913	3,942	7,022	5,807	6,924
Profit before income tax and social contribution	12,167	32,557	13,495	11,764	23,614	15,701
Income tax and social contribution	(2,436)	(4,305)	(2,751)	(3,323)	(2,719)	(3,334)
current	(2,730)	(4,255)	(2,481)	(2,110)	(2,847)	(2,993)
deferred	294	(50)	(270)	(1,213)	128	(341)
Net profit before non-controlling interest	9,731	28,252	10,744	8,441	20,895	12,367
Non-controlling interest	(6,688)	(5,897)	(642)	(1,428)	(6,286)	(41)
Net profit	3,043	22,355	10,102	7,013	14,609	12,326
<i>Net Margin</i>	2.27%	11.92%	9.04%	4.74%	8.85%	6.72%
<i>Net Margin (without non-controlling interest)</i>	7.25%	15.06%	9.61%	5.71%	12.66%	6.74%

ATTACHMENT 2 – Balance Sheet

(Consolidated - in thousands of reais)

ASSETS	06/30/2020	09/30/2020	12/31/2020	03/31/2021	06/30/2021
Cash and cash equivalents	8,346	6,419	6,491	60,618	51,516
Securities	272,763	851,762	691,472	615,862	583,731
Restricted cash	3,880	5,224	3,577	329	42
Accounts receivable	343,381	324,929	299,374	298,830	293,909
Properties for sale	459,806	456,482	563,334	624,464	679,418
Other accounts receivable	16,622	22,394	22,786	26,076	27,315
Total current assets	1,104,798	1,667,210	1,587,034	1,626,179	1,635,931
Accounts receivable	158,210	159,095	139,971	141,083	134,947
Properties for sale	155,611	136,040	44,410	46,977	51,092
Advances for future investments	-	-	400	700	2,278
Related parties	22,649	1,971	3,122	4,541	4,160
Other accounts receivable	8,651	8,741	8,148	9,023	7,891
Investments	200	200	1,487	1,487	4,584
Right of use	1,621	1,150	571	263	263
Fixed	4,477	4,204	5,090	5,002	5,141
Intangible	289	289	231	205	187
Total non-current assets	351,708	311,690	203,430	209,281	210,543
Total asset	1,456,506	1,978,900	1,790,464	1,835,460	1,846,474
LIABILITIES AND SHAREHOLDERS'	06/30/2020	09/30/2020	12/31/2020	03/31/2021	06/30/2021
Suppliers	16,135	22,114	15,697	22,804	18,746
Accounts payable for property	38,534	36,191	48,853	43,052	37,350
Loans and financing	122,879	173,006	56,194	47,647	50,456
Current taxes and contributions	12,103	9,561	7,714	7,866	8,787
Deferred taxes and contributions	8,175	8,877	7,526	8,992	8,233
Advances from clients	262,475	251,551	266,816	291,410	299,079
Proposed dividends	-	-	1,295	57,914	64,421
Provisions	55,863	59,917	52,375	1,295	-
Related parties	76,266	30,853	29,289	29,489	31,451
Other accounts payable	19,678	21,373	17,415	14,360	13,373
Total current liabilities	612,108	613,443	503,174	524,829	531,896
Accounts payable for property	32,614	33,757	24,097	40,447	42,593
Provisions	27,096	26,486	26,394	27,017	27,865
Loans and financing	147,367	94,979	23,039	25,755	16,631
Deferred taxes and contributions	17,520	16,260	15,086	13,956	15,282
Total non-current liabilities	224,597	171,482	88,616	107,175	102,371
Share Capital attributed to the Parent	467,026	1,154,604	1,154,604	1,154,604	1,109,029
Treasury shares	-	-	-	(15,504)	(26,548)
Cost for issuing shares	(728)	(40,021)	(41,669)	(41,669)	-
Equity pick-upvaluation	-	(3,906)	(3,906)	(3,906)	-
Legal Reserve	21,334	21,334	23,460	-	-
Statutory reserve	32,389	-	-	-	-
Retained earnings	16,798	26,698	30,290	68,359	80,685
Non-controlling interest	82,982	35,266	35,895	41,572	49,041
Total shareholders' equity	619,801	1,193,975	1,198,674	1,203,456	1,212,207
Total liabilities and shareholders' equity	1,456,506	1,978,900	1,790,464	1,835,460	1,846,474

ATTACHMENT 3 – Cash Flow Statement

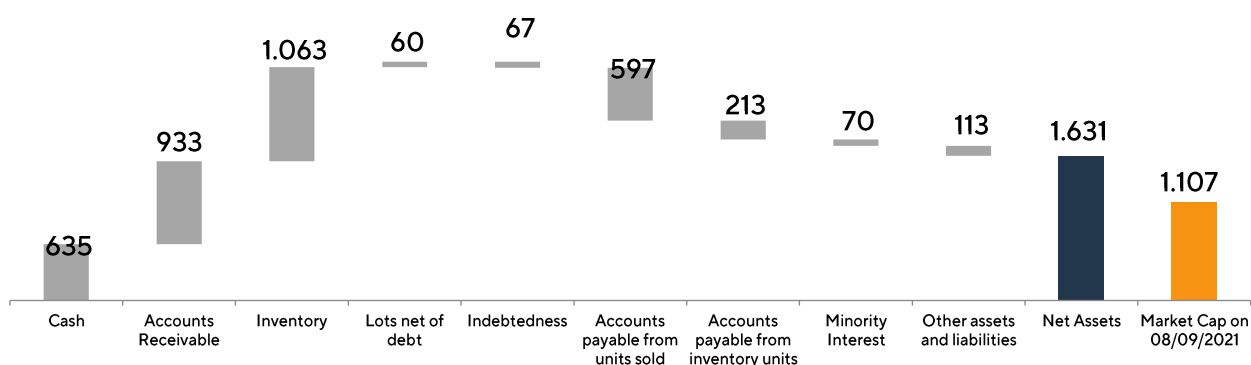
(Consolidated - in thousands of reais)

CASH FLOW	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
OPERATING CASH FLOW						
Earnings before income tax and social contribution	12,167	32,557	13,495	10,525	23,742	15,165
Adjustments to reconcile earnings before income tax and with the net cash generated by the operating activities:						
Depreciation and amortization	593	(2,087)	3,349	1,080	1,075	621
Provision for contingencies, net	7,360	(11,614)	7,022	(1,526)	1,209	1,481
Provision for warranties, net	284	(230)	(883)	2,626	766	716
Provision for cancellations, net	7,388	4,804	2,381	(9,892)	2,901	7,192
Provision for profit sharing	(5,397)	6,152	(5,076)	1,158	1,286	(2,034)
Expenses with interest and currency fluctuations	4,393	4,108	8,896	5,838	2,279	2,556
Variations of current and non-current assets and						
Accounts receivable	(5,374)	(10,631)	17,567	44,679	(568)	11,057
Properties for sale	(24,056)	(12,898)	22,895	(15,222)	(63,697)	(59,069)
Other accounts receivable	3,388	(5,625)	(5,872)	201	(4,165)	5,750
Suppliers	(1,024)	(1,067)	5,649	(6,417)	7,107	(4,058)
Accounts payable for acquisition of properties	(13,969)	10,006	(1,200)	3,002	10,549	(3,556)
Advances from customers	19,581	103,989	(10,924)	15,265	24,594	7,669
Other liabilities	(4,848)	5,415	(1,665)	(8,304)	(2,567)	501
Cash generated by (applied to) the operations	486	122,879	55,634	43,013	4,511	(16,009)
Interests paid	(8,383)	(7,202)	(6,902)	(5,253)	(2,277)	(1,157)
Income tax and social contribution paid	(2,730)	(4,255)	(2,481)	(2,110)	(2,847)	(2,797)
Net cash applied to operating activities	(10,627)	111,422	46,251	35,650	(613)	(19,963)
CASH FLOW FROM INVESTMENT ACTIVITIES						
Securities	(10,722)	(134,773)	(578,999)	160,290	75,610	32,131
Related parties	-	-	-	(400)	(300)	(1,578)
Capital increase in subsidiaries	-	-	-	(1,287)	-	(3,097)
Acquisition of fixed and intangible assets	(420)	2,585	(2,275)	(1,329)	(653)	(742)
Net cash generated by investment activities	(11,142)	(132,188)	(581,274)	157,274	74,657	26,714
CASH FLOW FROM FINANCING ACTIVITIES						
Restricted cash	563	1,144	(1,344)	1,647	3,248	287
Related parties	22,365	4,848	(6,015)	(3,514)	(1,828)	9,662
Capital increase	-	-	616,594	-	-	-
Cost for issuing shares	-	-	(40,021)	(1,648)	-	-
Borrowing and financing	53,544	23,041	18,811	1,384	5,164	(878)
Amortization of loans and financing	(27,224)	(27,285)	(23,066)	(190,721)	(10,997)	(6,836)
Acquisition of treasury shares	-	-	-	-	(15,504)	(11,044)
Dividends paid	-	(8,600)	(32,591)	-	-	(7,044)
Net cash generated by (applied to) the financing	49,248	(6,852)	532,368	(192,852)	(19,917)	(15,853)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,479	(28,346)	(1,927)	72	54,127	(9,102)

ATTACHMENT 4 – NET ASSET

(Consolidated - in thousands of reais)

Net Asset	06/30/2021
Cash and cash equivalents and financial investments	635,289
Loans, financing and debentures payable	(67,087)
Net debt	568,202
On-balance accounts receivable from clients	428,856
Off-balance accounts receivable from clients	841,744
Advances from clients	(299,079)
Taxes on accounts receivable from clients	(38,861)
Liabilities from construction of properties sold	(597,083)
Accounts receivable from clients, net	335,577
Inventory units at market value	955,880
Provision of termination inventory at market value	151,101
Taxes on sale of inventory units	(44,279)
Budgeted cost to be incurred from inventory properties	(223,900)
Adjustment of cost to be incurred of phased accounted as	10,949
Net inventory	849,750
On-balance land inventory	139,996
On-balance land debt	(14,404)
Debt of lots already launched	(65,539)
Land	60,053
On-balance minority interest	(49,041)
Off-balance minority interest	(21,215)
Minority interest	(70,256)
On balance projects consolidated by equity accounting	4,584
Off-balance projects consolidated by equity accounting	-
Projects consolidated by equity accounting	4,584
Other assets	47,235
Other liabilities	(164,643)
Other assets (liabilities)	(117,408)
NET ASSET	1,630,502



ATTACHMENT 5 – Land Bank

The table shows the plots of land acquired by the company, per undertaking, on June 30, 2021:

Lot	Bussiness unit	Purchase date	Area Lot (sqm)	Area Usable (sqm)	Units	Total Gross PSV (R\$ '000)	PSV Melnick's share (R\$ '000)
Land I	Lot development	may-10	1,008	181	389	322,438	144,751
Land II	Lot development	may-10	603	108	243	225,506	86,591
Land III	Lot development	may-10	603	108	243	232,940	86,591
Land IV	Open	sep-10	3,439	7,054	160	26,554	26,554
Land V	Real Estate	sep-14	44,145	22,541	352	152,563	135,755
Land VI	Real Estate	sep-14	15,475	7,273	194	53,480	47,588
Land VII	Real Estate	sep-14	40,206	22,447	288	138,950	123,642
Land VIII	Real Estate	dec-14	5,024	10,820	54	90,371	74,865
Land IX	Lot development	nov-16	187,884	96,558	350	63,729	28,295
Land X	Lot development	nov-16	187,884	36,994	146	13,688	6,077
Land XI	Lot development	nov-16	183,438	137,132	393	57,184	22,885
Land XII	Lot development	nov-16	183,438	78,686	398	33,677	13,478
Land XIII	Real Estate	jan-17	11,123	35,811	756	318,939	318,939
Land XIV	Lot development	jan-17	366,875	56,703	558	44,372	19,169
Land XV	Lot development	jan-17	366,875	160,687	876	127,691	50,969
Land XVI	Lot development	mar-17	97,408	31,708	100	58,332	21,832
Land XVII	Real Estate	jun-17	11,721	33,389	518	276,404	262,904
Land XVIII	Real Estate	oct-17	4,000	7,593	56	75,109	75,090
Land XIX	Lot development	oct-17	120,507	55,946	290	22,994	9,933
Land XX	Real Estate	feb-21	16,435	30,992	446	558,179	279,090
Land XXI	Real Estate	jan-18	17,168	34,498	416	260,548	260,548
Land XXII	Real Estate	jan-18	17,168	33,895	260	278,856	278,856
Land XXIII	Lot development	feb-18	1,006,284	277,094	1,251	102,503	58,137
Land XXIV	Lot development	feb-18	1,166,352	405,863	1,446	253,660	139,184
Land XXV	Lot development	jul-18	172,661	86,729	462	47,082	16,949
Land XXVI	Real Estate	nov-18	7,947	12,726	326	174,050	138,335
Land XXVII	Real Estate	nov-18	4,671	6,431	109	73,012	56,220
Land XXVIII	Real Estate	dec-19	4,357	8,832	206	152,413	127,811
Land XXIX	Real Estate	dec-19	883	1,790	61	29,131	24,303
Land XXX	Real Estate	jun-20	1,724	4,441	34	55,523	47,375
Land XXXI	Real Estate	nov-20	10,555	18,976	162	265,343	209,206
Land XXXII	Real Estate	dec-20	1,611	4,008	120	58,734	53,206
Land XXXIII	Open	apr-21	5,341	7,061	160	37,987	37,987
Land XXXIV	Real Estate	apr-21	4,516	11,337	80	153,830	69,951
Land XXXV	Real Estate	apr-21	5,705	7,617	28	157,249	99,494
Land XXXVI	Real Estate	may-21	4,052	6,376	100	50,941	33,112
Land XXXVII	Real Estate	may-21	3,197	9,140	48	106,294	106,294
Land XXXVIII	Lot development	may-21	195,997	56,933	209	91,835	36,367

ATTACHMENT 6 – Trade evolution and cost financial evolution

The table below presents the evolution of sales and the percentage of completion of the costs of our projects on June 30, 2021 in comparison to March 31, 2021 and December 31, 2020:

Project	Lauch	Melnick's share	% Sold			%POC		
			03/31/21	12/31/20	09/30/20	03/31/21	12/31/20	09/30/20
Ponta da Figueira	3Q10	25%	100%	100%	100%	100%	100%	100%
Hom	4Q10	100%	98%	98%	98%	100%	100%	100%
Grand Park Eucaliptos	3Q11	100%	99%	99%	99%	100%	100%	100%
Cobal - Rubi	4Q11	100%	98%	99%	99%	100%	100%	100%
Design Offece Center	3Q12	100%	98%	97%	97%	100%	100%	100%
Hom lindoia	4Q12	100%	94%	94%	94%	100%	100%	100%
Nine	4Q12	100%	99%	99%	99%	100%	100%	100%
Icon - RS	1Q13	100%	86%	85%	85%	100%	100%	100%
Icon RS - 2° Fase	2Q13	100%	98%	98%	99%	100%	100%	100%
Terrara	4Q13	100%	100%	100%	100%	100%	100%	100%
Window RS	4Q13	100%	99%	99%	99%	100%	100%	100%
Anita Garibaldi	4Q13	100%	92%	93%	93%	100%	100%	100%
Icon RS - 3° Fase	2Q14	100%	100%	100%	100%	100%	100%	100%
Viva Vida Club Canoas - 4ª fase	2Q14	100%	100%	100%	100%	100%	100%	100%
Ato	4Q14	100%	100%	100%	100%	100%	100%	100%
Viva Vida Boulevard	4Q14	100%	91%	92%	91%	100%	100%	100%
Hom Nilo	3Q15	100%	81%	81%	81%	100%	100%	100%
MaxPlaza	4Q15	100%	77%	77%	77%	100%	100%	100%
Blue Xangrilá	1Q16	60%	100%	100%	99%	100%	100%	100%
Central Park-1° fase	1Q16	60%	76%	78%	81%	94%	94%	94%
Supreme Central Parque	1Q16	100%	100%	99%	99%	100%	100%	100%
Central Park-2° fase	2Q16	60%	83%	83%	86%	94%	94%	94%
DOC Santana	2Q16	100%	66%	65%	66%	100%	100%	100%
MaxPlaza-2° fase	2Q16	100%	69%	76%	78%	100%	100%	100%
Supreme Higienopolis	3Q16	100%	99%	99%	99%	100%	100%	100%
Reserva Bela Vista	4Q16	60%	85%	87%	89%	100%	100%	100%
Reserva do Lago	4Q16	60%	63%	71%	74%	100%	100%	100%
Vida Viva Horizonte - 2° fase	4Q16	100%	90%	89%	90%	100%	100%	100%
Grand Park Lindóia - Fase 1	4Q16	100%	83%	86%	87%	87%	81%	80%
Linked Teresópolis	3Q17	100%	67%	73%	77%	89%	85%	80%
Domingos de Almeida	3Q17	60%	74%	74%	72%	100%	100%	100%
Grand Park Lindóia - Fase 2	4Q17	100%	80%	83%	85%	87%	81%	80%
GO 1092	4Q17	100%	81%	80%	86%	100%	100%	100%
Península (Brilhante)	4Q18	60%	98%	92%	91%	100%	100%	100%
Vida Viva Linked	1Q18	100%	75%	85%	90%	98%	94%	91%
Pontal	3Q18	100%	95%	94%	96%	68%	66%	64%
Praça do Sol	4Q18	48%	55%	53%	53%	83%	83%	82%
Vívio Lindoia	4Q18	100%	84%	86%	88%	82%	75%	68%
Artur 505	4Q18	100%	98%	100%	100%	79%	74%	69%
Teena	1Q19	100%	88%	94%	94%	58%	55%	49%
Pontal - 2° fase	1Q19	100%	94%	91%	98%	68%	66%	64%
Central Park-3° fase	3Q19	60%	4%	14%	15%	94%	94%	94%
High Garden	3Q19	100%	80%	73%	72%	68%	64%	60%
Central Park Passo Fundo	4Q19	42%	95%	97%	97%	89%	85%	64%
OPEN Canoas Centro - Fase 1	4Q19	100%	98%	98%	97%	51%	42%	36%
Radisson Moinhos 1903	4Q19	100%	91%	91%	90%	62%	59%	55%
CasaVista	4Q19	100%	51%	48%	43%	50%	49%	46%
Sunset	1Q20	60%	98%	99%	87%	73%	66%	59%
GO24	1Q20	100%	92%	88%	88%	59%	49%	45%
Carlos Gomes Square - Fase 1	2Q20	100%	77%	72%	72%	42%	39%	38%
OPEN Canoas Centro - Fase 2	4Q19	100%	57%	43%	34%	51%	42%	36%
Carlos Gomes Square - Fase 2	3Q20	100%	71%	69%	69%	42%	39%	38%
Supreme Altos do Central Parque	4Q20	100%	49%	36%	32%	38%	32%	32%
Grand Park Lindóia - Fase 3	1Q21	100%	39%	17%		87%	81%	
Go Rio Branco	1Q21	100%	75%	51%		34%	34%	
Casaviva	1Q21	60%	100%	100%		50%	48%	
Botanique Residence	1Q21	100%	50%	36%		39%	40%	
Seen Boa Vista	2Q21	100%	33%			39%		

DISCLAIMER

The declarations contained in this release referring to business perspectives, operating and financial result estimates, and the growth perspectives affecting Melnick activities, as well as any other declarations related to the Company business future, constitute future estimates and declarations involving risks and uncertainties and, therefore, are not guarantees of future results. Such considerations depend substantially on the changes to market conditions, governmental rules, competition pressures, sector performance and Brazilian economy, among other factors and are, therefore, subject to change without prior notice.

RELATIONSHIP WITH INDEPENDENT AUDITORS

In compliance with CVM Instruction No. 381/03 we hereby inform that the independent auditors of PricewaterhouseCoopers Auditores Independentes did not provide during the second quarter of 2021 other services than those related to external auditing. The company's policy on hiring independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.