



(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

Parent company and consolidated
financial statements at
March 31, 2022
and independent auditor's report



Edifício Phelps Offices Towers
Rua Antônio de Albuquerque, 156
10º andar - Savassi
30112-010 - Belo Horizonte - MG - Brasil
Tel: +55 31 3232-2100
Fax: +55 31 3232-2106
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated quarterly information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM)

Independent auditor's review report on quarterly information

Shareholders, Board of Directors and Officers of
Patrimar Engenharia S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Patrimar Engenharia S.A. for the quarter ended March 31, 2022, comprising the statement of financial position as of March 31, 2022 and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual and consolidated interim financial information prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities registered with the CVM

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material aspects, in accordance with NBC TG 21 and IAS 34 applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM), and presented consistently with the rules issued by the CVM applicable to the preparation of the Quarterly Information Form (ITR).

Emphasis of matter

Revenue recognition in purchase and sale contracts for real estate units under construction

As described in Note 2, the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) was prepared in accordance with NBC TG 21 and IAS 34, applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company for recognition of revenue in contracts for the purchase and sale of unfinished real estate units on the aspects related to transfer of control follow the Company management's understanding as to application of NBC TG 47, aligned with CVM's determination expressed in Memorandum Circular CVM/SNC/SEP No. 02/2018. Our conclusion is not qualified in respect of this matter.

Other matters

Corresponding figures audited or reviewed by the previous auditor

The audit of the individual and consolidated balance sheet as at December 31, 2021 and the review of the individual and consolidated interim financial information for the period ended March 31, 2021, presented for comparison purposes, were conducted by another auditor, who issued an unqualified audit report and review report, dated March 09, 2022 and May 05, 2021, respectively.



Statements of value added

The above mentioned quarterly information include the individual and consolidated statement of value added (SVA) for the three-month period ended March 31, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, May 10, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Rogério Xavier Magalhães
Contador CRC-1MG080613/O-1



Balance sheet at March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Assets					
Current assets					
Cash and cash equivalents	6(a)	4,809	31,765	248,992	243,926
Marketable securities	6(b)	10,766	7,785	58,872	56,415
Trade receivables	7	21,349	26,661	185,286	201,174
Properties for sale	8	4,858	9,005	356,789	402,608
Taxes recoverable		1,811	1,574	10,029	9,270
Prepaid expenses	9	4,226	4,323	23,221	22,011
Other receivables		2,165	1,233	13,880	14,138
Total current assets		49,984	82,346	897,069	949,542
Non-current assets					
Long-term receivables					
Restricted financial investments	6(c)	2,390	2,339	2,390	2,339
Trade receivables	7	5,521	1,852	275,270	245,753
Properties for sale	8	14,749	12,504	67,093	24,403
Judicial deposits	20	79	86	1,205	1,189
Related parties	10	101,305	91,708	7,546	12,013
		124,044	108,489	353,504	285,697
Investments	11	370,574	349,432	29,641	27,697
Property and equipment	12	15,076	15,462	38,047	36,087
Intangible assets	13	6,815	7,494	7,085	7,796
Lease right-of-use		4,170	4,641	4,689	5,102
		396,635	377,029	79,462	76,682
Total non-current assets		520,679	485,518	432,966	362,379
Total assets		570,663	567,864	1,330,035	1,311,921



Balance sheet at March 31

All amounts in thousands of reais

(continued)

		Parent company		Consolidated	
	Note	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Liabilities and equity					
Current liabilities					
Borrowings and debentures	14	16,378	11,243	61,684	60,797
Leases	15	1,916	1,905	2,361	2,362
Trade payables	16	3,221	6,012	51,367	44,402
Salaries and social charges		7,363	5,146	12,891	9,531
Tax liabilities	17	1,474	1,610	27,867	26,197
Real estate purchase obligations	18	1,551	1,401	23,740	35,942
Dividends payable		80	80	155	80
Advances from customers	19	75	996	370,363	373,167
Other payables		14	21	2,321	1,963
Provision for real estate maintenance	21	531	769	2,963	6,425
Total current liabilities		32,603	29,183	555,712	560,866
Non-current liabilities					
Borrowings and debentures	14	163,833	168,828	206,350	206,853
Leases	15	2,391	2,874	2,461	2,874
Real estate purchase obligations	18	250	400	41,439	32,001
Provision for contingencies	20	1,571	1,542	4,525	6,626
Provision for real estate maintenance	21	743	583	10,438	6,358
Related parties	10	14,276	15,568	5,080	4,268
Provision for investees' net capital deficiency	11	5,352	4,477	4,707	4,793
Total non-current liabilities		188,416	194,272	275,000	263,773
Total liabilities		221,019	223,455	830,712	824,639
Equity	22				
Capital		269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		74,978	74,978	74,978	74,978
Retained earnings		5,235	-	5,235	-
		349,644	344,409	349,644	344,409
Non-controlling interests		-	-	149,679	142,873
Total equity		349,644	344,409	499,323	487,282
Total liabilities and equity		570,663	567,864	1,330,035	1,311,921

The accompanying notes are an integral part of these financial statements.



Statement of income
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2022	2021	2022	2021
Net operating revenue	24	2,923	16,742	144,477	177,143
Cost of properties sold	25	(2,463)	(9,901)	(101,372)	(109,355)
Gross profit		460	6,841	43,105	67,788
Operating income (expenses)					
General and administrative	25	(7,261)	(8,502)	(12,572)	(10,422)
Selling	25	(2,880)	(1,467)	(16,299)	(9,227)
Equity in the results of investees	11	20,668	24,072	(597)	(7,120)
Other operating income (expenses), net	25	(959)	(104)	(867)	698
Operating profit		10,028	21,048	12,770	41,717
Finance income	27	1,089	985	7,820	4,136
Finance costs	27	(5,830)	(1,100)	(6,122)	(1,364)
Finance (costs) income, net		(4,741)	(115)	1,698	2,772
Profit before income tax and social contribution		5,287	20,933	14,468	44,489
Income tax and social contribution	28	(52)	(220)	(4,381)	(4,067)
Profit for the year		5,235	20,713	10,087	40,422
Attributable to:					
Owners of the parent				5,235	20,713
Non-controlling interests				4,852	19,709
				10,087	40,422
Basic earnings per share - R\$	23			0,093439	0,369703
Diluted earnings per share - R\$	23			0,093439	0,369703

The accompanying notes are an integral part of these financial statements.



Statement of comprehensive income
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the year	5,235	20,713	10,087	40,422
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>5,235</u>	<u>20,713</u>	<u>10,087</u>	<u>40,422</u>
Attributable to:				
Owners of the parent			5,235	20,713
Non-controlling interests			4,852	19,709
			<u>10,087</u>	<u>40,422</u>

The accompanying notes are an integral part of these financial statements.



Statement of changes in equity

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Attributable to owners of the parent								
Note	Share capital	Capital reserve	Revenue reserves		Retained earnings (accumulated deficit)	Equity	Non-controlling interests	Total equity
			Legal reserve	Retention reserve				
At December 31, 2020	269,172	259	2,819	22,878	-	295,128	77,187	372,315
Contributions to subsidiaries by non-controlling interests	-	-	-	-	-	-	(3,103)	(3,103)
Partial split-off	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	20,713	20,713	19,709	40,422
At March 31, 2021	269,172	259	2,819	22,878	20,713	315,841	93,793	409,634
At December 31, 2021	269,172	259	6,802	68,176	-	344,409	142,873	487,282
Return of capital of subsidiaries	-	-	-	-	-	-	1,954	1,954
Profit for the year	-	-	-	-	5,235	5,235	4,852	10,087
At March 31, 2022	269,172	259	6,802	68,176	5,235	349,644	149,679	499,323

The accompanying notes are an integral part of these quarterly financial statements.



Statement of cash flows
Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit for the year	5,235	20,713	10,087	40,422
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	1,768	1,661	3,311	2,557
Adjustment of trade receivables to present value	(1)	(876)	1,811	(2,027)
Equity in the results of investees	(20,668)	(24,072)	597	7,120
Provision for real estate maintenance	68	(68)	(447)	861
Provision for labor, civil, and tax contingencies	29	-	335	593
Provision for interest on borrowings	5,694	1,377	8,071	2,690
Deferred income tax and social contribution	52	220	4,381	4,067
	<u>(7,823)</u>	<u>(1,045)</u>	<u>28,146</u>	<u>56,283</u>
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	1,643	(4,324)	(15,441)	(48,406)
Properties for sale	1,895	5,444	3,186	(17,833)
Taxes recoverable	(237)	71	(759)	(595)
Other assets	(827)	2,162	(967)	(2,765)
Trade payables	(2,791)	1,891	6,965	6,151
Salaries and social charges	2,217	691	3,360	1,759
Tax liabilities	(142)	(59)	(2,338)	1,921
Real estate purchase obligations	-	-	(2,764)	(2,974)
Advances from customers	(921)	(794)	(2,804)	52,342
Other liabilities	(496)	5,380	137	4,194
Amounts paid for civil, labor, and tax contingencies	115	-	980	(1,838)
	<u>456</u>	<u>10,462</u>	<u>(10,445)</u>	<u>(8,044)</u>
Interest paid	-	(1,444)	(2,373)	(2,616)
Income tax and social contribution paid	(67)	(269)	(2,336)	(2,336)
Net cash provided by (used in) operating activities	<u>(7,434)</u>	<u>7,704</u>	<u>12,992</u>	<u>43,287</u>
Cash flows from investing activities				
Investment in marketable securities	(2,981)	-	(2,457)	-
Changes in restricted financial investments	(51)	(9)	(51)	(9)
Capital contributions in investments	684	(2,129)	(2,627)	1,444
Advances to related parties	(10,889)	3,480	5,279	(1,932)
Net assets RPMV Incorporation	-	-	-	(11,800)
Purchases of property and equipment and intangible assets	(632)	(6,261)	(4,524)	-
Purchases of intangible assets	-	-	-	-
Net cash provided by (used in) investing activities	<u>(13,869)</u>	<u>(4,919)</u>	<u>(4,380)</u>	<u>(12,297)</u>
Cash flows from financing activities				
New borrowings	-	51,391	13,507	68,004
Repayment of borrowings - principal amount	(5,653)	(17,229)	(19,007)	(23,462)
Dividends paid	-	(1,350)	-	(1,350)
Capital decrease	-	-	-	-
Distributions paid to non-controlling interests, net	-	-	1,954	(3,102)
Net cash provided by financing activities	<u>(5,653)</u>	<u>32,812</u>	<u>(3,546)</u>	<u>40,090</u>
Increase in cash and cash equivalents, net	<u>(26,956)</u>	<u>35,597</u>	<u>5,066</u>	<u>71,080</u>
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	31,765	11,095	243,926	119,256
Cash and cash equivalents at the end of the year	<u>4,809</u>	<u>46,692</u>	<u>248,992</u>	<u>190,336</u>
Net increase in cash and cash equivalents	<u>(26,956)</u>	<u>35,597</u>	<u>5,066</u>	<u>71,080</u>

The accompanying notes are an integral part of these financial statements.



Statement of value added
Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenue:				
Revenue from sales and services	3,084	17,151	148,203	181,034
Provision for estimated impairment of trade receivables	-	-	-	-
	<u>3,084</u>	<u>17,151</u>	<u>148,203</u>	<u>181,034</u>
Inputs acquired from third parties:				
Cost of properties sold	(2,245)	(9,531)	(92,373)	(103,844)
Electricity, third-party services, and other expenses	186	(3,897)	(25,686)	(15,581)
	<u>(2,059)</u>	<u>(13,428)</u>	<u>(118,059)</u>	<u>(119,425)</u>
Gross value added	<u>1,025</u>	<u>3,723</u>	<u>30,144</u>	<u>61,609</u>
Retentions:				
Depreciation and amortization	<u>(1,768)</u>	<u>(1,661)</u>	<u>(3,311)</u>	<u>(2,557)</u>
Net value added generated by the entity	<u>(743)</u>	<u>2,062</u>	<u>26,833</u>	<u>59,052</u>
Value added received through transfers:				
Equity in the results of investees	20,668	24,072	(597)	(7,120)
Finance income	1,089	985	7,820	4,136
	<u>21,757</u>	<u>25,057</u>	<u>7,223</u>	<u>(2,984)</u>
Total value added to be distributed	<u>21,014</u>	<u>27,119</u>	<u>34,056</u>	<u>56,068</u>
Distribution of value added:				
Personnel				
Compensation	5,423	2,294	5,935	3,697
Charges	1,948	1,011	2,075	1,193
Benefits	2,280	1,342	1,846	1,070
	<u>9,651</u>	<u>4,647</u>	<u>9,856</u>	<u>5,960</u>
Taxes and contributions				
Federal	209	629	7,881	7,965
Municipal	89	30	110	357
	<u>298</u>	<u>659</u>	<u>7,991</u>	<u>8,322</u>
Remuneration of third-party capital:				
Finance costs	<u>5,830</u>	<u>1,100</u>	<u>6,122</u>	<u>1,364</u>
	<u>5,830</u>	<u>1,100</u>	<u>6,122</u>	<u>1,364</u>
Remuneration of own capital:				
Profit for the year	5,235	20,713	5,235	20,713
Non-controlling interests - retained earnings	-	-	4,852	19,709
	<u>5,235</u>	<u>20,713</u>	<u>10,087</u>	<u>40,422</u>
Value added distributed	<u>21,014</u>	<u>27,119</u>	<u>34,056</u>	<u>56,068</u>

The accompanying notes are an integral part of these financial statements.



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

1 Operations

1.1. General information

Patrimar Engenharia S.A. ("Patrimar" or the "Company") is an unlisted publicly-held company registered under category A with the Brazilian Securities Commission (CVM), and headquartered in the city of Belo Horizonte, State of Minas Gerais, Brazil, at Rodovia Stael Mary Bicalho Motta Magalhães, 521, 17th floor, Belvedere District.

Patrimar is a real-estate development and construction company founded in 1968 with a focus on residential developments. The Company primarily operates in the States of Minas Gerais, Rio de Janeiro and São Paulo. In 2000, Construtora Novolar Ltda. ("Novolar"), a wholly-owned subsidiary of Patrimar since October 1, 2019, was established to serve the middle-income sector, and currently operates in the development, construction, and sale of real estate developments in Minas Gerais, Rio de Janeiro, and São Paulo. Novolar was already a member of the Patrimar Group through the direct interest held by the same stockholders in PRMV Participações S.A.

The Company and its subsidiary Novolar perform development and construction activities through Special Partnerships (SCPs) and Special-Purpose Entities (SPEs) by forming partnerships to facilitate the individual monitoring of the undertakings, the raising of funds to finance production, and improve the financial and accounting control of the projects.

The Company and its subsidiaries are jointly referred to as the "Group". The SCPs and SPEs operate exclusively in the real estate sector and, in most cases, are associated with a specific venture.

The issue of these financial statements was authorized by the Company's management on March 9, 2022.

1.2. Impacts of COVID-19

The Coronavirus outbreak (COVID-19), which was officially declared a pandemic by the World Health Organization (WHO) on March 2, 2020, has affected Brazil and several countries worldwide, posing risks to public health and impacting the global economy.

The Group has been taking risk prevention and mitigation measures, in line with the guidelines provided by Brazilian and international health authorities, to minimize possible effects on the health and wellbeing of employees, their families, partners and communities, and in assuring the continuity of its operations and business. The measures taken by the Group to mitigate the impact of COVID-19 include:

(a) Analysis of estimated impairment of trade receivables

Management has reassessed the potential risk of default on its trade receivables portfolio. Each individual customer was contacted, and, based on credit analyses and reinforcement of guarantees, when appropriate negotiations were conducted made to lengthen payment terms, increasing efforts to assure collections. These results were favorable as they prevented an increase in defaults, secured customer retention and reduced the sales cancellation rate.



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

(b) Review of assumptions used to measure financial instruments

As the Group's business model for managing financial assets and the characteristics of the contractual cash flow of financial assets remained unchanged, there was no need to review the measurement assumptions.

(c) Analysis of fulfillment of contractual obligations with customers and suppliers

Management reviewed the main contracts with suppliers and customers, and concluded that the contractual obligations have been fulfilled and there was no evidence of insolvency or discontinuity in relation to these contracts.

(d) Analysis of compliance with debt covenants

The Group was in compliance with all the covenants, including the working capital contract (Note 14).

(e) Analysis of the Group's liquidity

Various actions were taken to preserve cash, such as the reassessment of strategic investment priorities, reduction of operational expenses, reduction of salary and working hours for certain employees, organizational restructuring, reduction of expenses with consulting firms and a strategic planning review.

These analyses did not identify any significant effects affecting these financial statements and related explanatory notes.

2 Financial statement presentation and summary of significant accounting policies

2.1. Information presentation

The Group's accounting information comprises:

The parent company and consolidated financial statements, prepared in accordance with accounting policies adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to real estate development entities in Brazil, as approved by the Brazilian Accounting Pronouncements Committee (CPC), the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), and disclose all the applicable information of significance to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

Aspects related to the transfer of ownership in sales of real estate units are based on the understanding of the Company management, which is consistent with that expressed by the CVM Official Letter CVM/SNC/SEP/02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15), in accordance with rules issued by the CVM, applicable to the preparation of the Quarterly Information – ITR.



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

The quarterly information have been prepared under the historical cost convention, which, for certain financial assets and liabilities, are adjusted to reflect measurement at fair value.

The accounting practices adopted by the subsidiaries are consistent with those adopted by the Company. Where applicable, all intercompany transactions, balances, revenue and expenses are fully eliminated in the accounting information. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and consolidated financial statements, are disclosed in Note 3.

In preparing this condensed interim financial information contained in the Quarterly Information Form - ITR, the principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented in the financial statements of December 31, 2021, except when disclosed. Therefore, the interim financial information for the period ended March 31, 2022 should be read together with the Group's financial statements for the year ended December 31, 2021.

Considering that there were no relevant changes in relation to the composition and nature of the balances presented in the financial statements for the year ended December 31, 2021, the following Explanatory Notes are presented in a condensed form for the period ended March 31, 2022:

- Financial statement presentation and summary of significant accounting policies
- 22. Equity

The presentation of the parent company and consolidated statements of value added, is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. Under IFRS, the presentation of such statements is considered supplementary information. The condensed interim accounting information contained in the Group's Quarterly Information Form - ITRs for the period ended March 31, 2022 was approved at the Board of Directors' Meeting held on May 10, 2022.

2.2. New accounting pronouncements

In the period ended March 31, 2022, no new standards, amendments and interpretations of standards were issued.

3 Critical accounting estimates and judgments

The Group makes estimates concerning the future based on assumptions. The estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Budgeted costs

Total budgeted costs, including costs incurred or expected to be incurred during the completion of the construction work, are regularly reviewed by reference to the percentage of completion of the works, and adjustments based on this review, if any, are reflected in the Group's results.



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

(ii) Recognition of revenue from real estate units under construction

The Group uses the Percentage of Completion (POC) method to account for its contracts for the sale of units in real estate development projects and provision of services. The use of the POC method requires the Group to estimate the costs to be incurred up to the completion of construction and the delivery of the real estate units of each real estate development unit to establish the proportion in relation to the costs already incurred. Revenue is calculated by multiplying this percentage (POC) by the fair value of the revenue from sales already contracted. Accordingly, revenue is recognized on a continuous basis throughout the construction of the real estate development. This determination requires the use of estimates and significant judgment by management.

(iii) Provision for contingencies

Provisions for civil, labor, and tax contingencies are recognized when the Company has a present legal or constructive obligation as a result of past events, the amounts can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the end of each reporting period, taking into consideration the risks and uncertainties related to the obligation.

When some or all of the economic benefits required for the settlement of a provision are expected to be recovered from a third party, an asset is recognized if, and only if, the reimbursement is certain, and the amount can be reliably measured.

(iv) Provision for canceled sales

This provision is based on assumptions that consider the history and prospects of expected losses, and an individual review of sales contracts.

These assumptions are reviewed annually for any changes in circumstances and trends.

(v) Present value adjustment

Monetary assets and liabilities are adjusted to their present value upon the initial recognition of the transaction, taking into account the contractual cash flows, and the explicit (and in certain cases implicit) interest rate for the respective assets and liabilities, and the rates prevailing in the market for similar transactions. Subsequently, this interest is reallocated to profit or loss using the effective interest rate method in relation to the contractual cash flows.

For trade receivables, the discount rate used considers the weighted annual average of securities issued by the federal government (NTN-B), which have a maturity term similar to that of the receivables.

(vi) Provision for real estate maintenance



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

This provision is recorded during construction to cover expenses with repairs for developments completed and covered by an average warranty period of five years, as from the delivery date. Properties for which occupancy permit has already been issued and registered are considered completed real estate units.

4 Financial risk management

4.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's central treasury department, under policies approved by management. These policies are established to identify and analyze the risks to which the Group is exposed, to define risk limits and proper controls, and to monitor the risks and compliance with the defined limits.

Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Group's activities. Through its training and management rules and procedures, the Group seeks to maintain an environment of discipline and control in which all employees are aware of their duties and obligations.

(a) Credit risk

Credit risk is the risk that the Group may incur losses arising from the failure of a customer or counterparty to a financial instrument to meet its contractual obligations, as well as from deposits with banks and other financial institutions. Individual risk limits are set based on internal or external ratings in accordance with limits approved by management. The credit analysis department assesses the credit quality of the customer, taking into account its financial position, past experience, and other factors.

The maximum exposure to credit risk is represented by the carrying amount of the financial assets.

The utilization of credit limits is regularly monitored by the Treasury department, and credit risk is managed on a Group basis. For investments in banks and other financial institutions, only securities from entities independently rated with a minimum rating of "Good", and with minimum risk of market exposure are accepted.

Individual risk limits are set based on internal or external ratings in accordance with limits set by management with the aim of minimizing risk concentration and, therefore, mitigating the risk of loss in the event of a potential bankruptcy of a counterparty.

Credit quality of financial assets

The Group presents a conservative investment profile, making use of private bonds issued by top-tier financial institutions, exclusive funds, and open-ended investment funds. These investments aim at earning interest from funds available at levels similar to the market, without exposure to relevant market



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

risks (asset price fluctuations) or counterparty credit risk. The consolidated balances at March 31, 2022 of financial assets that comprised short-term investments are classified as follows, by rating:

Fitch Rating	Consolidated
AAA	229,346
AA	24,477
A	7,744
Other ratings	403
Open-end investment funds (i)	123
Total	262,093

(i) Open-end investment funds of conservative profile, administered by first-tier managers, with investments in government bonds, shares in other investment funds of the same profile, and private securities predominantly rated as AA+ or higher.

The investments made by the Group comply with risk rating limits defined in the Financial Executive Board's management guidelines.

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

Trade receivables

	Parent company		Consolidated	
	2022	2021	2022	2021
Completed units (Note 7)				
With statutory lien	4,988	6,378	30,172	37,481
Without statutory lien	-	-	10,605	5,789
	4,988	6,378	40,777	43,270
Units under construction (Note 7)				
With statutory lien	8,305	9,312	425,315	405,895
Administration services (Note 7)				
Without statutory lien	13,577	12,824	15,543	15,138
	26,870	28,514	481,635	464,303

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties in excess of the amount already accrued.

(b) Liquidity risk

Liquidity risk is the risk that the Group may have difficulty in meeting its obligations associated with financial liabilities that are settled in cash or other financial assets. The Group's approach to manage liquidity is to ensure that it always has sufficient liquidity to meet its obligations when they fall due, under normal and stress conditions, without causing unacceptable losses or adversely affecting the Group's reputation.

Cash flow forecasting is performed by the Group's Treasury department, which monitors rolling forecasts of liquidity requirements to ensure it has cash at an amount greater than the cash outflows required to settle financial liabilities (except for "Trade payables") for the following 30 days.

The current cash flows of financial liabilities based on the approximate date of settlement of the related obligations are as follows:

	Parent company				
	2022	2023	2024	2025	Total
At March 31, 2021					
Borrowings (Note 14)	11,034	62,472	84,416	22,289	180,211
Lease (Note 15)	1,433	1,948	926	-	4,307
Trade payables (Note 16)	3,221	-	-	-	3,221
Real estate purchase obligations (Note 18)	1,551	250	-	-	1,801

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

	Consolidated				
	2022	2023	2024	2025	Total
At March 31, 2022					
Borrowings (Note 14)	50,393	107,450	87,902	22,289	268,034
Lease (Note 15)	1,825	2,071	926	926	4,822
Trade payables (Note 16)	51,367	-	-	-	51,367
Real estate purchase obligations (Note 18)	23,740	41,439	-	-	65,179
	Parent company				
	2022	2023	2024	2025	Total
At March 31, 2021					
Borrowings (Note 14)	11,243	55,975	84,368	28,485	180,071
Lease (Note 15)	1,905	1,948	926	-	4,779
Trade payables (Note 16)	6,012	-	-	-	6,012
Real estate purchase obligations (Note 18)	1,401	400	-	-	1,801
	Consolidated				
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 14)	60,797	90,014	88,354	28,485	267,650
Lease (Note 15)	2,362	1,948	926	-	5,236
Trade payables (Note 16)	44,402	-	-	-	44,402
Real estate purchase obligations (Note 18)	35,942	32,001	-	-	67,943

The Group has financial assets (essentially represented by cash, cash equivalents, and trade receivables for real estate developments) that are considered sufficient to meet the commitments associated with its operations.

(c) Market risk

The Group is mainly engaged in the development, construction and sale of real-estate ventures. In addition to the risks that generally affect the real estate market, such as supply chain disruptions and volatility in the price of construction materials and equipment, changes in the supply and demand for real estate developments in certain regions, strikes, and environmental and zoning regulations, the activities of the Group are specifically affected by the following risks.

(i) Interest rate and foreign exchange risk exposure

The Group analyzes its interest rate exposure on a dynamic basis, performing simulations of various scenarios that consider refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the Group computes the effects on profit or loss from a defined change in interest rates.

The Group has financial investments, investments in an exclusive fund, and borrowings from third parties, with earnings linked to the Interbank Deposit Certificate (CDI, and interest linked to the CDI rate, the Reference Rate (TR), and savings account.

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

The balances of financial investments are exposed to fluctuations in interest rates (particularly the CDI rate). At March 31, 2022, the Group's management carried out a sensitivity analysis for a 12-month scenario, as required by CVM Instruction 475 of December 17, 2008. This analysis does not necessarily reflect the Group's expectations.

Under guidance of Circular Official Letter/CVM 01/2021, the Group considered a fluctuation of 25% and 50% on the balances, taking into account a decrease in financial assets and an increase in financial liabilities:

Indicators	Index	Rate	03/31/2022	Parent company			Consolidated			
				Scenario I - Probable	Scenario II (25%)	Scenario III (50%)	12/31/2021	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	6.41%	7,131	457	343	229	203,221	13,026	9,770	6,513
Marketable securities	CDI	6,41%	10,766	690	518	345	58,872	3,774	2,831	1,887
Liabilities										
Borrowings for working capital (in Reais - R\$)	CDI	6,41%	50,659	3,247	2,435	1,624	50,659	3,247	2,435	1,624
Construction financing (in Reais - R\$)	CDI	6,41%	-	-	-	-	46,493	2,980	2,235	1,490
Debentures	CDI	6,41%	130,827	8,386	6,290	4,193	130,837	8,386	6,290	4,193

4.2 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the Group's capital structure, management can make, or may propose to the stockholders when their approval is required, adjustments to the dividend payment policy, return capital to stockholders, pay for new shares, or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which corresponds to net debt divided by total capitalization. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents and financial investments. Total capitalization is calculated as equity as shown in the balance sheet, plus net debt.

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Total borrowings (Note 14)	180,211	180,071	268,034	267,650
Less: Cash and cash equivalents (Note 6(a))	(4,809)	(31,765)	(248,992)	(243,926)
Less: Marketable securities (Note 6(b))	(10,766)	(7,785)	(58,872)	(56,415)
Net debt	164,636	140,521	(39,830)	(32,691)
Total equity	349,644	344,409	499,323	487,282
Total capitalization	514,280	484,930	459,493	454,591
Gearing ratio - %	32%	29%	-9%	-7%



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

4.3 Fair value estimation

The Group measures its financial assets and liabilities at fair value. Fair value is measured at market value based on the assumptions adopted by the market to measure an asset or a liability. To increase consistency and comparability, the fair value hierarchy prioritizes the inputs used in valuation techniques into three broad levels, as follows:

- **Level 1. Active market:** Quoted market price - A financial instrument is considered to be quoted in an active market if the quoted prices are readily and regularly made available from an exchange or organized over-the-counter market, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent regularly occurring market transactions on an arm's length basis.
- **Level 2. No active market:** Valuation techniques - if the market for a financial instrument is not active, fair value is established by using valuation/pricing techniques. These techniques may include reference to the fair value of another instrument that is substantially the same, discounted cash flows and option pricing models. The objective of the valuation technique is to establish what that fair value would be in an arm's length transaction motivated by normal business considerations.
- **Level 3. No active market:** Equity instruments - fair value of investments in equity instruments that do not have a quoted price in an active market, and derivatives that are linked to and must be settled by delivery of such an equity instrument.

Borrowings are recognized at amortized cost. The Group does not have financial assets measured at Level 1 and 3.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk or any other indication that was not identified in the period.

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

5 Financial instruments by nature

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6(a))	68	546	48,161	30,267
Highly liquid financial investments (Note 6 (a))	4,741	31,219	200,831	213,659
Marketable securities (Note 6(b))	10,766	7,785	58,872	56,415
Restricted financial investments (Note 6(c))	2,390	2,339	2,390	2,339
Trade receivables (Note 7)	26,870	28,513	460,556	446,927
Judicial deposits (Note 20)	79	86	1,205	1,189
Related parties (Note 10)	101,305	91,708	7,546	12,013
	<u>146,219</u>	<u>162,196</u>	<u>779,561</u>	<u>762,809</u>
Financial liabilities				
Measured at amortized cost				
Borrowings and debentures (Note 14)	180,211	180,071	268,034	267,650
Lease (Note 15)	4,307	4,779	4,822	5,236
Trade payables (Note 16)	3,221	6,012	51,367	44,402
Real estate purchase obligations (Note 18)	1,801	1,801	65,179	67,943
Related parties (Note 10)	14,276	15,568	5,080	4,268
	<u>203,816</u>	<u>208,231</u>	<u>394,482</u>	<u>389,499</u>

6 Cash and cash equivalents and financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Cash	26	26	43	43
Banks	42	520	48,118	30,224
Highly liquid financial investments	4,741	31,219	200,831	213,659
	<u>4,809</u>	<u>31,765</u>	<u>248,992</u>	<u>243,926</u>
Marketable securities (b)	10,465	7,785	58,143	56,415
	<u>10,465</u>	<u>7,785</u>	<u>58,143</u>	<u>56,415</u>

During the period ended March 31, 2022, interest income on financial investments were linked to bank deposits and other short-term highly liquid investments with immaterial risk of change in value, and ranged from 96% to 106% of the CDI rate (from 96% to 109% of the CDI rate at March 31, 2022).

The Company maintains the balance of cash, cash equivalents, and marketable securities for the strategic purpose of meeting short-term commitments and keeping an adequate liquidity level to seize investment opportunities.

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

(b) Marketable Securities

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Cash	988	703	5,405	5,255
Financial treasury bill	3,199	2,411	17,491	17,530
CDB	505	467	2,762	2,966
Debentures	1,257	1,012	6,875	7,411
Financial bills - private	4,817	3,192	26,339	23,253
	<u>10,766</u>	<u>7,785</u>	<u>58,872</u>	<u>56,415</u>

The Group's exclusive investment fund portfolio, earning interest at 112% p.a. of the CDI rate at March 31, 2022, is shown above.

(c) Restricted financial investments

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Restricted financial investments - non-current	2,390	2,339	2,390	2,339
	<u>2,390</u>	<u>2,339</u>	<u>2,390</u>	<u>2,339</u>

The Group's restricted financial investments in Bank Deposit Certificates (CDB) maturing in over one year have been pledged as collateral for financing the purchase of land. These investments earn 108% of the CDI rate (108% of the CDI rate at December 31, 2021) based on the nature and maturity of the instrument.

7 Trade receivables

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
<u>Trade receivables from real estate developments</u>				
Completed units	4,988	6,378	40,777	43,270
Units under construction	8,305	9,312	425,315	405,895
Administration services	13,577	12,824	15,543	15,138
	<u>26,870</u>	<u>28,514</u>	<u>481,635</u>	<u>464,303</u>
Provision for canceled sales	-	-	(3,133)	(1,470)
Provision for losses	-	-	(1,275)	(1,046)
Adjustments to present value	-	(1)	(16,671)	(14,860)
	<u>-</u>	<u>(1)</u>	<u>(21,079)</u>	<u>(17,376)</u>
	<u>26,870</u>	<u>28,513</u>	<u>460,556</u>	<u>446,927</u>
Current assets	21,349	26,661	185,286	201,174
Non-current assets	5,521	1,852	275,270	245,753

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

Receivables from the sale of units under construction is recognized by reference to the stage of completion of the works, net of already received installment.

Trade receivables from real estate sales are adjusted based on the National Civil Construction Index (INCC) up to the delivery of the units sold. After that, these amounts are restated based on the General Market Price Index (IGP-M) or Amplified Consumer Price Index (IPCA) and bear an average interest rate of 6% to 12% p.a.

Administration services refer to the administration fee and remuneration for the management and control of the works with other partners.

Maturity of trade receivables from real estate developments

The balance of the Group's trade receivables is presented below, not including the book balance of developments in progress, which are recorded based on the POC method.

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Falling due in up to 1 year	24,143	25,790	351,024	408,462
Falling due from 1 to 2 years	760	756	395,027	326,937
Falling due from 2 to 3 years	760	756	159,917	172,679
Falling due from 3 to 4 years	127	315	182,651	127,183
Falling due in more than 4 years	-	-	4,032	41,662
	25,790	27,617	1,092,651	1,076,923
Overdue for up to 1 year	1,059	874	19,931	14,182
Overdue from 1 to 2 years	-	-	1,326	1,164
Overdue from 2 to 3 years	-	-	824	765
Overdue from 3 to 4 years	-	-	470	371
Overdue for more than 4 years	-	-	64	34
	1,059	874	22,615	16,516
	26,849	28,491	1,115,266	1,093,439
Trade receivables - accounting	26,870	28,513	460,556	446,927
Deferred revenue (Note 29)	10	7	914,777	909,278
Advances from customers (Note 19)	(31)	(30)	(281,146)	(280,142)
Present value adjustment	-	1	16,671	14,860
Provision for canceled sales	-	-	3,133	1,470
Provision for losses	-	-	1,275	1,046
	26,849	28,491	1,115,266	1,093,439

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

8 Properties for sale

This includes apartment units for sale, completed and under construction, and land for future developments. The land related to a venture is transferred to "Properties under construction" when the sales of the units are initiated.

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Inventories of land	16,453	17,399	144,432	144,598
Units under construction	3,148	4,104	270,158	273,874
Completed units	6	6	7,374	7,792
Provision for canceled sales	-	-	1,918	747
	<u>19,607</u>	<u>21,509</u>	<u>423,882</u>	<u>427,011</u>
Current assets	4,858	9,005	356,789	402,608
Non-current assets	14,749	12,504	67,093	24,403

Capitalized interest

Interest paid on financing of production is accounted for as properties under construction, and charged to profit or loss when the property is sold. The rate used for interest capitalization is specific for each real estate development, ranging from 8.30% to 11.25% p.a. (from 8.3% to 11.25% p.a. at December 31, 2021).

At March 31, 2022, interest capitalized within real estate inventories totaled R\$ 1,442 and R\$ 119 in Consolidated and in the Parent company, respectively (R\$ 1,336 and R\$ 161, respectively, at December 31, 2021).

9 Prepaid expenses

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Insurance	16	25	3,429	2,979
Commissions and brokerage	-	-	15,531	14,686
Sales promotions	-	-	49	49
Wave Project	3,982	3,982	3,983	3,982
Software maintenance	228	316	229	315
	<u>4,226</u>	<u>4,323</u>	<u>23,221</u>	<u>22,011</u>

Prepaid expenses are recognized in the statement of income on an accrual basis or allocated to the relevant accounts according to the nature of the expenses and expectation of future economic benefits.

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

10 Related parties

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
(a) Receivables from real estate developments	101,305	91,708	7,546	12,013
Construtora Novolar	52,277	25	-	-
Bernardo Vasconcelos	736	-	-	-
Jardinaves	3,593	-	11	30
Jota Patrimar Engefor	792	-	-	-
Mia Felicita	597	3	-	-
MRV Patrimar Galleria	1,957	-	3	3
Park Residences	246	280	-	-
Gasparini	-	177	-	-
Alta Vila	-	-	15	56
Jardinaves II	2,211	162	163	-
Rio de Janeiro Lourdes	1,715	88	9	35
Golf I	12,920	5,294	-	-
Golf II	5,634	-	-	-
MRV MRL Novolar I	-	-	1,721	1,651
Patrimar Engefor	323	2	-	-
Reality	-	-	724	671
Epic	1,585	-	1,585	1,586
Americas	4,129	10,308	-	1
Avenida de Ligação	553	-	553	1,004
Vale Dos Cristais	1,321	396	-	-
Riviera Do Sol	-	-	724	707
Residencial Inovatto	201	-	14	14
York I	132	-	67	9
Barbacena	104	297	103	4,354
Rua Campo	3,415	-	-	-
Priorato Residences	177	-	10	10
MRV MRL Novolar X	-	1,003	267	254
MRV MRL Novolar V	-	1	186	172
Paçuaire	-	-	189	188
Rj 04 Oliveiras/Palmeiras	129	-	129	115
Avenida de Ligação 2	418	-	-	-
Avenida de Ligação 3	1,276	-	-	-
Colina Engefor	220	48,271	-	-
Axis Empreendimentos	43	4,354	30	30
Moinho	-	3,668	-	-
Masb	-	1,713	-	-
Jardim das Mangabeiras	-	3,349	2	3
Minas Brisa	-	1,585	-	-
Madison	560	1,772	-	-
Other developments	4,041	8,960	1,041	1,120
	101,305	91,708	7,546	12,013

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
(a) Payables for real estate developments	14,276	15,668	5,080	4,268
Alta Vila	3,376	3,391	-	-
Holiday Inn	2,198	2,210	-	-
Jardim Das Mangabeiras	552	1,390	671	-
Manhattan Square	4,655	4,805	-	-
Mrv Engenharia E Participações	-	-	-	1,493
Camargos	447	703	-	-
Belmart	-	4	32	117
Part. Masb	-	-	-	134
Quintas do Morro	1,575	1,623	-	-
Gasparini	59	59	-	-
Recreio dos Bandeirantes	662	1,099	-	-
Engefor Engenharia e Construções	-	-	-	597
Rhadan Consultoria	-	-	-	112
Alamo Patrimar	-	-	1,101	-
Novolar Greenport	-	-	1,675	-
Other developments	752	284	1,601	1,815
	14,276	15,568	5,080	4,268
(b) Related-party transactions with effects on profit or loss	(542)	(1,580)	25,972	24,026
Sales of apartments (i)	-	-	25,031	24,674
Indexation accruals of sales made (i)	-	-	1,483	1,350
Lease of the headquarters' building and Central Warehouse (ii)	(542)	(1,580)	(542)	(1,998)
Deferred revenue (i)	-	-	5,937	5,865

(a) Receivables from and payables for developments

These refer to:

- (i) Contributions in a proportion different from that of the interest held by partners in the related SCPs and SPEs, which will be offset and capitalized upon a supplementary contribution to adjust the partners' interests.
- (ii) Routine transactions carried out between the Parent company and SCPs and SPEs, mainly characterized by the payment of expenses that are either reimbursed or repaid later. Receivables from and payables for developments, referring exclusively to the development of the projects, are interest-free, and mature by the completion of the project.
- (iii) Allocation of common expenses among group companies, performed monthly with objective criteria and based on expenses incurred.



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

(b) Receivables and related-party transactions with effects on profit or loss

(i) Sale of apartments

In June 2020, an apartment in the Apogée building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to Construtora Real for R\$ 14,500 (R\$ 15,737 - updated at March 31, 2022). The revenue recognized based on the POC method up to March 31, 2022, amounted to R\$ 15,737, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In September 2020, an apartment unit in SPE High Line Empreendimentos Imobiliários was sold to Ronaldo Rabelo Leitão for R\$ 405 (R\$ 483 - updated at March 31, 2022). The POC revenue at March 31, 2022 amounted to R\$ 365, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In May 2021, an apartment unit in the Unique building, SPE Jardinaves Empreendimentos Imobiliários, was sold to Patrícia Veiga for R\$ 4,368 (R\$ 4,628 - updated at March 31, 2022). The revenue recognized based on the POC method up to March 31, 2022, amounted to R\$ 1,443, with the proportional monetary adjustment recognized in trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In October 2021, an apartment in the L'Essence building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to a partner of the partner company for R\$ 7,535 (R\$ 7,653 - updated at March 31, 2022). The revenue recognized based on the POC method up to March 31, 2022 amounted to R\$ 7,653, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In November 2021, an apartment unit in SPE Golf 2 Empreendimentos Imobiliários was sold to Construtora Real for R\$ 3,951 (R\$ 3,951 - updated at March 31, 2022). The POC revenue at March 31, 2022 amounted to R\$ 1,387, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

(ii) Lease of the headquarters' building and Central Warehouse

Payment to Construtora Real related to the lease of the building where the headquarters and the central warehouse are located. Construtora Real is controlled by the same stockholders of the Company. The entire transaction was carried out at market value, using lease transactions of an equivalent nature.

Management's assessment of lease contracts for the adoption of CPC 06 (R2)/IFRS 16 identified that the contract met the requirements of the standard and, therefore, the net debt amount was recorded, discounted at the Company's incremental borrowing rate, within right-of-use assets with a corresponding entry to lease liabilities.



Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

11 Investments and provision for investee's net capital deficiency

The Group's investments in companies that recorded investees' net capital deficiency are recognized in liabilities within the "Provision for investees' net capital deficiency" account.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/2022</u>	<u>12/31/2021</u>	<u>3/31/2022</u>	<u>12/31/2021</u>
Investments	370,574	349,432	29,641	27,697
Provision for investees' net capital deficiency	(5,352)	(4,477)	(4,707)	(4,793)
	<u>365,222</u>	<u>344,955</u>	<u>24,934</u>	<u>22,904</u>

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

(a) Balances of investments of the parent company at March 31, 2022:

	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency
Companies	2022	2022	2022	2022	2022	2021	2021
Subsidiaries							
Construtora Novolar	100%	11,139	159,379	11,139	159,433	100%	148,294
SPE Álamo Patrimar	98%	-	-	-	-	98%	-
SPE Patrimar Engefor Imóveis Ltda,	50%	(28)	(668)	(14)	(334)	50%	(320)
SPE Maura Valadares	50%	(20)	(40)	(10)	(20)	50%	(10)
SPE Engefor Patrimar V.S, Emp, Imob Ltda,	50%	(4)	(388)	(2)	(194)	50%	(192)
SCP Professor Danilo Ambrósio	95%	(4)	(25)	(4)	(23)	95%	(20)
SCP Jornalista Oswaldo Nobre	90%	(1)	(214)	(1)	(193)	90%	(192)
SCP Gioia dell Colle	90%	(3)	(40)	(3)	(36)	90%	(33)
SCP Manhattan Square	90%	(140)	5,750	(126)	5,175	90%	5,301
SCP Priorato Residences	90%	48	1,504	43	1,355	90%	1,311
SCP Holiday Inn	80%	545	19,963	436	15,970	80%	15,534
SCP Mayfair Offices	90%	-	151	-	136	90%	136
SCP Quintas do Morro	69%	1,093	2,955	752	2,032	69%	2,166
SCP Neuchatel	90%	-	429	-	386	90%	386
SPE MRV Galleria	50%	(352)	(2,893)	(176)	(1,446)	50%	(1,270)
SPE Jardinaves	50%	1,035	11,360	517	5,680	50%	5,163
SPE Jota Patrimar Engefor	50%	(7)	(1,288)	(3)	(644)	50%	(641)
SPE Colina Engefor Patrimar E, Imob Ltda,	50%	(24)	(158)	(12)	(79)	50%	(67)
SPE Patrimar Somattos Jardim das Mangabeiras	50%	(11,218)	84,377	(5,609)	42,188	50%	47,797
Antônio de Alb, SPE Ltda, (EPIC)	50%	4,504	43,631	2,264	21,822	50%	19,557
SPE DUO - Alameda do Morro	40%	7,236	77,420	2,894	30,968	40%	28,074
SPE Vale dos Cristais	50%	-	419	-	210	50%	210
SPE High Line	100%	6,684	32,996	6,684	32,996	100%	26,312
SPE 2300 Rio de Janeiro	50%	3,123	19,042	1,561	9,521	50%	7,960
SPE Le Terrace	43%	-	(16)	-	(7)	43%	(6)
SPE Golf I	100%	(542)	(1,440)	(542)	(1,440)	100%	(898)
SPE Golf II	100%	1,696	12,811	1,696	12,811	100%	11,114
SPE Das Americas 1	100%	-	(189)	-	(189)	100%	(189)
Vila Castela (Madson Square)	100%	-	-	-	-	100%	-
SPE Jardinaves II	50%	(48)	7,304	(24)	3,652	50%	3,676
Rua do Campo	100%	(114)	(362)	(114)	(362)	100%	(248)
SPE Avenida de Ligação 2	100%	(1)	(1)	(1)	(1)	100%	-
SPE Rio 2 Ltda	100%	(1)	(1)	(1)	(1)	100%	-
		24,596	471,768	21,344	339,366		318,905
Jointly-controlled investees							
Alba	9%	279	25,303	25	2,197	9%	2,314
SCP RJ 04	50%	60	570	30	285	50%	255
SPE Mirante do Ibituruna Ltda,	34%	-	8,015	-	2,705	34%	2,705
SCP Portal do Bosque	50%	-	143	1	72	50%	72
SCP Park Ritz	48%	7	909	3	436	48%	433
SCP Recanto das Águas	51%	(35)	104	(18)	53	51%	70
SCP MRV Belo Campo	50%	(21)	32	(15)	16	50%	31
SCP MRV Rec, Pássaros (Rouxinol)	40%	(136)	652	(98)	198	40%	230
SCP MRV Res, Beija Flor	40%	(14)	301	(12)	115	40%	110
SPE Padre Marinho	50%	(7)	5,125	(48)	2,133	50%	2,880
SCP Rívoli 1 e 2	40%	(4)	293	4	117	40%	95
SPE Acaba Mundo E, Imob Ltda,	50%	-	1,631	-	814	50%	814
SPE MRV Patrimar RJ IX Ltda, (Andorinhas) 1 e 2	40%	(1)	410	2	164	40%	155
SPE Barbacena Empr Imob, S.A,	50%	(156)	16,863	(78)	8,534	50%	8,612
SPE Patrimar Somattos Gasparini Ltda,	50%	110	12,233	54	6,161	50%	6,107
SPE Direcional Patrimar Maragogi	45%	(66)	544	(36)	176	45%	(13)
SPE Avenida de Ligação	50%	(17)	2,299	(201)	1,148	50%	624
SPE Somattos Patrimar quadra 40	50%	(8)	492	(3)	240	50%	243
		(9)	75,919	(390)	25,564		25,737
	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

Companies	2022	2022	2022	2022	2022	2021	2021
Associates							
SCP Safira (Decaminada 10)	24%	(2)	(1,040)	1	(250)	24%	(249)
SCP João XXIII	24%	(19)	(30)	(5)	(7)	24%	(3)
SCP Palo Alto	10%	(73)	2,892	(7)	289	10%	296
SCP Park Residences	10%	(11)	1,795	(1)	179	10%	181
SPE Novo Lar Greenport	20%	(2)	(630)	-	(126)	20%	(126)
SPE Axis 1 Porto Fino	10%	90	2,072	9	207	10%	214
Other investments	100%	-	-	(283)	-	100%	-
		(17)	5,059	(286)	292		313
		24,570	552,746	20,668	365,222		344,955

(b) Changes in balances at December 31, 2021 and March 31, 2022 were as follows:

Companies	At December 31, 2021	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At March 31, 2022
Construtora Novolar	148,294	-	-	11,139	-	-	159,433
SPE Patrimar Engefor Imóveis Ltda,	(320)	-	-	(14)	-	-	(334)
SPE Maura Valadares	(10)	-	-	(10)	-	-	(20)
SPE Engefor Patrimar V.S, Emp, Imob Ltda,	(192)	-	-	(2)	-	-	(194)
SCP Professor Danilo Ambrósio	(20)	-	-	(4)	-	-	(24)
SCP Jornalista Oswaldo Nobre	(192)	-	-	(1)	-	-	(193)
SCP Gioia dell Colle	(33)	-	-	(3)	-	-	(36)
SCP Manhattan Square	5,301	-	-	(126)	-	-	5,175
SCP Priorato Residences	1,311	1	-	43	-	-	1,355
SCP Holiday Inn	15,534	-	-	436	-	-	15,970
SCP Mayfair Offices	136	-	-	-	-	-	136
SCP Quintas do Morro	2,169	-	(886)	752	-	-	2,035
SCP Neuchatel	386	-	-	-	-	-	386
SPE MRV Galleria	(1,271)	-	-	(176)	-	-	(1,447)
SPE Jardinaves	5,163	-	-	517	-	-	5,680
SPE Jota Patrimar Engefor	(642)	-	-	(3)	-	-	(645)
SPE Colina Engefor Patrimar E, Imob Ltda,	(66)	-	-	(12)	-	-	(78)
SPE Patrimar Somattos Jardim das Mangabeiras	47,797	-	-	(5,609)	-	-	42,188
Antônio de Alb, SPE Ltda, (EPIC)	19,557	-	-	2,264	-	-	21,821
SPE DUO - Alameda do Morro	28,073	-	-	2,894	-	-	30,967
SPE Vale dos Cristais	209	-	-	-	-	-	209
SPE High Line	26,312	-	-	6,401	283	-	32,996
SPE 2300 Rio de Janeiro	7,960	-	-	1,561	-	-	9,521
SPE Le Terrace	(6)	-	-	-	-	-	(6)
SPE Golf I	(898)	-	-	(542)	-	-	(1,440)
SPE Golf II	11,114	-	-	1,696	-	-	12,810
SPE Das Americas 1	(189)	-	-	-	-	-	(189)
SPE Jardinaves II	3,676	-	-	(24)	-	-	3,652
SPE Rua do Campo	(248)	-	-	(114)	-	-	(362)
SPE Avenida de Ligação 2	-	-	-	(1)	-	-	(1)
SPE Rio 2	-	-	-	(1)	-	-	(1)
	318,905	1	(886)	21,061	283	-	339,364

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

Companies	At December 31, 2021	Contributi ons	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At March 31, 2022
Jointly-controlled investees							
ALBA	2,314	-	(129)	25	-	(13)	2,197
SCP RJ 04	255	-	-	30	-	-	285
SPE Mirante do Ibituruna Ltda,	2,704	-	-	-	-	-	2,704
SCP Portal do Bosque	73	-	-	1	-	-	74
SCP Park Ritz	433	-	-	3	-	-	436
SCP Recanto das Águas	71	-	-	(18)	-	-	53
SCP MRV Belo Campo	30	-	-	(15)	-	-	15
SCP MRV Rec, Pássaros (Rouxinol)	230	66	-	(98)	-	-	198
SCP MRV Res, Beija Flor	110	17	-	(12)	-	-	115
SPE Padre Marinho	2,880	-	(700)	(48)	-	-	2,132
SCP Rívoli 1 e 2	95	25	-	4	-	-	124
SPE Acaba Mundo E, Imob Ltda,	814	-	-	-	-	-	814
SPE MRV Patrimar RJ Ix Ltda, (Andorinhas) 1 e 2	155	1	-	2	-	-	158
SPE Barbacena Empr Imobiliários S/A	8,612	4,250	(4,250)	(78)	-	-	8,534
SPE Patrimar Somattos Gasparini Ltda,	6,107	-	-	54	-	-	6,161
SPE Direcional Patrimar Maragogi Ltda,	(13)	225	-	(36)	-	-	176
SPE Avenida de Ligação	624	725	-	(201)	-	-	1,148
SPE Somattos Patrimar Quadra 40	243	-	-	(3)	-	-	240
	25,737	5,309	(5,079)	(390)	-	(13)	25,564
Subsidiaries / associates							
SCP Safira (Decaminada 10)	(249)	-	-	1	-	-	(248)
SCP João XXIII	(3)	-	-	(5)	-	-	(8)
SCP Palo Alto	297	-	-	(7)	-	-	290
SCP Park Residences	181	-	-	(1)	-	-	180
SPE Novo Lar Greenport	(126)	-	-	-	-	-	(126)
SPE Axis 1 Porto Fino	213	-	(16)	9	-	-	206
	313	-	(16)	(3)	-	-	294
	344,955	5,310	(5,981)	20,668	283	(13)	365,222

(c) Balances of investments in Consolidated (unconsolidated companies) at March 31, 2022:

Companies	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
	2022	2021	2022	2022	2022	2022
Alba	9%	9%	279	25,303	23	2,197
SCP Manchete	40%	40%	(280)	2,516	(115)	996
SCP MRV Belo Campo	50%	50%	(21)	32	(15)	16
SCP MRV Rec, Pássaros (Rouxinol)	40%	40%	(136)	652	(98)	198
SCP MRV Res, Beija Flor	40%	40%	(14)	301	(12)	115
SCP Pacuare	50%	50%	(13)	(597)	(6)	(299)
SCP Park Ritz	48%	48%	7	909	(3)	436
SCP Park Rossete	51%	51%	73	2,221	37	1,133
SCP Parque Araras	50%	50%	18	25	8	12
SCP Parque Bem Te Vi	50%	50%	(17)	101	(9)	50
SCP Parque Gaivotas	50%	50%	(19)	8	(12)	(1)
SCP Parque Sabia	50%	50%	(6)	75	(3)	36
SCP Portal do Bosque	50%	50%	-	143	-	72
SCP Reality e Renovare	51%	51%	249	(1,696)	127	(865)
SCP Recanto das Águas	51%	51%	(35)	104	(18)	53
SCP Recanto do Tingui	35%	35%	(89)	(418)	(31)	(146)
SCP Riviera da Costa e Sol	48%	48%	(19)	(1,328)	(9)	(637)
SCP Rívoli 1 e 2	40%	40%	(4)	293	16	117
SCP RJ 04	50%	50%	60	570	30	285
SPE Acaba Mundo Emp, Imob Ltda,	50%	50%	-	1,631	-	814
SCP Andorinhas	40%	40%	(1)	410	4	164
SPE Barbacena Empr Imobiliários S,A,	50%	50%	(156)	16,863	(78)	8,534
SPE Direcional Patrimar Maragogi Ltda,	50%	50%	(66)	544	(36)	176
SPE Mirante do Ibituruna Ltda,	34%	34%	-	8,015	-	2,705
SPE Padre Marinho	50%	50%	(7)	5,125	(48)	2,133
SPE Park Riversul	35%	35%	(25)	(62)	(30)	(22)
SPE Patrimar Somattos Gasparini Ltda,	50%	50%	110	12,233	54	6,161

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
Companies	2022	2021	2022	2022	2022	2022
SPE Recreio Bandeirantes	35%	35%	(26)	(1,158)	(10)	(407)
SPE Recreio Gaveas	35%	35%	(167)	5,126	(62)	1,790
SPE Recreio Pontal	35%	35%	(281)	(6,656)	(103)	(2,330)
SPE Avenida de Ligação	50%	50%	(17)	2,299	(201)	1,148
SPE Somattos Patrimar Quadra 40	50%	50%	(8)	492	3	240
Outros			-	-	-	60
			(611)	74,076	(597)	24,934

- (d) At March 31, 2022, the balances of asset and liability accounts, net revenue and profit of unconsolidated entities were as follows:

	Current assets	Non- current assets	Current liabilities	Non-current liabilities	Equity	Profit (Loss)	Net revenue
Companies	2022	2022	2022	2022	2022	2022	2022
Alba	26,763	-	1,460	-	25,303	279	282
SCP Manchete	681	2,466	88	543	2,516	(280)	9
SCP MRV Belo Campo	114	62	60	84	32	(21)	-
SCP MRV Rec, Pássaros (Rouxinol)	561	330	14	225	652	(136)	1
SCP MRV Res, Beija Flor	396	103	159	39	301	(14)	2
SCP Pacuare	24	(365)	7	249	(597)	(13)	-
SCP Park Ritz	1,107	(14)	88	96	909	7	-
SCP Park Rossete	2,439	(29)	167	22	2,221	73	(6)
SCP Parque Araras	111	6	21	71	25	18	3
SCP Parque Bem Te Vi	172	1	(14)	86	101	(17)	3
SCP Parque Gaivotas	102	9	41	62	8	(19)	3
SCP Parque Sabia	79	3	7	-	75	(6)	2
SCP Portal do Bosque	15	129	1	-	143	-	-
SCP Reality e Renovare	161	(1,288)	55	514	(1,696)	249	25
SCP Recanto das Águas	101	11	4	4	104	(35)	-
SCP Recanto do Tingui	(183)	(100)	(69)	204	(418)	(89)	(48)
SCP Riviera da Costa e Sol	435	(1,395)	14	354	(1,328)	(19)	(12)
SCP Rívoli 1 e 2	213	197	80	37	293	(4)	-
SCP RJ 04	782	(121)	58	33	570	60	13
SPE Acaba Mundo Emp, Imob Ltda,	1,631	-	-	-	1,631	-	-
SCP Andorinhas	182	291	33	30	410	(1)	2
SPE Barbacena Empr Imobiliários S.A,	18,586	65	1,549	239	16,863	(156)	3,852
SPE Direcional Patrimar Maragogi Ltda,	564	-	31	(11)	544	(66)	-
SCP Mirante do Ibituruna Ltda,	8,022	(5)	2	-	8,015	-	-
SPE Padre Marinho	6,174	-	1,049	-	5125	(7)	-
SPE Park Riversul	62	63	42	145	(62)	(25)	-
SPE Patrimar Somattos Gasparini Ltda,	12,630	18	414	1	12,233	110	197
SPE Recreio Bandeirantes	113	67	1,294	44	(1,158)	(26)	-
SPE Recreio Gaveas	1,415	214	(3,633)	136	5,126	(167)	68
SPE Recreio Pontal	411	165	6,278	954	(6,656)	(281)	101
SPE Avenida de Ligação	2,306	20	27	-	2,299	(17)	2
SPE Somattos Patrimar Quadra 40	493	-	1	-	492	(8)	13
	86,662	903	9,328	4,161	74,076	(611)	4,512

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

12 Property and equipment

Property and equipment items are depreciated as below:

	Annual depreciation rate
Sales stands and model apartments (i)	-
Leasehold improvements	20,00%
Machinery and equipment	10,00%
Vehicles	20,00%
Furniture and fittings	10,00%
IT equipment	20,00%

(i) Sales stands depreciated per estimated flow of sales of each project or written off in case of phase-out,

The balances of property and equipment at March 31, 2022 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 3/31/2022	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 3/31/2022
Cost										
Leasehold improvements	8,027	-	-	-	8,027	8,027	-	-	-	8,027
Machinery and equipment	10,153	-	-	-	10,153	12,003	-	-	-	12,003
Vehicles	1,068	1	-	-	1,069	1,068	1	-	-	1,069
Furniture and fittings	2,257	277	-	-	2,534	2,257	277	-	-	2,534
Sales stands and model apartments	496	-	(496)	-	-	11,960	6	(605)	312	11,673
IT equipment	1,469	196	(6)	-	1,659	1,498	197	(6)	-	1,689
Construction in progress	2,116	158	(3)	-	2,271	11,524	4,043	-	(312)	15,255
Total cost	25,586	632	(505)	-	25,713	48,337	4,524	(611)	-	52,250
Depreciation										
Leasehold improvements	(5,100)	(339)	-	-	(5,439)	(5,096)	(344)	-	-	(5,440)
Machinery and equipment	(3,177)	(72)	-	-	(3,249)	(3,761)	(168)	-	-	(3,929)
Vehicles	(704)	(41)	-	-	(745)	(704)	(41)	-	-	(745)
Furniture and fittings	(807)	(67)	-	-	(874)	(807)	(66)	-	-	(873)
Sales stands and model apartments	(81)	(18)	99	-	-	(1,612)	(1,379)	121	-	(2,870)
IT equipment	(255)	(75)	-	-	(330)	(270)	(77)	1	-	(346)
Total depreciation	(10,124)	(612)	99	-	(10,637)	(12,250)	(2,075)	122	-	(14,203)
Total property and equipment, net	15,462	20	(406)	-	15,076	36,087	2,449	(489)	-	38,047

Patrimar Engenharia S.A.

Notes to the quarterly information at March 31, 2022

All amounts in thousands of reais unless otherwise stated

Reconciliation of depreciation and amortization for the purpose of preparing the statement of cash flows and the statement of income (including intangible assets and lease right-of-use):

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Property and equipment (Note 12)	(612)	(2,308)	(2,075)	(4,474)
Amortization of intangible assets (Note 13)	(679)	(2,701)	(711)	(2,829)
Depreciation of right-of-use assets	(470)	(1,818)	(582)	(2,647)
Closing balance	(1,761)	(6,827)	(3,368)	(9,950)

13 Intangible assets

The balances of intangible assets at March 31, 2022 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 3/31/2022	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 3/31/2022
Cost										
Computer software license	13,364	-	-	-	13,364	14,008	-	-	-	14,008
Total cost	13,364	-	-	-	13,364	14,008	-	-	-	14,008
Amortization										
Computer software license	(5,870)	(679)	-	-	(6,549)	(6,212)	(711)	-	-	(6,923)
Total amortization	(5,870)	(679)	-	-	(6,549)	(6,212)	(711)	-	-	(6,923)
Total intangible assets, net	7,494	(679)	-	-	6,815	7,796	(711)	-	-	7,085

Computer software license is amortized at the rate of 20% p.a,



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

14 Borrowings and debentures

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Construction financing (c(i))	-	-	87,823	87,579
Borrowings for working capital (in Reais - R\$) (c(ii))	50,659	50,608	50,659	50,608
Debentures (c(iii))	130,827	130,837	130,827	130,837
Unamortized cost of debentures	(1,275)	(1,374)	(1,275)	(1,374)
	180,211	180,071	268,034	267,650
Current liabilities	16,378	11,243	61,684	60,797
Non-current liabilities	163,833	168,828	206,350	206,853

(a) Covenants

The Company has a working capital contract, which includes covenants that are tested on a quarterly basis and is committed to keep the net working debt below R\$ 30 million until the full settlement of the contracted obligations, The commitments undertaken by the Company are being fulfilled as agreed,

(b) Changes

Changes in borrowings in the period was as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	180,070	82,660	267,650	133,886
Releases	-	133,982	13,507	260,709
Provision for interest payable	5,694	12,789	8,157	18,343
Repayments - interest	-	(1,034)	(2,373)	(6,008)
Repayments - principal	(5,653)	(46,963)	(19,007)	(137,917)
Funding costs	100	(1,363)	100	(1,363)
Closing balance	180,211	180,071	268,034	267,650

(c) Types

- (i) **Construction financing:** This type of borrowing is designed to fund projects during the construction period, The applicable interest rates range from 3,5% to 13,23 % p.a., depending on the operation, plus the Reference Rate (TR), CDI rate or savings rate (8,3% and 11,25% in December 2021), These financing arrangements are secured by real estate development/ideal fraction of future units to which it is related,



Notes to the financial statements at March 31, 2022

All amounts in thousands of reais unless otherwise stated

(ii) **Working capital:** This type of borrowing is designed to finance the Group's working capital requirements. The average interest rate applicable to this type of borrowing is the CDI rate + 3,75% p.a. This borrowing is not backed by collateral.

(iii) **Debentures:** On March 18, 2021, the Company's Board of Directors approved the first placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R\$ 100 million, which were fully subscribed by ISEC Securitizadora S.A. ("ISEC") to back the 239th series of the 4th issue of Certificates of Real Estate Receivables (CRIs), to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009. The first tranche of R\$ 50 million was closed on March 31, 2021, and the second, of R\$ 30,1 million, on May 11, 2021, totaling R\$ 80,1 million raised by the first issue of debentures. The remuneration will be 100% of the DI rate exponentially increased by a surcharge of 2,99%, maturing on March 26, 2025.

On May 24, 2021, the Company's Board of Directors approved the 2nd placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R\$ 50 million, to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009. On May 31, 2021, the total of R\$ 50 million was raised. The remuneration will be 100% of the DI rate exponentially increased by a surcharge of 2,39%, maturing in four years from the issue date.

(d) Maturities

Amounts related to construction financing, recorded in current and non-current liabilities, mature as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
2022	-	-	39,359	49,554
2023	-	-	44,978	34,039
2024	-	-	3,486	3,986
2025	-	-	-	-
	-	-	87,823	87,579

Amounts related to working capital, recorded in current and non-current liabilities, mature as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
2022	10,494	10,608	10,494	10,608
2023	20,165	20,000	20,165	20,000
2024	20,000	20,000	20,000	20,000
2025	-	-	-	-
	50,659	50,608	50,659	50,608



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

Amounts related to debentures, recorded in current and non-current liabilities, mature as follows:

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
2022	540	635	540	635
2023	42,307	35,975	42,307	35,975
2024	64,416	64,368	64,416	64,368
2025	22,289	28,485	22,289	28,485
	<u>129,552</u>	<u>129,463</u>	<u>129,552</u>	<u>129,463</u>

15 Leases

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Leases	4,307	4,779	4,822	5,236
	<u>4,307</u>	<u>4,779</u>	<u>4,822</u>	<u>5,236</u>
Current liabilities	1,916	1,905	2,361	2,362
Non-current liabilities	2,391	2,874	2,461	2,874

Changes in leases were as follows:

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Opening balance	4,779	1,715	5,236	3,869
Leases	-	4,823	281	5,566
Termination of lease contract	-	-	(105)	(1,577)
Repayments - lease - principal	(472)	(1,759)	(590)	(2,622)
Repayments - lease - interest	(26)	(141)	(27)	(207)
Financial charges - lease	26	141	27	207
Closing balance	<u>4,307</u>	<u>4,779</u>	<u>4,822</u>	<u>5,236</u>

Amounts recorded in current and non-current liabilities by maturity period are as follows:

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
2022	1,433	1,905	1,825	2,362
2023	1,948	1,948	2,071	1,948
2024	926	926	926	926
2025	-	-	-	-
	<u>4,307</u>	<u>4,779</u>	<u>4,822</u>	<u>5,236</u>



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

Leases:

Rental agreement related to administrative facilities (warehouse, headquarters, offices), with a remaining term of 26 to 30 months, discounted to present value at the rate of 2,31% p.a,

Rental agreement related to housing facilities for engineers, with a remaining term of one month, discounted to present value at the rate of 2,31% p.a,

Rental agreement related to commercial spaces (stores and sales stand), with a remaining term of nine months, discounted to present value at the rate of 2,31% p.a,

Lease agreement related to heavy equipment, with a remaining term of 1 to 12 months, discounted to present value at the rate of 2,31% p.a,

16 Trade payables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/2022</u>	<u>12/31/2021</u>	<u>3/31/2022</u>	<u>12/31/2021</u>
Trade payables	2,672	5,477	43,980	37,775
Technical retentions	549	535	7,387	6,627
	<u>3,221</u>	<u>6,012</u>	<u>51,367</u>	<u>44,402</u>

The balance of trade payables represents commitments assumed by the Group for acquisition of the inputs required to perform the services contracted, or purchase of equipment with own funds,

Technical retentions correspond to a contractual agreement, which has the purpose of ensuring compliance with the construction contracts, Accordingly, a specific contractual percentage is withheld from the amounts payable to the contractor to cover any non-compliance with the contract provisions, At the end of the contract, once all requirements are met, the amount is refunded to the service provider,

17 Tax liabilities

The income tax, social contribution on net income, and PIS and COFINS are calculated on a cash basis, The balances of taxes payable are estimated on the accrual basis of accounting and are recorded as deferred taxes, as shown below, Balances of taxes payable according to the prevailing tax system:



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Taxes payable				
Special Taxation Regime (RET)	76	7	2,181	138
National Institute for Social Security (INSS)	49	60	2,405	2,502
Services Tax (ISS)	153	168	643	925
Social Integration Program (PIS)	-	-	-	13
Other taxes withheld	410	448	567	363
	688	683	5,796	3,941
Deferred taxes				
Special Taxation Regime (RET)	465	606	20,624	20,975
Social Contribution on Revenues (COFINS)	265	321	645	668
Social Contribution on Net Income (CSLL)	-	-	525	399
Social Integration Program (PIS)	56	-	277	214
	786	927	22,071	22,256
	1,474	1,610	27,867	26,197

18 Real estate purchase obligations

Include amounts to be settled in cash related to the acquisition of land used in real estate developments,

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Land developed	800	400	43,823	44,609
Land not developed	1,001	1,401	21,356	23,334
	1,801	1,801	65,179	67,943
Current liabilities	1,551	1,401	23,740	35,942
Non-current liabilities	250	400	41,439	32,001



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

19 Advances from customers

Relate to sales of real estate units and the commitment to deliver completed units arising from the acquisition of land for real estate development through a barter arrangement,

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Advances from customers and barter transactions for construction in progress	31	30	281,146	280,142
Advances related to customized units	-	-	48,320	47,435
Barter transactions for land - developments not launched	44	966	40,897	45,590
	<u>75</u>	<u>996</u>	<u>370,363</u>	<u>373,167</u>
Current liabilities	75	996	370,363	373,167
Non-current liabilities	-	-	-	-

20 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Civil	121	115	2,384	3,924
Tax	1,427	1,427	1,466	1,453
Labor	23	-	675	1,249
	<u>1,571</u>	<u>1,542</u>	<u>4,525</u>	<u>6,626</u>

Judicial deposits

	Parent company		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Civil	-	-	869	869
Labor	79	86	336	320
	<u>79</u>	<u>86</u>	<u>1,205</u>	<u>1,189</u>



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

Changes in the 3-month period ended March 31, 2022:

Contingencies

	Parent company	Consolidated
Opening balance	1,542	6,626
Additions	23	55
Write-offs	-	(2,436)
Update	6	280
Closing balance	<u>1,571</u>	<u>4,525</u>

Judicial deposits

	Parent company	Consolidated
Opening balance	86	1,189
Additions	-	23
Write-offs	-	(7)
Closing balance	<u>(7)</u>	<u>-</u>
	<u>79</u>	<u>1,205</u>

The Group companies are parties to tax, labor and civil disputes at the administrative and judicial levels, and, when applicable, are supported by judicial deposits,

The corresponding provisions for contingencies were set considering the estimate made by management under the advice of legal counsel for proceedings involving the risk of probable loss,

Possible risk of loss contingencies:

The Group companies are parties to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of an unfavorable outcome is considered possible by management under the advice of legal counsel. The amounts are approximately R\$ 3,047 (labor claims), R\$ 41,614 (tax claims) and R\$ 7,752 (civil claims), totaling R\$ 52,413 (R\$48,858 at December 31, 2021),

Accordingly, no provision was recorded for possible risk of loss. Judicial rulings are subject to appeals before the competent courts,

The most significant contingency relates to land exchange,

As part of the process for purchase and sale of properties, the Group acquires land to be developed based on the "land exchange" method. On September 4, 2014, the Federal Revenue Secretariat (SRF) issued Cosit Normative Opinion # 9, which changed the understanding of the income tax legislation with respect to the deemed profit (Decree 3,000 of March 26, 1999), requiring that revenue from physical exchange transactions recognized at fair value should be considered as the tax basis for calculation of IRPJ, CSLL, PIS and COFINS. Based on this understanding, in 2017 and 2018 tax assessment notices amounting to R\$ 28,718 were served against the Group,

The Group, together with its legal counsel, has been discussing this matter at the administrative level, claiming that the assessment notice should be declared null and void on the grounds that the recognition of fair value arising from the execution of barter agreements cannot give rise to any effects on the calculation bases of the referred taxes,

**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

The likelihood of loss for this case has been classified as possible and the estimated risk involved at March 31, 2022, amounted to R\$ 38,522 (R\$ 37,369 at December 31, 2021). As the decisions already rendered, both within the scope of the Administrative Board of Tax Appeals (CARF) and the High Court of Justice (STJ), were favorable to taxpayers, no provision for contingencies with respect to this matter was recorded at March 31, 2022.

21 Provision for real estate maintenance

The Group offers warranties to cover construction issues, as required by Brazilian legislation.

To support this commitment with no impact on future years and provide an adequate balance between revenues and costs for each project under construction, a provision of 1,5% of the estimated construction cost was recorded at March 31, 2022.

This estimate is based on historical averages and expectations of future outflows, according to analyses performed by the Group's engineering department, which are reviewed annually.

The provision is recorded as the work progresses by applying this percentage to actual costs incurred. Maintenance costs are charged to the provision in accordance with the contractual requirements for warranty coverage.

Changes in the provision for real-estate maintenance were as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>3/31/2022</u>	<u>12/31/2021</u>	<u>3/31/2022</u>	<u>12/31/2021</u>
Opening balance	1,352	1,532	12,783	8,762
Additions	22	72	992	4,971
Write-offs	(100)	(252)	(374)	(950)
Closing balance	<u>1,274</u>	<u>1,352</u>	<u>13,401</u>	<u>12,783</u>

22 Equity**(a) Capital**

At March 31, 2021, share capital of R\$ 269,172 (R\$ 269,172 at December 31, 2021) was represented by 56,025,501 common shares,

**Notes to the financial statements
at March 31, 2022**All amounts in thousands of reais unless otherwise stated

At January 1, 2022, the Company's stockholding structure was as follows:

Stockholders	%	Common shares
PRMV Participações S.A,	63,92	35,804
Alexandre Araújo Elias Veiga	1,87	1,049
Heloísa Magalhães Martins Veiga	1,87	1,049
Renata Martins Veiga Couto	16,17	9,062
Patrícia Martins Veiga	16,17	9,062
	100%	56,026

(b) Legal reserve

This reserve is credited annually with 5% of the profit for the year in compliance with article 193 of Law 6,404/76, up to the limit of 20% of capital,

(c) Profit distribution policy

The Company's bylaws establish that 25% of the profit, after deducting the portion transferred to the legal reserve, will be distributed as mandatory minimum dividends. The retained portion of the profit will be subsequently allocated as determined by the stockholders,



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

23 Earnings per share

The table below presents the data on earnings and number of shares/quotas used in the calculation of basic and diluted earnings per share:

	<u>3/31/2022</u>	<u>3/31/2021</u>
Basic and diluted earnings per share:		
Profit for the period	5,235	20,713
Weighted average number of shares (in thousands)	<u>56,026</u>	<u>56,026</u>
Basic and diluted earnings per share - R\$	<u>0,093439</u>	<u>0,369703</u>

24 Net operating revenue

The reconciliation between gross and net sales revenue is as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>03/31/2022</u>	<u>03/31/2021</u>	<u>03/31/2022</u>	<u>03/31/2021</u>
Gross revenue from the sales of properties	2,371	17,384	159,642	185,712
Service revenue	754	470	406	2,207
Canceled sales	(41)	(1,579)	(14,065)	(9,485)
Changes in the provision for canceled sales	1	876	1,991	2,600
Present value adjustment (i)	(162)	(409)	(3,497)	(3,891)
Taxes on billings				
	<u>2,923</u>	<u>16,742</u>	<u>144,477</u>	<u>177,143</u>
Net operating revenue				

(i) As the financing facilities provided to its customers is inherent to its operations, the Company recognizes the reversals (accretion) of present value adjustments of trade receivables as operating revenue,

25 Costs and expenses by nature

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>03/31/2022</u>	<u>03/31/2021</u>	<u>03/31/2022</u>	<u>03/31/2021</u>
Cost of properties sold				
Materials	(665)	(1,568)	(35,138)	(30,515)
Land	(229)	(3,715)	(21,138)	(44,518)
Completed units	(33)	(2,456)	(1,535)	(5,182)
Personnel expenses	(218)	(370)	(8,999)	(5,511)
Subcontractors	(973)	(1,250)	(23,669)	(17,263)
Housing loan costs	(41)	(436)	(2,379)	(1,724)
Other	(304)	(106)	(8,514)	(4,642)
	<u>(2,463)</u>	<u>(9,901)</u>	<u>(101,372)</u>	<u>(109,355)</u>



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
General and administrative expenses				
Personnel expenses	(3,451)	(4,052)	(7,992)	(4,830)
Administrative general expenses	(660)	(650)	(969)	(945)
Depreciation and amortization	(1,751)	(1,606)	(1,879)	(1,812)
Outsourced services	(1,399)	(2,194)	(1,732)	(2,835)
	(7,261)	(8,502)	(12,572)	(10,422)
	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Selling expenses				
Personnel expenses	(1,812)	(595)	(1,864)	(1,130)
Commissions and brokerage	(120)	(51)	(4,726)	(2,654)
Sales stands/model apartments	(2)	(2)	(154)	(134)
Advertising	(311)	(295)	(4,078)	(2,885)
Other selling expenses	(635)	(524)	(5,477)	(2,424)
	(2,880)	(1,467)	(16,299)	(9,227)
	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Other operating income (expenses), net				
Real estate financing expenses	(11)	(153)	(5)	(193)
Tax expenses	-	-	(8)	(7)
Provision for contingencies	(30)	-	2,102	1,245
Losses from insufficient guarantees and others (i)	(57)	-	(117)	-
Other operating income and expenses	(861)	257	(2,839)	(347)
	(959)	104	(867)	698

- (i) Property received in guarantee at amounts below the corresponding debt balance and discontinued projects written off,

26 Management fees

Management compensation for the years ended December 31, 2021 and 2020 is shown below:

	03/31/2022	12/31/2021
Management fees	1,324	5,596
Welfare benefits	116	306
Charges	266	1,105



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

Based on the provisions of CPC 05, which address related-party disclosures, the Group considers that its key management include the members of the Board of Directors and all executive officers as per its bylaws, whose duties involve decision-making and control over the Group's activities,

27 Finance income (costs) net

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Finance income				
Contractual indexation and interest accruals	338	929	1,010	3,593
Interest on financial investments	718	54	6,758	526
Swap gains	33	2	52	17
Other finance income				
	1,089	985	7,820	4,136
Finance costs				
Interest on borrowings	(5,711)	(1,061)	(5,858)	(1,165)
Bank fees and charges	(116)	(30)	(262)	(177)
Financing expenses	-	-	-	(1)
Swap losses	-	(9)	-	(21)
Other finance costs	(3)	-	(2)	-
	(5,830)	(1,100)	(6,122)	(1,364)
	(4,741)	(115)	1,698	2,772



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

28 Income tax and social contribution expense

Corporate income tax and social contribution on net income are calculated on an accrual basis, but paid on a cash basis. Therefore, the Company records them as deferred taxes through to date of payment.

Reconciliation of tax rate from statutory to effective rate:

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit before IRPJ and CSLL	5,287	20,933	14,468	44,489
ate - 34%	(1,798)	(7,117)	(4,919)	(15,126)
Effect on exclusions (equity accounting)	7,027	8,184	(203)	(2,421)
Segregated asset structure (RET)	67	(49)	2,360	1,730
Unrecognized tax losses (RET)	(5,348)	(1,238)	(1,619)	11,750
IRPJ and CSLL expenses	(52)	(220)	(4,381)	(4,067)
Effective rate	0,98%	1,05%	30,28%	9,14%

Management believes that deferred tax assets from tax losses should not be recognized as projected taxable income, as a substantial part of the Group's operations is carried out through SPEs and SCPs under the Special Taxation Regime (RET) adopted for certain projects developed by the Group. Accordingly, tax losses, if any, are not carried forward.



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

29 Deferred revenue and deferred costs

Disclosure pursuant to Circular Official Letter 02/2018 of December 12, 2018, which addresses revenue recognition by Brazilian companies from agreements for the purchase and sale of uncompleted real estate units, The information mainly relates to deferred revenue and deferred costs of units under construction.

	<u>Parent company</u>	<u>Consolidated</u>
Developments under construction		
(i) Deferred revenue from units sold		
(a) Developments under construction:	75,860	2,499,755
Revenue from contracted sales	(79,443)	(1,636,617)
Revenue from recognized sales	3,593	51,639
Canceled sales - reversed revenue		
	<u>(75,850)</u>	<u>(1,584,978)</u>
(b) Revenue from recognized sales, net		
	<u>10</u>	<u>914,777</u>
Deferred revenue (a+b)		
	<u><u>10</u></u>	<u><u>914,777</u></u>
(ii) Budgeted deferred cost of units sold		
(a) Developments under construction:		
Budgeted costs	43,063	1,607,683
Construction costs incurred	(43,063)	(969,596)
	<u>(43,063)</u>	<u>(969,596)</u>
(b) Incurred costs, net		
	<u>(43,063)</u>	<u>(969,596)</u>
Deferred costs of units sold (a+b)		
	<u><u>-</u></u>	<u><u>638,087</u></u>
(iii) Budgeted deferred costs of units in inventory		
Developments under construction:		
(a) Budgeted costs	2,976	458,626
(b) Incurred costs	(2,976)	(209,504)
	<u>(2,976)</u>	<u>(209,504)</u>
Deferred costs of units in inventory (a+b)		
	<u><u>-</u></u>	<u><u>249,504</u></u>

30 Commitments

(a) Commitments for purchase of land

The Group has undertaken commitments for purchases of land, which have not yet been reflected in the accounting records, as there are matters pending resolution by the sellers before the formalization of the deed and transfer of the related property title to the Company, its subsidiaries or partners, These commitments total R\$ 746,746 (R\$ 698,432 at December 31, 2021) of which: R\$ 674,133 (R\$ 628,034 at December 31, 2021) relate to exchanges for real estate units to be constructed and/or to the share of the proceeds from the sale of the related developments, and R\$ 72,613 (R\$ 70,398 at December 31, 2021) relate to balancing payments.

Land is accounted for when all resolute clauses, or any other type of restriction, have been remedied, that is, when the entity has control of the economic resource.



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

(b) Lease commitments

At December 31, 2021, commitments related to the lease of large items of equipment and real estate totaled R\$ 4,779 (R\$ 1,715 in 2020) in the Parent company and R\$ 5,236 (R\$ 3,869 in 2020) in the Consolidated.

31 Segment reporting

The Group's main source of revenue derives from real estate development activities. The chief operating decision-maker analyzes information on each development for the purpose of allocating resources and assessing the performance. The management of activities concerning strategic planning, finance, purchases, investment of resources and assessment of the performance of developments is centralized, and there is no segregation by type of development (residential - high and middle income and commercial) that could establish segment-based management or other factors that could identify a set of components as operating segments of the entity.

32 Insurance

At December 31, 2021, the Group held the following insurance policies:

(a) Engineering risk insurance - civil works in progress: offers a coverage for all the risks involved in the construction of real estate, such as fire, theft and damage resulting from construction works, among others. This type of insurance permits additional coverage for risks inherent to construction works, including civil liability and cross liability insurance, special expenses, riots, employer's civil liability, and personal damages.

(b) Business risk insurance - coverage for sales stands and model apartments against damage caused by fire, theft, lightning and explosion, among others.

(c) Multiple peril insurance - coverage for electronic equipment against possible theft or electrical damage.

(d) Civil liability insurance (management).



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

At December 31, 2021, the insurance coverage was as follows:

Items	Type of coverage	Insured amount Consolidated
Contractor - Completion bond (SGTO)	Benefiting the financing agent in the event of technical and financial losses not met by the Company,	74,128
Civil liability (management)	Coverage for pain and suffering to the Company's managers (D&O)	15,000
Insurance - construction (engineering risk)/Civil liability	Indemnity for damage caused to the works during the construction period of the project, such as fire, lightning strike, theft, among other specific coverage for facilities and assemblies at the insured site, Indemnity, up to the policy's cap, of the amounts for which the Company may have civil liability related to repairs for involuntary personal and/or material damages caused to third parties,	1,428,395
Commercial multiple peril insurance	Indemnity for fire, lightning strike, and explosion, Also, coverage for windstorm, aircraft crashes, loss of rent, among others, In addition, they may include civil liability coverage (family insurance for the condominium, and/or condominium manager, material damages to third-party vehicles), medical/hospital/dental expenses for people etc,	13,702
Guarantee insurance - contractual obligations	For company and public agency fulfillment of contracts, by indemnifying the insured party for breaches of contracts (contractual obligations) of several types,	152,219
Post-completion bond - maintenance bond (SGPE)	For maintenance of units delivered for up to five years, for damages provided under the consumer protection code,	10,747
Equipment	Indemnity for losses directly from risks related to machinery, equipment and implements, of fixed or mobile types, for non-agricultural use,	190
Housing	Indemnity for damages caused by fire, lightning strike and explosion, in addition to other additional coverage that can be contracted, aiming at supplementing the insurance policy and protecting the property against other risks, including theft, collapse, vehicle crash, aircraft crash, windstorm, hurricane, cyclone, hailstorm, electrical damages etc,	450
Legal guarantee	As an alternative to judicial deposits and escrows for assets in cases of litigation, Widely accepted at the judicial level as a new guarantee or as a substitute for existing guarantees,	5,171
Contractor - Completion Bond - Infrastructure not included	For the execution of the external infrastructure works up ceiling for losses from failure to honor the obligations to complete the construction of related external infrastructure,	14,886

33 Transactions not involving cash or cash equivalents

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Investing activities				
Transfers of property and equipment - Leases as per IFRS 16	(470)	197	(414)	377
Capitalized Interest	-	(104)	(86)	6



**Notes to the financial statements
at March 31, 2022**

All amounts in thousands of reais unless otherwise stated

34 Events after the reporting period

On April 29, 2022, the 2021 management accounts and the additional dividend of R\$ 5,976 to shareholders were approved at the Annual Shareholders' Meeting, holders of shares issued by the Company referring to April 29, 2022.

* * *

Opinions and Declarations of Officers on the Financial Statements

In compliance with the provisions of Article 25, paragraph 1, items V and VI of the CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed, and approved the parent company and consolidated financial statements (Parent company and Consolidated) for the year ended March 31, 2022.

Belo Horizonte,

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

Opinions and Declarations of Officers on the Independent Auditor's Report

In compliance with the provisions of Article 25, paragraph 1, items V and VI of CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed and approved the opinion expressed in the Independent Auditor's Report dated March 9, 2022, on the parent company and consolidated financial statements for the year ended December 31, 2021.

Belo Horizonte, March 9, 2022,

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

FELIPE ENCK GONÇALVES
Chief Financial Officer and Investor Relations Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
Contador