



(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

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

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

Independent auditors' report on individual and consolidated financial statements

The Shareholders, Board of Directors and Officers

Patrimar Engenharia S.A.

Belo Horizonte - MG

Opinion on the individual and consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil registered with the Brazilian Securities and Exchange Commission (CVM)

We have audited the individual and consolidated financial statements of Patrimar Engenharia S.A. (the "Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) applicable to real estate development entities in Brazil registered with the Brazilian Securities and Exchange Commission (CVM).

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements provided for in the Code of Ethics for Professional Accountants and in the professional standards issued by Brazil's National Association of State Boards of Accountancy, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a matter

As described in Note 2.1, the individual and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil registered with the CVM. Accordingly, the determination of the accounting policy adopted by the entity for the recognition of revenue from purchase and sale contracts of unfinished real estate units, on the aspects relating to the transfer of control, follows the understanding expressed by CVM in Memorandum Circular CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15). Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recognition of revenues from unfinished real estate units and construction services

As mentioned in Notes 2.20, 25 and 30, the Company and its subsidiaries recognize revenues from purchase and sale contracts of unfinished real estate units and revenues from construction services using the Percentage of Completion (POC) method. In accordance with CPC 47/IFRS 15 – Revenue from contracts with customers and with the CVM Memorandum Circular CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15), revenue recognition requires the Company and its subsidiaries to measure the Company's progress in relation to the performance obligation satisfied over time.

The POC method requires the Company's executive board to estimate the costs to be incurred until the completion of construction and delivery of keys of the real estate units sold and of each stage of construction services. Based on the costs incurred and on the contractual conditions, the fair value of sales revenues that will be recognized in each period is then estimated proportionally to the original estimates.

Due to the materiality, complexity and judgments involved in determining revenues from sales and construction services to be recognized, and to the risk of significant impacts of such changes in estimates on profit or loss for each period, we considered this matter a key audit matter.

How our audit addressed this matter:

Our audit procedures included, among others: (a) assessing the design and effectiveness of key internal controls relating to recognition of revenue from the sale of unfinished real estate units and from construction services, which include the timely preparation, review and approval of budgets of costs to be incurred, as well as comparing and testing costs incurred, on a sample basis, by inspecting contracts, payments and documents that support those transactions; (b) involving asset valuation specialists to assist us in identifying evidence contradicting the estimated costs to be incurred, analyzing the percentage of completion of certain construction works, and verifying the reasonableness of the period projected for their completion in the respective budgets of the Company and its subsidiaries in relation to their current status; (c) comparing POC supporting records with accounting balances, independently calculating sales revenues of unfinished real estate units and construction services and inspecting, on a sampling basis, documents that support the units sold and considered in POC; and (d) performing analytical procedures to assess significant changes in margins and budgets of real estate projects for the year ended December 31, 2022, compared to the previous year. We have also assessed whether the Company's disclosures on this matter are fair.

Based on the results of the audit procedures performed, which are consistent with the executive board's assessment, we considered the estimates prepared by the executive board for recognition of revenues from the sale of unfinished real estate units and from construction services, as well as the respective disclosures in Notes 2.20 (a), 25 and 30, acceptable in the context of the individual and consolidated financial statements as a whole.

Other matters

Audit of corresponding figures

Company's individual and consolidated statements for the year ended December 31, 2021, presented for comparison purposes, were audited by another auditor who expressed an unmodified opinion on those financial statements on March 09, 2022.

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's executive board, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil registered with the CVM, and for such internal control as the executive board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries'

financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or future conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte (MG), March 8, 2023.

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



Bruno Costa Oliveira
Accountant CRC-BA031359/O



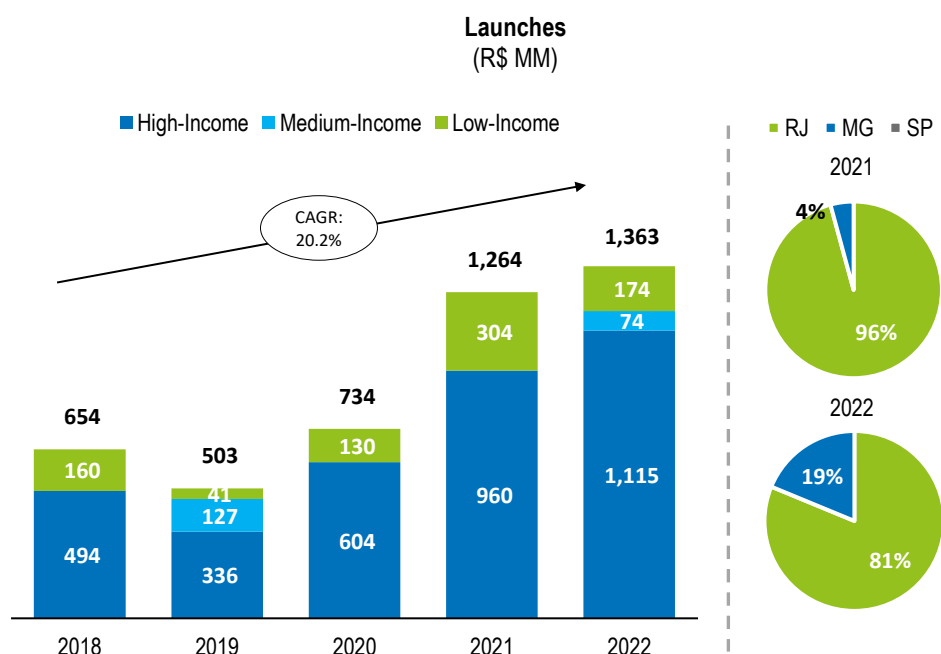
Management Report

We are pleased to present Patrimar's results for the fiscal year of 2022. A year in which, despite having experienced very challenging external factors that brought pressure on our margins and results - especially the heavy rains in the main locations where we operate, the World Cup events, elections in the country, a more adverse macroeconomic scenario with high interest rates and inflation, in addition to a slowing global economy - we consolidated a new level of our business.

Patrimar is today a large company, being among the 10 largest construction companies in the country according to O Empreiteiro magazine¹. This change has been taking place over time, but it has been strengthened especially after going public with CVM in the last quarter of 2020 and, this year we have proven, both from an operational and financial perspective, a new operational capacity that gives us confidence that we are in the right track.

Growth and Scale

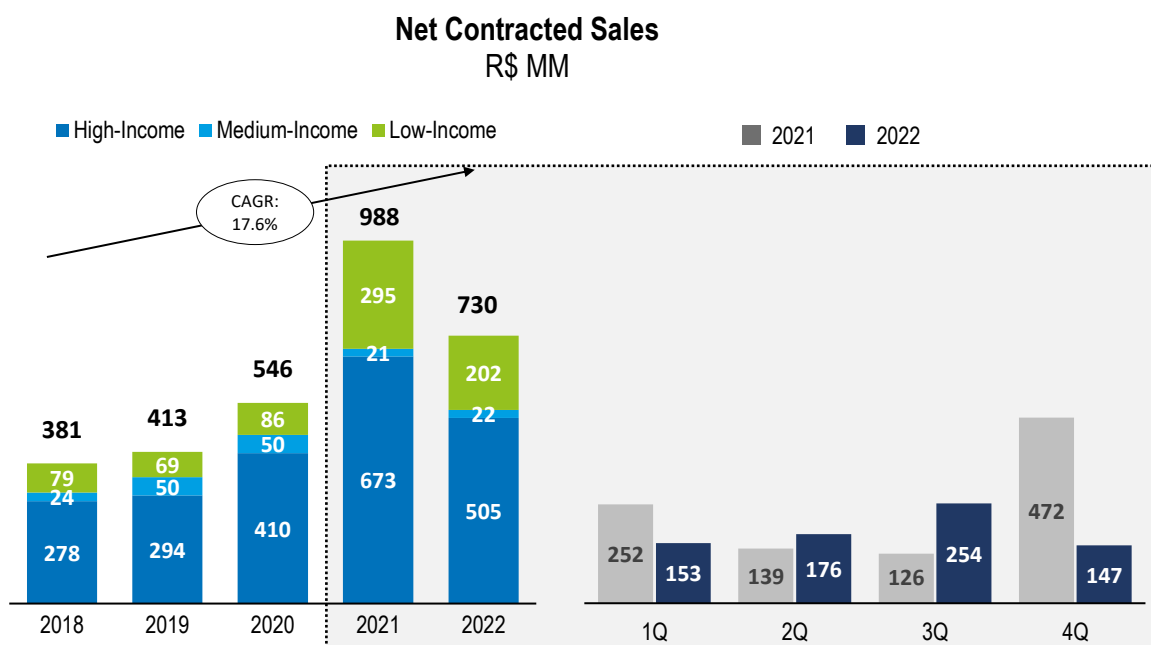
In 2022, we launched R\$ 1.4 billion in projects, a number 7.9% higher than 2021. Thus, our launch capacity reached more than R\$ 340 million per quarter, a very significant number, especially if we also count a more diversified income and geographic profile.



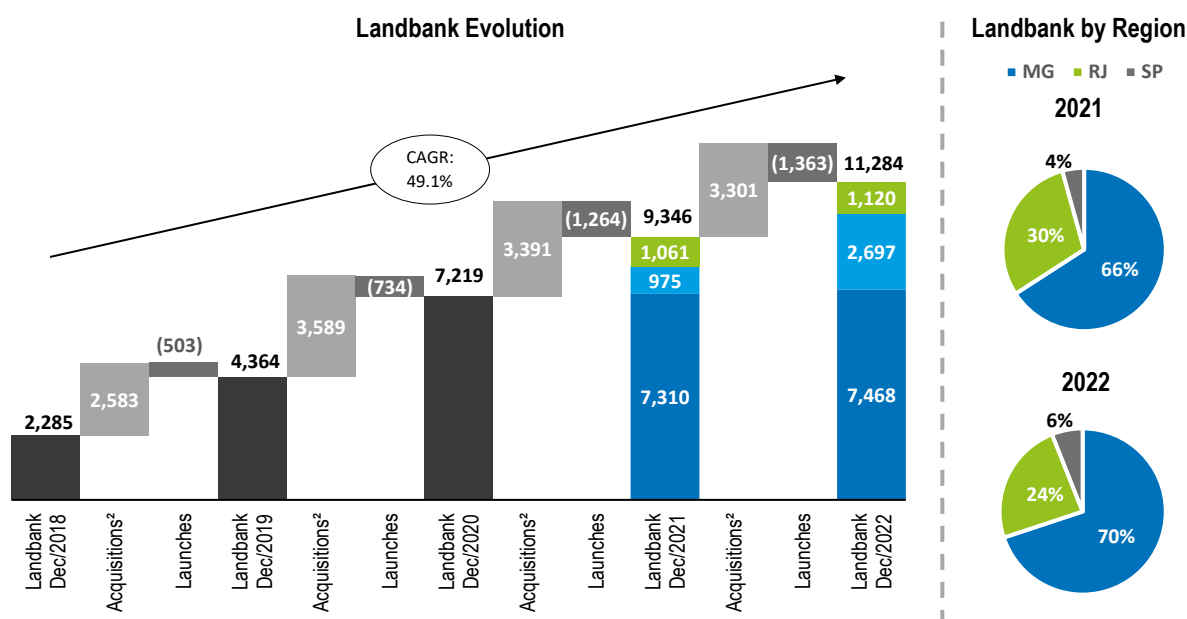
We presented average sales of R\$ 182.4 million per quarter in 2022, totaling R\$ 729.6 million for the year. Over time we can see a significant ramp-up (reaching a CAGR of 17.6% p.a.), however, mainly due to the World Cup,



elections and uncertainty caused by a scenario of higher interest rates – which inevitably impacted consumption of real estate in the country -, we ended up presenting a retreat compared to 2021 (26.2%), when we had, not only in sales, exceptional results. It is important to point out that the greatest impact on sales in the last quarter occurred in October and November, with December already showing a recovery.

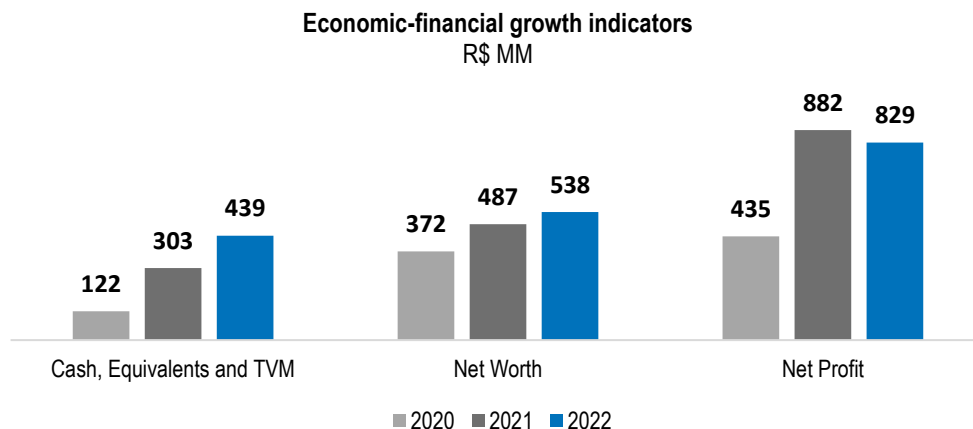


In order to maintain our launch capacity as well as to prepare the company for future growth cycles, we have been recomposing our Landbank by balancing volume and mix. Such balancing enhances our market reading and consequently our sales, since it brings more flexibility in products and geographies.





The operational growth portrayed above is reflected in the company's great economic-financial figures. Whether in cash, equity, or net revenue (traditional parameters to measure the size and scale of a company), we present an important evolution.



Team and Structure

Understanding the different dynamics of its operations in each income bracket, the company designed its strategic planning for the next five years considering the needs and focus of action for greater value generation in each of its two brands: Patrimar and Novolar. The Patrimar brand will be responsible for the high and middle-high income bracket developments. Novolar will be responsible for the middle and economic income bracket developments. Each operation, although both still related to residential development and construction, will have their own dedicated teams, with a corporate support team, as follows:



In order to better fill positions in this new structure, since last year, we have been strengthening our team with the arrival of new members and exchange of positions. We ended 2022 with more than 850 employees and close to 1,200 outsourced workers, with around 1,850 of our entire workforce (or approximately 90%) dedicated exclusively to managing and executing our works.

Diversification and new businesses

As we disclosed in the results for the third quarter, the Company finalized the joint venture formation process with Performance Empreendimentos Imobiliários on January 12, 2023, with the signing of the definitive documents for the joint investment in Viv In Multifamily Ltda, a developer and owner of income-oriented multifamily residential developments, and Livizi Property Management Ltda, a manager of income-oriented multifamily residential developments.



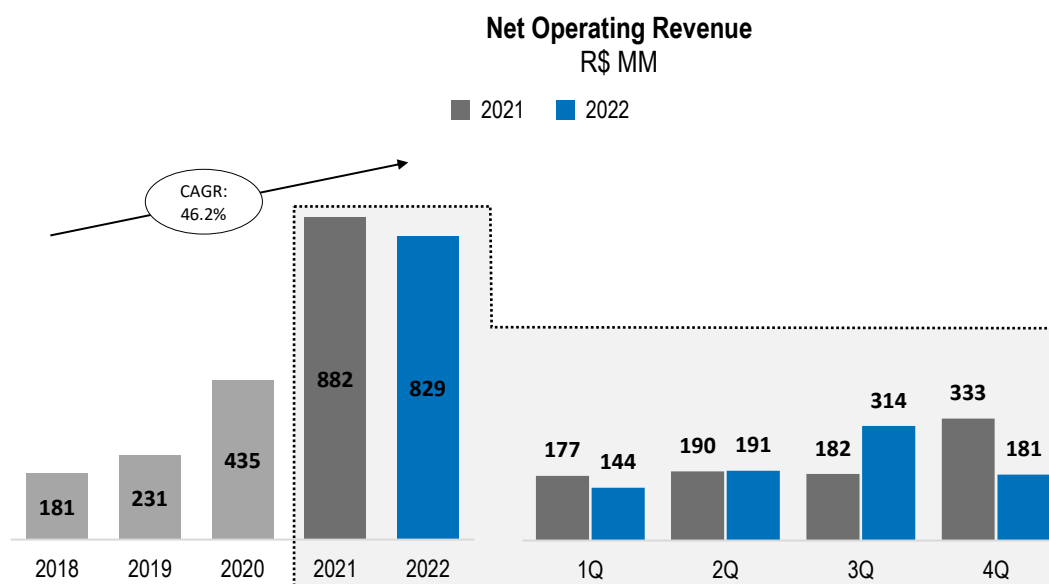
Additionally, the Patrimar Group is always on the lookout for new investment and/or partner opportunities that will increase and/or complement its housing business, aiming to increasingly improve our customers experience, in all operations, increasing our generation of value for clients, shareholders, and society in general.



Economic Results

Revenue

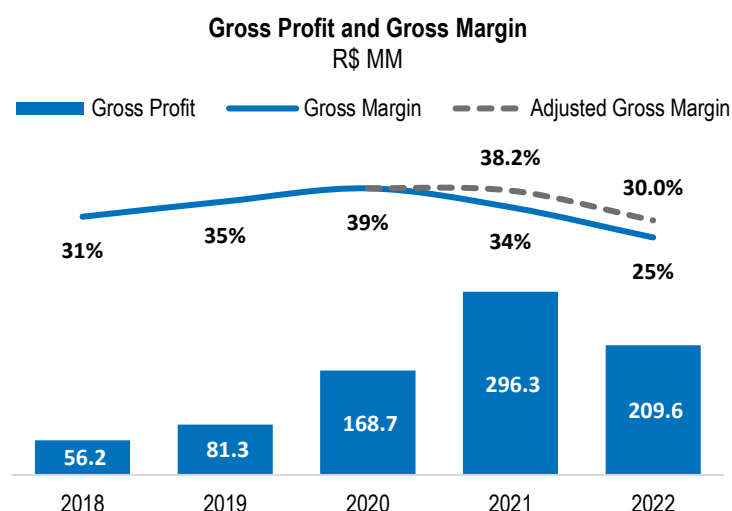
We had a slight net revenue decrease in 2022 compared to 2021, which is explained, in addition to the lower sales as explained above and mainly, by a slower progress of the construction works, caused by the heavy rains occurred in the first quarter and December 2022 in the cities of Rio de Janeiro and Belo Horizonte, locations where our main construction works in progress are concentrated. According to the POC accounting method, the progress of construction directly impacts revenue recognition.



Other factors, especially in 4Q22, but with less impact on the whole, contributed to the deviation mentioned. We had an increase in the volume of canceled units, largely caused by unit swaps (upgrades), and a lower volume of service revenues, due to the lower number in the period of higher standard developments offering customizations (service revenues, unlike POC, follow the accrual method of calculation).

Gross Margin and Gross Profit

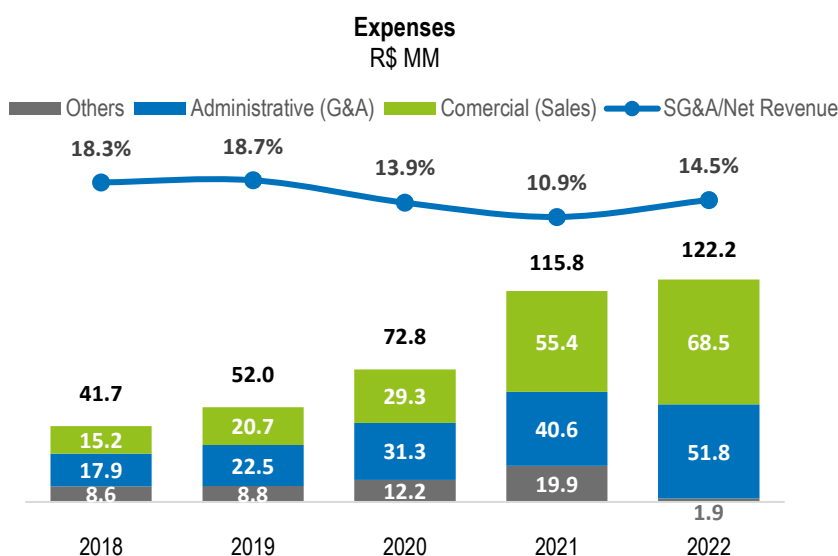
With inflation still resistant at levels above those set as the center of the target, and especially considering that on construction sites the evolution of input prices is traditionally higher than the INCC, our margins, such as those of the construction market in general, remained under pressure in 2022. In addition, the accounting effect of the physical swap of this year was highlighted in the result due to a lower dilution caused by the lower sales and lower revenues mentioned above.



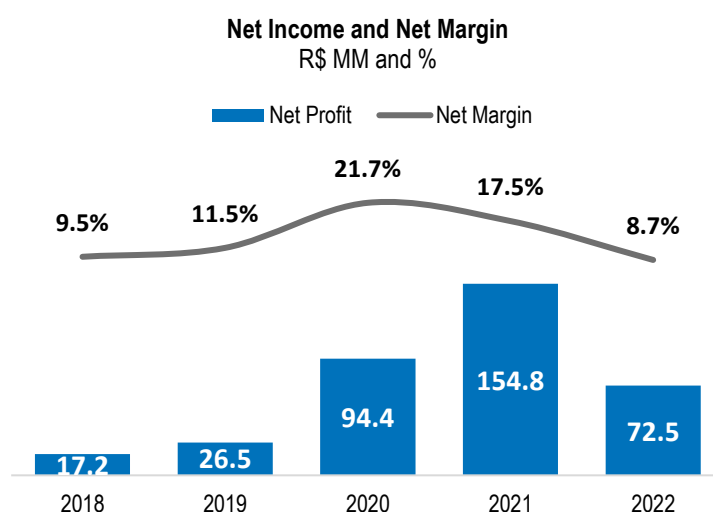
In relation to gross margin, it is also worth noting that we paid a certain price due to the strategy employed until approximately 2022 third quarter of privileging our cash over margin. Given the more uncertain scenario that affected society in general during the period, especially the high and middle income brackets, we executed sales and receivables more quickly, with anticipation campaigns with our customers and shortening of transfers during construction work in these brackets. This way, we reduced the risk of default, of renegotiation and extension of contractual terms and, consequently, of potential cancellations. The company, therefore, carried more cash than receivables for a part of the year, being more exposed to the CDI than to the INCC. This meant that we shifted and increased the effect of the monetary correction that would enter the revenue line and therefore the gross margin to the financial result, bringing greater impact to the net income.

Expenses

To execute and support our growth, along with the staff and structure, we have invested over time in the commercial and administrative areas of the business. In turn, these investments naturally take place before the return they bring in terms of revenue and result, which explains, along with the slightly lower revenue this year, an increase in the ratio between expenses and revenue.



Net Margin and Net Income



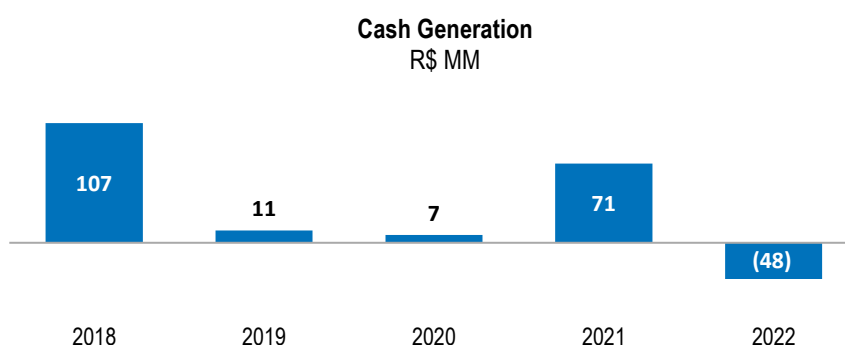
Our treasury and debt management has been able to extract better financial results over time, simultaneously our equity result has been increasingly less impacted by problems related to the construction of projects in the economic operation formed in partnership more than five years ago. These gains helped minimize the downward swing in net income from 2021 to 2022.



Financial Results

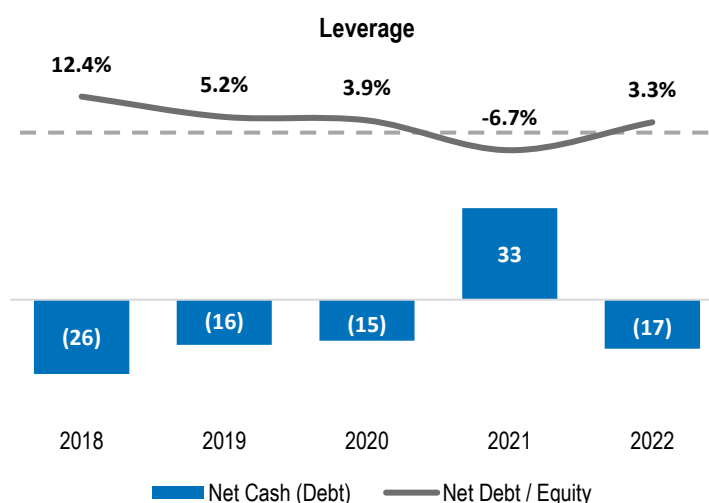
Generation (Burn) of Cash

In this year of 2022, after positive cash generations since 2018, we present a cash burn of R\$ 48 MM. This cash burn is due to the following points: (i) the price and margin recovery strategy in the high-income operation that we are employing as of 4Q22; (ii) a natural acceleration in the start of construction projects launched in late 2021 and early 2022, whose investments are being made with funds from unit sales until real estate financing reaches the minimum advancement level according to each contract and; (iii) investments in our operational systems, land and sales stands for launches made in the second half of the year and now for the year 2023, which together totaled almost R\$ 90 millions in the year 2022.



Indebtedness, Cash and Leverage

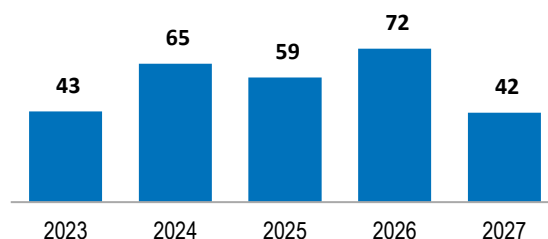
Even with all the growth and scale we achieved, our financial diligence has allowed us to maintain a balanced cost and debt profile, high cash, and therefore low leverage.



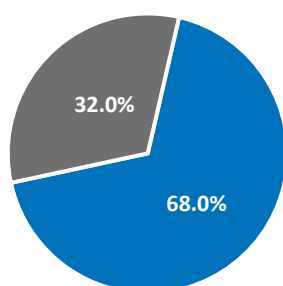


In the second half of 2022, with the 3rd issuance of debentures, we raised R\$ 150 million at a cost of CDI + 2.0%, both to strengthen our cash flow and to settle short-term debt in order to lengthen our liability profile. We prepaid a working capital debt of R\$50 million, which had payments scheduled between 2022 and 2024, at a cost of CDI + 3.75% p.a.

**Corporate Debt Amortization Schedule
(Principal Dec/22)
R\$ MM**

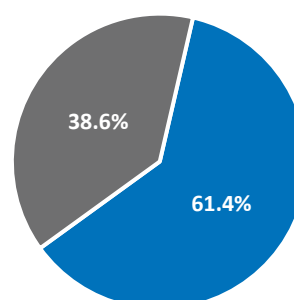


**Composition of total debt by type
12/31/2021 - %**



■ Debenture ■ Financing

**Composition of total debt by type
12/31/2022 - %**



■ Debêntures ■ Financing

We have a volume of financing to be disbursed, which, together with our coverage of construction liabilities, gives us the comfort to withstand both a more adverse scenario and the growth targeted for the operation in the coming years. As of December 31, 2022 the Company is in compliance with the Covenant indicator.

ESG

In addition to maintaining the ESG projects created during 2021, such as the "Sempre Verde" Seal and the charitable campaigns within our "Construindo o Bem" macro-project, our Thematic Committee hired the Centro de Tecnologia de Edificações (CTE), with more than 30 years in the market operating throughout Brazil, to inventory our CO2 emissions. Also, within this scope, we signed an alliance with ABRAINC for the reduction of greenhouse gases in the construction and real estate development sector.



We have also been working hard to certify the quality of our processes within the ESG philosophy. Within the projects of economic income brackets we are aiming, also with the support of the CTE, to obtain the Casa Azul seal - certification of the Caixa Econômica Federal (CEF). Focusing on the high- and middle-income brackets, we hired the consultancy firm Quanta to obtain the EDGE certification - an international certification created by the International Finance Corporation (IFC). The EDGE objective is to achieve a minimum 20% reduction in the use of water, energy and energy incorporated in the materials in our buildings.

In addition, we are taking initiatives involving the understanding of the expectations of all stakeholders within our processes with the aim of defining our focus of action (materiality matrix) and defining ESG performance KPIs. With this, we will be able to issue our first annual ESG report and a roadmap of our activities.

DIVIDENDS

The Company's Bylaws provide that 25% of the net income, after deducting the Legal Reserve, will be credited as minimum mandatory dividends. The retained portion of the profit will be subsequently allocated in a resolution of the shareholders. On November 07, 2022, a meeting was held to deliberate on the anticipation of interim profits to the Company's shareholders in advance of the profit related to the current fiscal year, in the amount of R\$ 1.0 million that were fully paid on the same date and imputed to the dividends related to the profit of this fiscal year. The minimum mandatory dividend for the fiscal year ending December 31, 2022 has been calculated as indicated below:

Mandatory minimum dividends (R\$ MM)	Value
Profit for the year attributable to controlling shareholders	32,249
Constitution of the legal reserve	(1,613)
Net income from the legal reserve	30,636
Mandatory minimum dividends	7,659
interim dividends paid	(1,000)
Mandatory minimum dividends payable	6,659
Dividends paid in excess of the mandatory minimum	-



CORPORATE GOVERNANCE

The Company's Board of Directors comprises the following members:

Executive	Title
Heloisa Magalhães Martins Veiga	President
Renata Martins Veiga Couto	Effective Member
Renata Maria Paes de Vilhena	Independent Member
Fernando Antônio Moreira Calaes	Independent Member
Milton Loureiro Junior	Independent Member

The Executive Board comprises the following members:

Executive	Title
Alexandre Araujo Elias Veiga	CEO
Lucas Felipe Melo Couto	Chief Commercial
Felipe Enck Gonçalves	Chief Financial Officer and Investor Relations Officer
Alexandre Lara Nicácio	Chief Technical
Renata Martins Veiga Couto	Chief Product
Ronaldo Rabelo Leitão de Almeida	Chief of Works
Dennyson Porto Teixeira	New Business and Incorporation Director
Paulo Samarco Araujo	Regional Director

The Audit, Compliance and Risk Committee comprises the following members:

Executive	Title
Fernando Antônio Moreira Calaes	Committee Chair
Jonathan Lemos Brasileiro	Committee Member
Débora Christine da Cruz Gomes	Committee Member



Relationship with Auditors

The Company's policy when contracting the services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

In compliance with CVM Instruction 381/03, we inform that our independent auditors - Ernst & Young Auditores Independentes ("EY") did not provide services other than those related to the external audit, the independence and objectivity required for the performance of external audit services.

The administration

PATRIMAR ENGENHARIA S.A.



Balance sheet at December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	6	48,008	31,765	330,137	243,926
Marketable securities	7	6,262	7,785	106,046	56,415
Trade receivables	8	20,173	26,661	315,643	201,174
Properties for sale	9	1,323	9,005	419,866	402,608
Taxes recoverable		3,308	1,574	16,318	9,270
Prepaid expenses	10	4,803	4,323	25,105	22,011
Other receivables		1,439	1,233	14,229	14,138
Total current assets		85,316	82,346	1,227,344	624,717
Non-current assets					
Long-term receivables					
Restricted financial investments	6	2,664	2,339	2,664	2,339
Trade receivables	8	7,260	1,852	276,169	245,753
Properties for sale	9	6,730	12,504	90,676	24,403
Judicial deposits	21	374	86	1,634	1,189
Related parties	11	138,376	91,708	8,040	12,013
		155,404	108,489	379,183	285,697
Investments	12	424,524	349,432	28,074	27,697
Property and equipment	13	10,620	15,462	36,094	36,087
Intangible assets	14	9,143	7,494	9,320	7,796
Lease right-of-use		3,157	4,641	6,530	5,102
		447,444	377,029	80,018	76,682
Total non-current assets		602,848	485,518	459,201	362,379
Total assets		688,164	567,864	1,686,545	1,311,921



Balance sheet at December 31

All amounts in thousands of reais

(continued)

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Liabilities and equity					
Current liabilities					
Borrowings and debentures	15	43,820	11,243	93,475	60,797
Leases	16	2,041	1,905	4,894	2,362
Trade payables	17	1,829	6,012	60,919	44,402
Salaries and social charges		6,209	5,146	12,032	9,531
Tax liabilities	18	758	683	5,559	3,941
Real estate purchase obligations	19	800	1,401	35,774	35,942
Dividends payable		6,739	80	6,814	80
Advances from customers	20	313	996	202,973	373,167
Provision for real estate maintenance	21	186	769	1,561	6,425
Current taxes with deferred payment	18	55	600	21,134	15,778
Other payables		11	21	1,831	1,963
Total current liabilities		62,761	28,856	446,966	554,388
Non-current liabilities					
Borrowings and debentures	15	232,846	168,828	360,194	206,853
Leases	16	1,231	2,874	1,758	2,874
Real estate purchase obligations	19	-	400	10,917	32,001
Advances from customers	20	-	-	284,127	-
Provision for contingencies	21	1,627	1,542	4,716	6,626
Provision for real estate maintenance	22	470	583	14,365	6,358
Current taxes with deferred payment	18	389	327	5,089	6,478
Related parties	11	13,675	15,568	14,718	4,268
Provision for investees' net capital deficiency	12	7,380	4,477	5,999	4,793
Total non-current liabilities		257,618	194,599	701,883	270,251
Total liabilities		320,379	223,455	1,148,849	824,639
Equity					
Equity	23				
Capital		269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		98,354	74,978	98,354	74,978
		367,785	344,409	367,785	344,409
Non-controlling interests		-	-	169,911	142,873
Total equity		367,785	344,409	537,696	487,282
Total liabilities and equity		688,164	567,864	1,686,545	1,311,921

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



Statement of income
Years ended December 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Net operating revenue	25	14,522	58,517	829,418	882,168
Cost of properties sold	26	(5,237)	(32,217)	(619,844)	(585,907)
Gross profit		9,285	26,300	209,574	296,261
Operating income (expenses)					
General and administrative	26	(23,091)	(35,018)	(51,795)	(40,551)
Selling	26	(8,781)	(6,549)	(68,519)	(55,392)
Equity in the results of investees	12	81,639	112,015	(3,965)	(9,137)
Other operating income (expenses), net	26	590	(7,893)	(1,851)	(19,851)
Operating profit		59,642	88,855	83,444	171,330
Finance income	28	7,471	3,542	44,652	14,505
Finance costs	28	(34,697)	(12,124)	(36,113)	(13,478)
Finance (costs) income, net		(27,226)	(8,582)	8,539	1,027
Profit before income tax and social contribution		32,416	80,273	91,983	172,357
Income tax and social contribution	29	(167)	(615)	(19,437)	(17,593)
Profit for the year		32,249	79,658	72,546	154,764
Attributable to:					
Owners of the parent				32,249	79,658
Non-controlling interests				40,297	75,106
				72,546	154,764
Basic earnings per share - R\$	24			0.575607	1.421804
Diluted earnings per share - R\$	24			0.575607	1.421804

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



Statement of comprehensive income

Years ended December 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	2021	2022	2021
Profit for the year	32,249	79,658	72,546	154,764
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>32,249</u>	<u>79,658</u>	<u>72,546</u>	<u>154,764</u>
Attributable to:				
Owners of the parent			32,249	79,658
Non-controlling interests			40,297	75,106
			<u>72,546</u>	<u>154,764</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							
			Revenue reserves		Retained earnings (accumulated deficit)		Non-controlling interests	Total equity
Note	Share capital	Capital reserve	Legal reserve	Retention reserve		Equity		
At December 31, 2020	269,172	259	2,819	22,878	-	295,128	77,187	372,315
Contributions to subsidiaries by non-controlling interests	-	-	-	-	-	-	(9,420)	(9,420)
Partial split-off								
Profit for the year	-	-	-	-	79,658	79,658	75,106	154,764
Allocation of profit								
Legal reserve	-	-	3,983	-	(3,983)	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-
Profit retention	-	-	-	52,175	(52,175)	-	-	-
Dividends paid	-	-	-	(6,877)	(23,500)	(30,377)		(30,377)
At December 31, 2021	269,172	259	6,802	68,176	-	344,409	142,873	487,282
Return of capital of subsidiaries	-	-	-	-	-	-	(13,259)	(13,259)
Profit for the year	-	-	-	-	32,249	32,249	40,297	72,546
Allocation of profit								
Legal reserve	-	-	1,613	-	(1,613)	-	-	-
Proposed dividends	-	-	-	-	(6,662)	(6,662)	-	(6,662)
Profit retention	-	-	-	22,974	(22,974)	-	-	-
Dividends paid (Note 23)	-	-	-	(1,214)		(1,214)	-	(1,214)
At December 31, 2022	269,172	259	8,415	89,936	-	366,782	169,911	536,693

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



Statement of cash flows
Years ended December 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	32,249	79,658	72,546	154,764
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	7,106	6,827	15,456	9,950
Adjustment of trade receivables to present value	6	(909)	8,619	4,182
Equity in the results of investees	(81,639)	(112,015)	3,965	9,137
Provision for real estate maintenance	(183)	(180)	4,970	4,021
Provision for labor, civil, and tax contingencies	108	115	6,410	2,227
Provision for termination of contracts	-	-	262	-
Allowance for doubtful accounts	-	-	3,109	(122)
Provision for interest on borrowings	33,411	12,789	45,192	18,343
Income tax and social contribution	176	615	7,992	17,593
Disposal of property and equipment	1,046	-	1,781	698
Income from securities	(520)	-	(8,816)	-
	(8,592)	(13,100)	161,486	220,793
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	1,074	2,176	(156,875)	(210,964)
Properties for sale	13,617	8,975	(83,431)	(84,058)
Taxes recoverable	(1,734)	(297)	(7,048)	(3,783)
Other assets	(974)	3,844	(3,630)	(5,981)
Trade payables	(4,183)	3,620	16,517	17,029
Salaries and social charges	1,063	3,069	2,501	5,248
Tax liabilities	111	(597)	9,038	3,966
Real estate purchase obligations	(1,001)	938	(21,252)	(17,260)
Advances from customers	(683)	(1,997)	113,933	222,048
Other liabilities	(1,317)	(3,204)	(1,123)	(4,929)
Payments made for maintenance of properties held as collateral	(513)	115	(1,827)	2,227
Amounts paid for civil, labor, and tax contingencies	(23)	-	(8,320)	(1,189)
	5,437	16,642	(141,517)	(77,646)
Interest paid	(10,329)	(1,034)	(20,761)	(6,008)
Income tax and social contribution paid	(343)	(871)	(11,445)	(11,104)
Net cash provided by (used in) operating activities	(13,827)	1,637	(12,237)	126,035
Cash flows from investing activities				
Investment in marketable securities	2,043	(7,785)	(40,815)	(56,415)
Changes in restricted financial investments	(325)	(89)	(325)	(89)
Advances to related parties	(48,561)	(34,873)	14,423	(3,548)
Contributions to (return on) investments	9,450	23,985	(3,136)	12,711
Purchases of property and equipment and intangible assets	(3,876)	(10,692)	(17,714)	(28,864)
Net cash provided by (used in) investing activities	(41,269)	(29,454)	(47,567)	(76,205)
Cash flows from financing activities				
New borrowings	140,801	133,982	317,213	260,709
Repayment of borrowings - principal amount	(67,248)	(46,963)	(155,725)	(137,917)
Dividends paid	(2,214)	(38,532)	(2,214)	(38,532)
Distributions paid to non-controlling interests, net	-	133,982	(13,259)	(9,420)
Net cash provided by financing activities	71,339	48,487	146,015	74,840
Increase in cash and cash equivalents, net	16,243	20,670	86,211	124,670
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	48,008	31,765	330,137	243,926
Net increase in cash and cash equivalents	16,243	20,670	86,211	124,670

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



Statement of value added
Years ended December 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	15,352	59,797	849,035	900,055
	<u>15,352</u>	<u>59,797</u>	<u>849,035</u>	<u>900,055</u>
Inputs acquired from third parties:				
Cost of properties sold	(4,988)	(30,559)	(576,200)	(559,203)
Electricity, third-party services, and other expenses	(4,080)	(19,448)	(115,496)	(103,884)
	<u>(9,068)</u>	<u>(50,007)</u>	<u>(691,696)</u>	<u>(663,087)</u>
Gross value added	<u>6,284</u>	<u>9,790</u>	<u>157,339</u>	<u>236,968</u>
Retentions:				
Depreciation and amortization	(7,106)	(6,827)	(15,456)	(9,950)
Net value added generated by the entity	(822)	2,963	141,883	227,018
Value added received through transfers:				
Equity in the results of investees	81,639	112,015	(3,965)	(9,137)
Finance income	7,471	3,542	44,652	14,505
	<u>89,110</u>	<u>115,557</u>	<u>40,687</u>	<u>5,368</u>
Total value added to be distributed	<u>88,288</u>	<u>118,520</u>	<u>182,570</u>	<u>232,386</u>
Distribution of value added:				
Personnel				
Compensation	11,394	13,237	22,542	16,304
Charges	4,110	4,754	7,880	5,699
Benefits	4,711	5,564	7,010	5,070
	<u>20,215</u>	<u>23,555</u>	<u>37,432</u>	<u>27,073</u>
Taxes and contributions				
Federal	938	2,628	35,919	35,734
Municipal	189	555	560	1,337
	<u>1,127</u>	<u>3,183</u>	<u>36,479</u>	<u>37,071</u>
Remuneration of third-party capital:				
Finance costs	34,697	12,124	36,113	13,478
	<u>34,697</u>	<u>12,124</u>	<u>36,113</u>	<u>13,478</u>
Remuneration of own capital:				
Profit for the year	32,249	79,658	32,249	79,658
Non-controlling interests - retained earnings	-	-	40,297	75,106
	<u>32,249</u>	<u>79,658</u>	<u>72,546</u>	<u>154,764</u>
Value added distributed	<u>88,288</u>	<u>118,520</u>	<u>182,570</u>	<u>232,386</u>

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



Patrimar Engenharia S.A.

Notes to the financial statements at December 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 1963 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.

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) (Note 2.19).

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



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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.

(a) Statement of value added

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. The Statement of Added Value was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - Demonstração do Valor Adicionado. Under IFRS, the presentation of such statements is considered supplementary information.

2.2. Consolidation

The Company consolidates all entities which it controls, that is, when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to direct the significant activities of the investee.

The subsidiaries included in the consolidated financial statements are presented in Note 12.

(a) Subsidiaries

Subsidiaries are all entities (including special-purpose entities and special partnerships) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity instruments issued by the Group. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are expensed as incurred. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Non-controlling interests are determined on each acquisition.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



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(b) Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded directly in equity, within "Carrying value adjustments".

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest in an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are reclassified to profit or loss.

(c) Associates and jointly-controlled investees

Associates are all entities over which the Group has significant influence but not control, generally accompanying a stockholding of between 20% and 50% of the voting rights.

Joint arrangements are all entities over which the Company shares control with one or more parties. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint arrangements are accounted for in the financial statements in a manner consistent with the Group's contractual rights and obligations. Therefore, the assets, liabilities, revenues and expenses related to its interests in joint operations are individually accounted for in its financial statements.

Investments in associates and jointly-controlled investees are accounted for on the equity method and are initially recognized at cost.

The Company's share of the profit or loss of its associates and jointly-controlled investees is recognized in the statement of income and its share of reserve movements is recognized in the Company reserves. When the Company's share of losses in an associate or jointly-controlled investee equals or exceeds the carrying amount of the investment, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated or jointly-controlled investee.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the associates and jointly-controlled investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss.



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Dilution gains and losses arising on investments in associates and jointly-controlled investees are recognized in the statement of income.

2.3. Foreign currency translation

(a) Functional and presentation currency

The parent company and consolidated financial statements are presented in Brazilian Real/Reais (R\$), which is the Group's functional currency and also the Group's presentation currency. All financial information presented in Brazilian Reais has been rounded up to the nearest thousand unless otherwise stated.

2.4. Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- at fair value through profit or loss.
- at amortized cost.

The Group classifies the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at amortized cost;
- Equity investments held for trading; and equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election, at initial recognition, to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments only when the business model for managing those assets changes.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, that is, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

(c) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



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2.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments maturing in up to three months, with immaterial risk of change in value.

Marketable securities

The balances represent investments in: restricted investment funds that include public and private securities and bank deposit certificates, as described in note 6 (b).

2.6. Trade receivables

Trade receivables are mainly represented by current and non-current receivables from sales of residential real estate units that are completed or to be completed.

Receivables related to units launched, but not completed, are determined by applying the percentage of completion (POC) to revenue from units sold, adjusted according to the terms of the sales contracts (indexation accruals), by deducting the amount of the installments received. If the balance of the installments received is higher than the accumulated revenue recognized, the balance is classified as advances from customers and recorded in liabilities.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment of trade receivables.

The result of sales on credit of completed units is appropriated at the time of the sale, regardless of the contracted payment terms of the sale.

If collection is expected in one year or less, the receivables are classified as current assets. If not, they are presented as non-current assets.

2.7. Provision for canceled sales

The Company records a provision for canceled sales when, based on management analyses, uncertainties are identified regarding the receipt of future cash flows by the Company. These adjustments are linked to the fact that revenue recognition is dependent on the degree of reliability regarding the receipt by the Company of the cash flows provided by a recognized revenue.

Contracts are monitored to determine the time these conditions are mitigated. As long as this does not occur, no revenue or cost is recognized in profit or loss, and amounts are recorded in asset and liability accounts only.

2.8. Inventories (properties for sale)

(a) Land for future development

Inventories of land are recorded at historical formation cost, which includes all related expenses, directly linked and measurable, including barter transactions calculated at fair value, plus any financial charges



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generated by their corresponding accounts payable. Land can be acquired through partnerships with landowners (physical exchanges and financial exchanges).

Physical exchanges: The fair value of land is recorded as a component of inventory of land for properties for sale, with a corresponding entry to "Advances from customers" at the time a private instrument is signed, or when the conditions of any termination clauses of the contracts have been met. Revenue arising from barter transactions is allocated to profit or loss over the real estate construction period.

Financial exchanges: In barter transactions involving financial exchanges, the Group transfers a percentage of the sales amount to the sellers of the land. This amount is recorded as a component of inventory of land for properties for sale, as a corresponding entry to accounts payable, at the time the contract related to the transaction is signed, or when the conditions of any termination clauses of the contracts have been met.

The measurement of the fair value of land acquired through barter transactions is defined in connection with the contractual commitments assumed and the budgeted costs defined in the project's feasibility study, the amount of which may vary up to the time of defining the project to be developed, which is usually confirmed on the development registration. At this time, the related charges are recognized in "Advances from customers - barter transactions".

Inventories of land to be developed are classified according to the expected launch of the project. If the project is expected to be launched in the next 12 months, land is classified in non-current assets. Otherwise, it is classified in non-current assets.

Land is only registered when the deed is drawn up, and is not recognized in the financial statements while under negotiation, regardless of the probability of success or stage of the negotiation.

(b) Properties for sale

Properties ready to be sold are stated at construction cost, which is lower than the net realizable value. For real estate under construction, the amount in inventory corresponds to the cost incurred of the units not yet sold.

Cost comprises the land's cost of acquisition/barter, expenses related to the project and legalization of the undertaking, materials, labor (own or outsourced) and other construction-related costs, including the financial cost of the capital invested (finance costs on payables for purchases of land and on financing incurred during the construction period).

Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion costs and selling expenses.

2.9. Investments

In the parent company financial statements investments in subsidiaries, jointly-controlled subsidiaries and associates are accounted for using the equity method.



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All amounts in thousands of reais unless otherwise stated

2.10. Property and equipment

Property and equipment items are stated at acquisition or construction cost, less depreciation. Depreciation is calculated using the straight-line method, at tax rates, which are similar to the estimated useful life.

Subsequent costs are included into the residual amount of property and equipment or recognized as a specific item, as appropriate, only if the economic benefits associated with these items are considered probable and the related amounts can be reliably measured. The residual balance of the item replaced, sold or transferred to another unit is written off. Repair and maintenance costs are recognized directly in profit or loss as incurred. The residual value of property and equipment items is immediately reduced to its recoverable amount when the residual balance exceeds its recoverable amount.

Expenditures directly related to the construction of sales stands and model apartments (furniture and decoration items) are treated as property and equipment, and are depreciated in accordance with the estimated useful lives of these items, which usually cover the period from the launch to the beginning of construction. When the estimated useful life does not exceed 12 months, these expenditures are recognized directly in profit or loss as selling expenses.

Gains or losses on disposals are determined by comparing the amounts of sales with the carrying amounts and are recognized within "Other gains (losses), net" in the statement of income.

2.11. Intangible assets

Computer software licenses purchased are capitalized on the basis of the costs incurred to purchase and bring to use the specific software. These costs are amortized over their estimated useful lives of five years.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

2.12. Impairment of non-financial assets

Property and equipment, intangible assets and, where applicable, other non-financial assets, are reviewed annually for impairment, primarily using internal and external indications that may affect the recovery of these assets, and always when significant events or changes in circumstances suggest that their carrying amount may not be recoverable. Accordingly, if the carrying amount of an asset exceeds its recoverable amount, which is defined as the higher of an asset's value in use and its net realizable value, a loss is recognized in the statement of income for the period.

Pursuant to CPC 01, management assessed the assets subject to review for impairment and did not identify any internal and/or external indicators that could impair the recovery of these assets in the years ended December 31, 2022 and 2021.



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All amounts in thousands of reais unless otherwise stated

2.13. Borrowings

Borrowings are recognized initially at the transaction price (that is, the amount received from the bank, including transaction costs), and are subsequently stated at amortized cost.

Interest expense is recognized on the basis of the effective interest method over the life of the loan to ensure that the carrying amount on the maturity date corresponds to the amount due. Interest is included in finance costs, except for interest linked to qualifying assets incurred during their construction period, which is allocated to the related asset.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.14. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method. They are classified as current liabilities if payment is due in one year or less.

2.15. Income tax and social contribution on net income

The income tax and social contribution benefit or expense for the period comprise current and deferred taxes. Taxes on profit are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity. In such cases, the taxes are also recognized in comprehensive income or directly in equity.

Current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted at the end of the reporting period. Management periodically evaluates positions taken in the calculation of income taxes with respect to situations in which the applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, based on the amounts expected to be paid to the tax authorities.

Current income tax and social contribution are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

Deferred tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them against current taxes, generally when related to the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or in different countries are generally presented separately, and not on a net basis.



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Deferred taxes are estimated based on the application of the statutory rate on the difference between the revenue calculated for accounting purposes and the actual cash receipts (taxation regime, based on Law 1,435/13, which established the Special Taxation Regime).

The Company segregates these taxes between current and non-current liabilities taking into account the allocation of the amounts receivable from properties sold in current and non-current assets, considering that when all amounts from completed and uncompleted units have been received there will be no difference between accounting and tax criteria.

The Company and its subsidiaries calculate Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) based on taxable income, deemed profit or the special taxation regime (RET), as detailed below:

- Taxable income method - Income tax is computed at the rate of 15%, plus a surcharge of 10% on taxable income, and social contribution is computed at the rate of 9% on taxable income.
- Deemed profit method - Income tax and social contribution for each entity is computed at 8% and 12%, respectively on revenues from real estate development. On the deemed profit, the income tax and social contribution rates in effect at the closing date of each year were applied (15% plus an additional 10% for profits over R\$240 annually for income tax and 9% for social contribution).
- Special Taxation Regime (RET) - Adopted for certain projects developed by the Company and its subsidiaries. As permitted by Law 12,024 of August 27, 2009, which amended Law 10,931/2004 that established RET, an option was made to include the projects in the segregated assets' structure and adopt the RET regime. For these developments, consolidated charges related to IRPJ and CSLL, Social Contribution on Revenues (COFINS) and Social Integration Program (PIS) are calculated at the aggregate rate of 4% on gross revenues, of which 1.92% for IRPJ and CSLL and 2.08% for PIS and COFINS.

2.16. Provisions

Provisions are recorded when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate before tax effects that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

2.17. Capital

Capital comprises fully subscribed and paid-up common shares with no par value.

2.18. Legal and revenue reserves

The legal reserve is credited with 5% of the profit for the year, and cannot exceed 20% of the capital, as established by Law 6,404/76. This reserve can only be used to offset losses and increase capital.



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2.19. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, cancellations, rebates and discounts and, in the consolidated financial statements, after eliminating sales within the Company.

The Group recognizes revenue at the fair value of sales contracts when specific criteria are met, as described below:

(a) Revenue from the sales of properties

In sales of units under construction the procedures established in Circular Official Letter/CVM/SNC/SEP No. 02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15) were followed.

Based on these standards and the applicable accounting procedures established by Guideline OCPC 01 (R1) - "Real Estate Development Companies", the following procedures were adopted for the recognition of revenue from the sale of units under construction:

- The costs incurred on units sold (including land) are fully appropriated to the cost of sales.
- The percentage of the incurred cost of units sold, including land, in relation to their total estimated cost (POC) is computed, and this percentage is applied to the fair value of the revenue from units sold (including the fair value of barter made for land), adjusted according to the terms of the sales contracts, thereby obtaining the amount of revenue to be recognized.
- The determined amount of sales revenue, including indexation accruals on trade receivables based on the variation of the National Civil Construction Index (INCC), net of the installments received (including the fair value of barter made for land), are accounted for as trade receivables, or as advances from customers, when applicable.
- The fair value of revenue from units sold is calculated at the present value based on the interest rate indexed at the INCC between the date the agreement is signed and the date scheduled for the delivery of the completed unit to the purchaser. The interest rate applied on government bonds indexed to the INCC is compatible with the nature, term and risks of similar transactions under market conditions.

Subsequently, as time elapses, interest is included in the new fair value for calculating the revenue to be appropriated, on which the POC will be applied.



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If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, the estimates are revised. These revisions may result in increases or decreases in estimates of revenues or costs and are reflected in the statement of income for the period in which the circumstances that give rise to the revision become known to management.

The amounts received for sales of units under construction of real estate projects launched that are still subject to the effects of the corresponding resolutive clause included in the development deed, are classified as advances from customers.

After the delivery of the units sold, trade receivables accrue indexation based on the variation of the General Market Price Index (IGP-M) or the Amplified Consumer Price Index (IPCA), plus interest ranging from 0.5% p.a. to 1% per month, calculated on a *pro rata temporis* basis. At this stage, interest or indexation accruals are recorded as finance income using the effective interest rate method and are no longer part of the sales revenue calculation basis.

In the case of sales of completed units, sales revenue is recognized upon delivery of the unit, when the most significant risks and rewards of ownership are transferred to the purchaser.

(b) Service revenue

The parent company provides services related to construction management and sales to subsidiaries. Revenue from services is recognized in the period the services are rendered, using the straight-line method to recognize the revenue in proportion to the costs incurred on the real estate development which is being managed.

(c) Finance income

Interest income is recognized on the accrual basis, using the effective interest rate method.

When the unit is completed, trade receivables are subject to interest or indexation accruals, which are appropriated, over time, to interest income.

2.20. Selling expenses

Expenses with advertising, marketing, promotions and other selling expenses are not considered as construction costs of the property and are recognized and allocated to the statement of income as incurred.

Expenses incurred in sales stands and model apartments, including their construction, furniture, and decoration items, are recognized as property and equipment, provided that their estimated useful lives exceed 12 months. Depreciation is recognized in the statement of income as selling expenses over the useful lives.

Expenses related to commissions paid to brokers for the sales of the units of each project are recognized in the statement of income based on the same criterion adopted for the recognition of revenues and costs of units sold.



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2.21. Lease

Upon the transition to CPC 06(R2)/IFRS 16, the Group applied the practical expedient with respect to the definition of lease that assesses whether a transaction is a lease. The Group has reviewed all the contracts in force, including those already classified as leases by CPC 06(R1)/IAS 17 and ICPC 03/IFRIC 4, as well as sundry rental contracts and subcontracting services provided with the use of equipment, applying the provisions of CPC 06 (R2)/IFRS 16 to identify, or not, the lease component.

A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract transfers the right to control the use of an identified asset, the Group uses the definition of lease in CPC 06 (R2)/IFRS 16.

(a) The Group as a lessee

The Group recognizes a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability, adjusted for any lease payments up to the commencement date, plus any initial direct costs incurred and an estimation of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease., less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the flow of future (contracted and estimated) payments, discounted using the interest rate implicit in the lease or, if this rate cannot be determined immediately, the Group's incremental borrowing rate for borrowings of similar nature, disregarding membership-based and production support loans, since their rates are exclusive and incomparable, due to their nature and related guarantees. The Group generally uses the incremental rate on its working capital loans, equipment and vehicle financing, plus the agreed inflation rate, as a discount rate.

The Group determines its incremental rate on borrowings by obtaining information on interest rates from various external financing sources and mainly by evaluating the borrowings in force, measuring the weighted average cost (annual interest divided by the debt balance of principal), adding the estimated inflation, and making adjustments to reflect the terms of the contract and the type of the leased asset.

The weighted average of the lessee's nominal incremental borrowing rate applied to new lease liabilities in 2022 was 5.48% p.a. (2.31% p.a. in 2021).



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The lease liability is measured at amortized cost, using the effective interest rate method. It is remeasured when there is a change in future lease payments resulting from a change in index or rate, if there is a change in the amounts that are expected to be paid according to the residual value guarantee, if the Group changes its evaluation as to whether it will exercise an option to purchase, extend or terminate or if there is a revised fixed lease payment in essence.

When the lease liability is remeasured in this manner, an adjustment is made corresponding to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption for contracts in which the lease terms are equal to or less than 12 months from the commencement date, and which do not include a purchase option. It also applies the low-value asset recognition exemption to leases of office equipment and computer equipment considered to be of low value. Short-term lease and low-value asset lease payments are recognized as an expense using the straight-line method over the lease term.

Determining the lease period

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if there is a reasonable expectation that the lease will be extended (or not terminated).

For the lease of its headquarters, the following factors were considered to determine the 60-month lease term, which exceeded the legal contract term, of 42 months:

- The fact that the Company is in the process of raising new funds, which can significantly increase its production capacity, and consequently increase the need to extend its facilities.
- The value of improvements made in the facilities and expected return on the amount invested;
- The period during which the Company remained in and used the previous headquarters;
- The proximity of the headquarters to several projects the Company has been developing.

Most extension options in furniture and machinery and equipment leases have not been included in the lease liability because the Group may replace the assets without significant cost or business disruption.

(b) As a lessor

At December 31, 2022, the Group did not have any lease contract as a lessor, sublessor or similar.

2.22. Adoption of new standards

There are no new standard or interpretation, valid for the annual periods beginning on or after January 1st, 2022 which had material effects on the Group's financial statements. The Group decided not to early adopt any other standard, interpretation or amendment that have been

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issued, but are not yet in force.

2.23. New standards issued and not yet adopted

The new standard or interpretation issued but not yet effective as of the date of issue of the Group's financial statements, are described below. The group intends to adopt these news and standards or interpretation, if applicable, when they become effective:

- Classification of liabilities as current or non-current (amendments to CPC 26 – IAS 1)
- Definition of accounting estimates (CPC 23 – IAS 8)
- Insurance Contracts (CPC 50 – IFRS 17)
- Disclosure of accounting policies (amendments to IAS 1 e IFRS practical demonstration 2)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to CPC 32 – IAS 12)

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.

(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

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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

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

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

<u>Fitch Rating</u>	<u>Consolidated</u>
AAA	297,386
AA	77,166
A	7,589
Other ratings	1,870
Total	384,011

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

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-Trade receivables

	Parent company		Consolidated	
	2022	2021	2022	2021
Completed units (Note 8)				
With statutory lien	6,469	6,378	35,909	37,481
Without statutory lien	-	-	17,740	5,789
	6,469	6,378	53,649	43,270
Units under construction (Note 8)				
With statutory lien	-	9,312	534,533	405,895
Without statutory lien	-	-	8,488	-
	-	9,312	543,021	405,895
Administration services (Note 8)				
Without statutory lien	20,971	12,824	24,418	15,138
	27,440	28,514	621,088	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				
	2023	2024	2025	2026	Total
At December 31, 2022					
Borrowings (Note 15)	-	43,822	64,542	168,302	276,666
Lease (Note 16)	-	2,041	1,026	205	3,272
Trade payables (Note 17)	1,829	-	-	-	1,829
Real estate purchase obligations (Note 19)	800	-	-	-	800

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	Consolidated				
	2023	2024	2025	2026	Total
At December 31, 2022					
Borrowings (Note 15)	-	93,474	180,080	180,115	453,669
Lease (Note 16)	-	4,894	1,553	205	6,652
Trade payables (Note 17)	60,919	-	-	-	60,919
Real estate purchase obligations (Note 19)	35,774	10,917	-	-	46,691
	Parent company				
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 15)	11,243	55,975	84,368	28,485	180,071
Lease (Note 16)	1,905	1,948	926	-	4,779
Trade payables (Note 17)	6,012	-	-	-	6,012
Real estate purchase obligations (Note 19)	1,401	400	-	-	1,801
	Consolidated				
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 15)	60,797	90,014	88,354	28,485	267,650
Lease (Note 16)	2,362	1,948	926	-	5,236
Trade payables (Note 17)	44,402	-	-	-	44,402
Real estate purchase obligations (Note 19)	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.

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The balances of financial investments are exposed to fluctuations in interest rates (particularly the CDI rate). At December 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:

Parent company							Consolidated			
Indicators	Index	Rate	12/31/2022	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	12.43%	50,578	6,287	4,715	3,144	284,227	35,329	26,497	17,665
Marketable securities	CDI	12.43%	6,262	778	584	389	106,046	13,186	9,887	6,591
Liabilities										
Construction financing (in Reais - R\$)	Savings account	7.14%	-	-	-	-	64,287	4,590	3,443	2,295
Debentures	CDI	12.43%	281,712	35,017	43,771	52,526	281,713	35,017	43,771	52,526

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	
	2022	2021	2022	2021
Total borrowings (Note 15)	276,666	180,071	453,669	267,650
Less: Cash and cash equivalents (Note 6)	(48,008)	(31,765)	(330,137)	(243,926)
Less: Marketable securities (Note 7)	(6,262)	(7,785)	(106,046)	(56,415)
Net debt	222,396	140,521	17,486	(32,691)
Total equity	367,785	344,409	537,696	487,282
Total capitalization	590,181	484,930	555,182	454,591
Gearing ratio - %	38%	29%	3%	-7%



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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 year.

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5 Financial instruments by nature

	Parent company		Consolidated	
	2022	2021	2022	2021
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6(a))	94	546	54,836	30,267
Highly liquid financial investments (Note 6 (a))	47,914	31,219	275,301	213,659
Marketable securities (Note 7)	6,262	7,785	106,046	56,415
Restricted financial investments (Note 6(b))	2,664	2,339	2,664	2,339
Trade receivables (Note 8)	27,433	28,513	591,812	446,927
Judicial deposits (Note 21)	374	86	1,634	1,189
Related parties (Note 11)	138,376	91,708	8,040	12,013
	<u>223,117</u>	<u>162,196</u>	<u>1,040,333</u>	<u>762,809</u>
Financial liabilities				
Measured at amortized cost				
Borrowings and debentures (Note 15)	276,666	180,071	453,669	267,650
Lease (Note 16)	3,272	4,779	6,652	5,236
Trade payables (Note 17)	1,829	6,012	60,919	44,402
Real estate purchase obligations (Note 19)	800	1,801	46,691	67,943
Related parties (Note 11)	13,675	15,568	14,718	4,268
	<u>296,242</u>	<u>208,231</u>	<u>582,649</u>	<u>389,499</u>

6 Cash and cash equivalents and financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash	19	26	34	43
Banks	75	520	54,802	30,224
Highly liquid financial investments	47,914	31,219	275,301	213,659
	<u>48,008</u>	<u>31,765</u>	<u>330,137</u>	<u>243,926</u>

During the year ended December 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 98% to 112% of the CDI rate (from 96% to 106% of the CDI rate at December 31, 2021).

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.

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(b) Restricted financial investments

	Parent company		Consolidated	
	2022	2021	2022	2021
Restricted financial investments - non-current	2,664	2,339	2,664	2,339
	<u>2,664</u>	<u>2,339</u>	<u>2,664</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 between 105% and 108% of the CDI rate (108% of the CDI rate at December 31, 2021) based on the nature and maturity of the instrument.

7 Marketable Securities

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash	49	703	827	5,255
Financial treasury bill	2,374	2,411	40,202	17,530
CDB	241	467	4,083	2,966
Debentures	315	1,012	5,334	7,411
Financial bills - private	3,283	3,192	55,600	23,253
	<u>6,262</u>	<u>7,785</u>	<u>106,046</u>	<u>56,415</u>

The Group's exclusive investment fund portfolio, earning interest at 106% p.a. of the CDI rate at December 31, 2022, (108% of the CDI rate at December 31, 2021) is shown in the table above.

8 Trade receivables

	Parent company		Consolidated	
	2022	2021	2022	2021
<u>Trade receivables from real estate developments</u>				
Completed units	6,469	6,378	53,649	43,270
Units under construction	-	9,312	543,021	405,895
Administration services	20,971	12,824	24,418	15,138
	<u>27,440</u>	<u>28,514</u>	<u>621,088</u>	<u>464,303</u>
Provision for canceled sales	-	-	(1,642)	(1,470)
Provision for losses	-	-	(4,155)	(1,046)
Adjustments to present value	(7)	(1)	(23,479)	(14,860)
	<u>(7)</u>	<u>(1)</u>	<u>(29,276)</u>	<u>(17,376)</u>
	<u>27,433</u>	<u>28,513</u>	<u>591,812</u>	<u>446,927</u>
Current assets	20,173	26,661	315,643	201,174
Non-current assets	7,260	1,852	276,169	245,753

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The balance of accounts receivable from sold but not yet completed units is not fully reflected in the financial statements, since its recording is limited to the portion of revenue recognized by the progress of the works, net of the portions already received.

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	
	2022	2021	2022	2021
Falling due in up to 1 year	24,568	25,790	486,161	408,462
Falling due from 1 to 2 years	807	756	276,460	326,937
Falling due from 2 to 3 years	1,257	756	297,691	172,679
Falling due from 3 to 4 years	6	315	210,975	127,183
Falling due in more than 4 years	-	-	6,110	41,662
	<u>26,638</u>	<u>27,617</u>	<u>1,277,397</u>	<u>1,076,923</u>
Overdue for up to 1 year	800	874	20,953	14,182
Overdue from 1 to 2 years	-	-	6,956	1,164
Overdue from 2 to 3 years	-	-	969	765
Overdue from 3 to 4 years	-	-	1,130	371
Overdue for more than 4 years	-	-	630	34
	<u>800</u>	<u>874</u>	<u>30,638</u>	<u>16,516</u>
	<u>27,438</u>	<u>28,491</u>	<u>1,308,035</u>	<u>1,093,439</u>
Trade receivables - accounting	27,433	28,513	591,812	446,927
Deferred revenue (Note 30)	-	7	1,108,671	909,278
Advances from customers (Note 29)	-	(30)	(421,724)	(280,142)
Present value adjustment	7	1	23,479	14,860
Provision for canceled sales	-	-	1,642	1,470
Provision for losses	-	-	4,155	1,046
	<u>27,440</u>	<u>28,491</u>	<u>1,308,035</u>	<u>1,093,439</u>

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9 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	
	2022	2021	2022	2021
Inventories of land	7,742	17,399	178,492	144,598
Units under construction	-	4,104	281,249	273,874
Completed units	311	6	49,851	7,792
Provision for canceled sales	-	-	950	747
	<u>8,053</u>	<u>21,509</u>	<u>510,542</u>	<u>427,011</u>
Current assets	1,323	9,005	419,866	402,608
Non-current assets	6,730	12,504	90,676	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 14.24% p.a. (from 8.30% to 11.25% p.a. at December 31, 2021).

At December 31, 2022, interest capitalized within real estate inventories totaled R\$ 1,436 and R\$ 161 in Consolidated and in the Parent company, respectively (R\$ 1,336 and R\$ 161, respectively, at December 31, 2021).

10 Prepaid expenses

	Parent company		Consolidated	
	2022	2021	2022	2021
Insurance	31	25	4,311	2,979
Commissions and brokerage	-	-	15,971	14,686
Wave Project	3,982	3,982	3,982	3,982
Software maintenance	745	316	746	315
Other projects	45	-	95	49
	<u>4,803</u>	<u>4,323</u>	<u>25,105</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.

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11 Related parties

	Parent company		Consolidated	
	2022	2021	2022	2021
Construtora Novolar	58,919	48,271	-	-
Bernardo Vasconcelos	1,032	713	-	-
Jardinaves	1,920	3,349	-	-
Jornalista Oswaldo Nobre	-	720	-	-
Mia Felicita	908	492	1	-
MRV Patrimar Galleria	2,329	1,762	3	-
Park Residences	305	245	-	-
Gasparini	452	-	452	-
Jardinaves II	6,261	1,713	-	-
Rio De Janeiro Lourdes	3	1,518	-	-
Golf I	12,701	10,308	-	-
Golf II	914	5,294	-	-
MRV MRL Novolar I	-	-	2,084	1,651
Reality	-	-	769	671
Epic	1,585	1,585	-	1,585
Americas	6,500	3,668	-	-
Avenida de Ligação	653	-	653	1,003
Avenida de Ligação 2	656	-	-	-
Avenida de Ligação 3	1,606	1,003	-	-
Vale Dos Cristais	-	1,321	-	-
Riviera Do Sol	-	-	848	707
Residencial Inovatto	248	70	14	-
York I	343	90	-	-
York II	40	-	-	-
Barbacena	85	4,354	85	4,354
Rua Campo	9,181	1,772	-	-
Priorato Residences	180	177	11	10
MRV MRL Novolar X	-	-	391	254
Paquare	-	-	190	188
RJ 04 Oliveiras/Palmeiras	186	115	186	115
Rio 2 - Condomínio 1	2,143	-	-	-
Rio 2 - Condomínio 2	1,043	-	-	-
Le Terrace	4,609	-	-	-
Fernandes Tourinho	8,574	-	-	-
Espírito Santo	6,221	-	-	-
Colina Engefor	622	-	-	-
Mirataia Incorporadora	549	-	-	-
Brito I	917	-	-	-
Madison Square	648	-	-	-
Vale dos Cristais	1,321	-	-	-
Luxemburgo (Guacui)	733	-	-	-
Other developments	3,989	3,168	2,353	1,475
(a) Receivables from real estate developments	138,376	91,708	8,040	12,013

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	Parent company		Consolidated	
	2022	2021	2022	2021
(b) Intercompany loans payable	-	-	4,442	-
Somattos Engenharia	-	-	4,442	-
Alta Vila	3,404	3,391	-	-
Construtora Novolar	90	-	-	-
Holiday Inn	2,103	2,210	-	-
Jardim Das Mangabeiras	3	1,389	-	-
Manhattan Square	4,978	4,805	-	-
MRV Engenharia E Participações	-	-	1,936	1,493
Camargos	375	703	-	-
Quintas do Morro	1,398	1,623	-	-
PRMV Participações	22	22	22	22
Recreio dos Bandeirantes	457	1,099	41	-
Engefor Engenharia e Construções	-	-	853	597
Golf I	-	-	-	-
Golf II	22	-	-	-
Locare Participações	-	-	1,590	-
Constutora Caparaó	-	-	4,547	-
Other developments	823	326	1,287	2,156
(a) Payables for real estate developments	13,675	15,568	14,718	4,268
Sales of apartments (i)	-	-	28,317	24,674
Indexation accruals of sales made (i)	-	-	2,268	1,350
Lease of the headquarters' building and Central Warehouse (ii)	(2,044)	(1,580)	(2,044)	(1,998)
(c) Related-party transactions with effects on profit or loss	(2,044)	(1,580)	28,541	24,026
Deferred revenue (i)	-	-	8,014	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.

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(b) Intercompany loans payable

The companies are partners of SPE DUO, and the respective amount payable relates to expenses incurred at the beginning of the works of SPE DUO, which were paid by the partner companies to enable the development, without interest, and foreseen to be settled at the end of the construction phase, in 2023.

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

(i) Sale of apartments

In October 2019, an apartment in the Novolar Ápia Empreendimentos building, was sold to Farley Rafael Capuchinho de Ornelas for R\$ 373 (R\$ 383 - updated at December 31, 2022). The revenue recognized based on the POC method up to December 31, 2022, amounted to R\$ 383, and R\$ 39 in 2022. There is no open Accounts Receivable balance for December 31, 2022. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

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\$ 16,423 - updated at December 31, 2022). The revenue recognized based on the POC method up to December 31, 2022, amounted to R\$ 16,423, and R\$ 686 in 2022. There is no open Accounts Receivable balance for December 31, 2022. 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\$ 514 - updated at December 31, 2022). The revenue recognized based on the POC method up to December 31, 2022, amounted to R\$ 449, and R\$ 209 in 2022. The contract has a monetarily updated trade receivables of R\$ 379. 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 December 31, 2022). The revenue recognized based on the POC method up to December 31, 2022, amounted to R\$ 2,189, and R\$ 854 in 2022. There is no open Accounts Receivable balance for December 31, 2022. 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 December 31, 2022). The revenue recognized based on the POC method up to December 31, 2022 amounted to R\$ 7,653, and R\$ 79 in 2022. There is no open Accounts Receivable balance for December 31, 2022. 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 December 31, 2022). The POC revenue at December 31, 2022 amounted to R\$ 1,649, and R\$ 269 in 2022. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

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In August 2022, an apartment unit in SPE Novolar Ápia Empreendimentos was sold to Ronaldo Rabelo Leitão for R\$ 390 (R\$ 390 - updated at December 31, 2022). The POC revenue at December 31, 2022 amounted to R\$ 390, and R\$ 390 in 2022. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In August 2022, an apartment unit in SPE Novolar Ápia Empreendimentos was sold to Alexandre Lara for R\$ 385 (R\$ 385 - updated at December 31, 2022). The POC revenue at December 31, 2022 amounted to R\$ 385, and R\$ 385 in 2022. 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 2022, an apartment unit in SPE Recreio dos Bandeirantes Empreendimentos was sold to Farley Rafael Capuchinho for R\$ 264 (R\$ 264 - updated at December 31, 2022). The revenue recognized based on the POC method up to December 31, 2022, amounted to R\$ 99, and R\$ 99 in 2022. The contract has a monetarily updated trade receivables of R\$ 195. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In December 2022, an apartment unit in SPE Vale do Sereno Empreendimentos Imobiliários, was sold to Felipe Enck Gonçalves for R\$ 4,008 (R\$ 4,008 - updated at December 31, 2022). The revenue recognized based on the POC method up to December 31, 2022, amounted to R\$ 1,028, and R\$ 1,028 in 2022. The contract has a monetarily updated trade receivables of R\$ 3,959. 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.

12 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.

	Parent company		Consolidated	
	2022	2021	2022	2021
Investments	424,524	349,432	28,074	27,697
Provision for investees' net capital deficiency	(7,380)	(4,477)	(5,999)	(4,793)
	<u>417,144</u>	<u>344,955</u>	<u>22,075</u>	<u>22,904</u>

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(a) Balances of investments of the parent company at December 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%	13,193	161,433	13,193	161,487	100%	148,294
SPE Patrimar Engefor Imóveis Ltda.	50%	(305)	(944)	(152)	(472)	50%	(320)
SPE Maura Valadares	50%	(289)	(307)	(144)	(154)	50%	(10)
SPE Engefor Patrimar V.S. Emp. Imob Ltda.	50%	(217)	(601)	(108)	(301)	50%	(192)
SCP Professor Danilo Ambrósio	95%	(39)	(59)	(36)	(56)	95%	(20)
SCP Jornalista Oswaldo Nobre	90%	192	(21)	173	(19)	90%	(192)
SCP Gioia dell Colle	90%	(163)	(200)	(147)	(180)	90%	(33)
SCP Manhattan Square	90%	(614)	5,277	(553)	4,748	90%	5,301
SCP Priorato Residences	90%	110	1,567	99	1,410	90%	1,311
SCP Holiday Inn	80%	1,074	20,491	859	16,393	80%	15,534
SCP Mayfair Offices	90%	-	151	-	135	90%	136
SCP Quintas do Morro	69%	580	2,441	399	1,679	69%	2,169
SCP Neuchatel	90%	(127)	302	(114)	272	90%	386
SPE MRV Galleria	50%	697	(2,794)	348	(1,397)	50%	(1,271)
SPE Jardinaves	50%	12,090	22,416	6,045	11,208	50%	5,163
SPE Jota Patrimar Engefor	50%	(334)	(1,615)	(167)	(808)	50%	(642)
SPE Colina Engefor Patrimar E. Imob Ltda.	50%	(608)	(741)	(304)	(371)	50%	(66)
SPE Patrimar Somattos Jardim das Mangabeiras	50%	(13,940)	75,654	(6,970)	37,827	50%	47,797
Antônio de Alb. SPE Ltda. (EPIC)	50%	6,636	27,763	3,324	13,882	50%	19,557
SPE DUO - Alameda do Morro	40%	48,332	118,516	19,333	47,406	40%	28,073
SPE Vale dos Cristais	50%	(8)	411	(4)	206	50%	209
SPE High Line	100%	24,614	50,926	24,614	50,926	100%	26,312
SPE 2300 Rio de Janeiro	50%	12,493	27,881	6,246	13,941	50%	7,960
SPE Le Terrace	43%	1	28	-	36	43%	(6)
SPE Golf I	100%	22	(877)	22	(877)	100%	(898)
SPE Golf II	100%	18,900	30,014	18,900	30,014	100%	11,114
SPE Das Americas 1	100%	(15)	(204)	(15)	(204)	100%	(189)
Vila Castela (Madson Square)	100%	-	50	-	50	100%	-
SPE Jardinaves II	50%	(98)	7,254	(49)	3,627	50%	3,676
SPE Rua do Campo	100%	(1,648)	(1,846)	(1,648)	(1,846)	100%	(248)
SPE Avenida de Ligação 2	100%	(24)	26	(24)	26	100%	-
SPE Avenida de Ligação 3 – Buffet	100%	(11)	39	(11)	39	100%	-
SPE Jardinaves III	100%	(1)	49	(1)	49	100%	-
SPE Jardinaves IV	100%	-	50	-	50	100%	-
SPE Rio 2 Ltda	100%	(344)	(294)	(344)	(294)	100%	-
SPE Q25 Jardim Mangabeiras	100%	-	-	-	-	0%	-
SPE Fernandes Tourinho	100%	(84)	2,712	(84)	2,712	0%	-
SPE Guacui (Luxemburgo)	100%	(5)	(5)	(5)	(5)	0%	-
SPE Rua Espírito Santo (MG)	100%	-	-	-	-	0%	-
		120,060	544,943	82,675	391,139		318,905
Jointly-controlled investees							
Alba	9%	1,602	23,461	(832)	1,832	9%	2,314
SCP RJ 04	50%	(7)	502	(4)	251	50%	255
SPE Mirante do Ibituruna Ltda.	34%	(2)	8,014	(1)	2,705	34%	2,704
SCP Portal do Bosque	50%	(9)	135	(4)	67	50%	73
SCP Park Ritz	48%	(19)	883	(9)	424	48%	433
SCP Recanto das Águas	51%	(32)	106	(16)	54	51%	71
SCP MRV Belo Campo	50%	(64)	137	(36)	68	50%	30
SCP MRV Rec. Pássaros (Rouxinol)	40%	(771)	843	(351)	339	40%	230
SCP MRV Res. Beija Flor	40%	39	469	9	186	40%	110
SPE Padre Marinho	50%	548	4,820	229	2,410	50%	2,880
SCP Rívoli 1 e 2	40%	(14)	324	-	130	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%	(121)	364	(46)	145	40%	155
SPE Barbacena Empr Imob. S.A.	50%	494	14,013	135	7,016	50%	8,612
SPE Patrimar Somattos Gasparini Ltda.	50%	48	12,248	23	6,124	50%	6,107
SPE Direcional Patrimar Maragogi	45%	(206)	93	(99)	42	45%	(13)
SPE Avenida de Ligação	50%	-	6,105	-	2,949	50%	624
SPE Somattos Patrimar quadra 40	50%	23	512	13	256	50%	243
		1,509	74,660	(989)	25,812		25,737

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	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
Associates							
SCP Safira (Decaminada 10)	24%	(80)	(1,118)	(19)	(268)	24%	(249)
SCP João XXIII	24%	(311)	(322)	(75)	(77)	24%	(2)
SCP Palo Alto	10%	(49)	2,916	(5)	292	10%	297
SCP Park Residences	10%	(419)	1,137	(42)	114	10%	181
SPE Novo Lar Greenport	20%	367	(262)	73	(52)	20%	(126)
SPE Axis 1 Porto Fino	10%	209	1,841	21	184	10%	212
		(283)	4,192	(47)	193		313
		121,286	623,795	81,639	417,144		344,955

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

Companies	At December 31, 2021	Contrib utions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At December 31, 2022
Construtora Novolar	148,294	-	-	13,193	-	-	161,487
SPE Álamó Patrimar Incorp. Imob. Ltda.	-	-	-	-	-	-	-
SPE Patrimar Engefor Imóveis Ltda.	(320)	-	-	(152)	-	-	(472)
SPE Maura Valadares	(10)	-	-	(144)	-	-	(154)
SPE Engefor Patrimar V.S. Emp. Imob Ltda.	(192)	-	-	(108)	-	-	(300)
SCP Professor Danilo Ambrósio	(20)	-	-	(36)	-	-	(56)
SCP Jornalista Oswaldo Nobre	(192)	-	-	173	-	-	(19)
SCP Gioia dell Colle	(33)	-	-	(147)	-	-	(180)
SCP Olga Chiari	-	-	-	-	-	-	-
SCP Manhattan Square	5,301	-	-	(553)	-	-	4,748
SCP Priorato Residences	1,311	1	-	99	(1)	-	1,410
SCP Holiday Inn	15,534	-	-	859	-	-	16,393
SCP Mayfair Offices	136	-	-	-	-	-	136
SCP Quintas do Morro	2,169	-	(886)	399	-	-	1,682
SCP MG 02 Chopin	-	-	-	-	-	-	-
SCP Neuchatel	386	-	-	(114)	-	-	272
SPE MRV Galleria	(1,271)	-	(475)	348	-	-	(1,398)
SPE Jardinaves	5,163	-	-	6,045	-	-	11,208
SPE Jota Patrimar Engefor	(642)	-	-	(167)	-	-	(809)
SPE Colina Engefor Patrimar E. Imob Ltda.	(66)	-	-	(304)	-	-	(370)
SPE Patrimar Somattos Jardim das Mangabeiras	47,797	-	(3,000)	(6,970)	-	-	37,827
Antônio de Alb. SPE Ltda. (EPIC)	19,557	-	(9,000)	3,324	-	-	13,881
SPE DUO - Alameda do Morro	28,073	-	-	19,333	-	-	47,406
SPE Vale dos Cristais	209	-	-	(4)	-	-	205
SPE High Line	26,312	-	-	24,614	-	-	50,926
SPE 2300 Rio de Janeiro	7,960	-	-	6,246	(265)	-	13,941
SPE Le Terrace	(6)	43	-	-	-	-	37
SPE Golf I	(898)	-	-	22	-	-	(876)
SPE Golf II	11,114	-	-	18,900	-	-	30,014
SPE Das Americas 1	(189)	-	-	(15)	-	-	(204)
Vila Castela (Madson Square)	-	50	-	-	-	-	50
SPE Jardinaves II	3,676	-	-	(49)	-	-	3,627
Rua do Campo	(248)	50	-	(1,648)	-	-	(1,846)
Avenida de Ligação 2	-	50	-	(24)	-	-	26
Avenida Ligação 3 – LT 1ª (Buffet)	-	50	-	(11)	-	-	39
Jardinaves III	-	50	-	(1)	-	-	49
Jardinaves IV	-	50	-	-	-	-	50
SPE Rio 2 Ltda	-	50	-	(344)	-	-	(294)
SPE Fernandes Tourinho	-	2,796	-	(84)	-	-	2,712
SPE QD 25 Jardim Mangabeiras	-	-	-	-	-	-	-
SPE Guacui (Luxemburgo)	-	-	-	(5)	-	-	(5)
SPE Rua Espírito Santo (MG)	-	-	-	-	-	-	-
	318,905	3,190	(13,361)	82,675	(266)	-	391,143
Jointly-controlled investees							
ALBA	2,314	-	(514)	142	879	(15)	2,806
SCP RJ 04	255	-	-	(4)	-	-	251
SPE Mirante do Ibituruna Ltda.	2,704	-	-	(1)	-	-	2,703
SCP Portal do Bosque	73	-	-	(4)	-	-	69
SCP Park Ritz	433	-	-	(9)	-	-	424
SCP Recanto das Águas	71	-	-	(16)	-	-	55
SCP MRV Belo Campo	30	73	-	(36)	-	-	67
SCP MRV Rec. Pássaros (Rouxinol)	230	464	(4)	(351)	-	-	339
SCP MRV Res. Beija Flor	110	67	-	9	-	-	186
SPE Padre Marinho	2,880	-	(700)	229	-	-	2,409
SCP Rívoli 1 e 2	95	42	-	-	(7)	-	130
SPE Acaba Mundo E. Imob Ltda.	814	-	-	-	-	-	814
SPE MRV Patrimar RJ Ix Ltda. (Andorinhas) 1 e 2	155	31	(1)	(46)	7	-	146
SPE Barbacena Empr Imobiliários S/A	8,612	4,250	(5,981)	135	-	-	7,016
SPE Patrimar Somattos Gasparini Ltda.	6,107	19	-	23	(25)	-	6,124
SPE Direcional Patrimar Maragogi Ltda.	(13)	407	-	(99)	(254)	-	41
SPE Avenida de Ligação	624	2,325	-	-	-	-	2,949
SPE Somattos Patrimar Quadra 40	243	-	-	13	-	-	256
	25,737	7,678	(7,200)	(15)	600	(15)	26,785

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Subsidiaries / associates

SCP Safira (Decaminada 10)	(249)	-	-	(19)	-	-	(268)
SCP João XXIII	(2)	-	-	(75)	-	-	(78)
SCP Naples	-	-	-	-	-	-	-
SCP Palo Alto	297	-	-	(5)	-	-	292
SCP Park Residences	181	-	(25)	(42)	-	-	114
SPE Novo Lar Greenport	(126)	-	-	73	-	-	(53)
SPE Axis 1 Porto Fino	212	-	(50)	21	(1)	-	183
Other investments	-	-	-	(974)	-	-	(974)
	313	-	(75)	(1,021)	(1)	-	(784)
	344,955	10,868	(20,636)	81,639	333	(15)	417,144

(c) Balances of investments in Consolidated (unconsolidated companies) at December 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%	1,602	23,461	19	1,832
SCP Manchete	40%	40%	(1,118)	2,235	(450)	912
SCP MRV Belo Campo	50%	50%	(64)	138	(36)	68
SCP MRV Rec. Pássaros (Rouxinol)	40%	40%	(771)	844	(351)	339
SCP MRV Res. Beija Flor	40%	40%	39	470	9	186
SCP Pacuare	50%	50%	224	(361)	112	(180)
SCP Park Ritz	48%	48%	(19)	883	(9)	424
SCP Park Rossete	51%	51%	82	2,231	42	1,137
SCP Parque Araras	50%	50%	(64)	5	(33)	3
SCP Parque Bem Te Vi	50%	50%	(40)	96	(20)	48
SCP Parque Gaivotas	50%	50%	(134)	3	(70)	20
SCP Parque Sabia	50%	50%	(45)	54	(23)	31
SCP Portal do Bosque	50%	50%	(9)	135	(4)	67
SCP Reality e Renovare	51%	51%	(950)	(2,895)	(485)	(1,477)
SCP Recanto das Águas	51%	51%	(32)	105	(16)	54
SCP Recanto do Tingui	35%	35%	(34)	(363)	(12)	(127)
SCP Riviera da Costa e Sol	48%	48%	(555)	(1,863)	(267)	(895)
SCP Rívoli 1 e 2	40%	40%	(14)	324	(1)	130
SCP RJ 04	50%	50%	(7)	503	(4)	251
SPE Acaba Mundo Emp. Imob Ltda.	50%	50%	-	1,631	-	814
SCP Andorinhas	40%	40%	(121)	364	(46)	145
SPE Barbacena Empr Imobiliários S.A.	50%	50%	494	14,013	135	7,016
SPE Direcional Patrimar Maragogi Ltda.	50%	50%	(206)	93	(99)	42
SPE Mirante do Ibituruna Ltda.	34%	34%	(2)	8,013	-	2,705
SPE Padre Marinho	50%	50%	548	4,820	229	2,410
SPE Park Riversul	35%	35%	(137)	62	(69)	22
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	48	12,247	23	6,124
SPE Recreio Bandeirantes	35%	35%	(227)	(1,360)	(80)	(477)
SPE Recreio Gaveas	35%	35%	(6,033)	(741)	(2,115)	(260)
SPE Recreio Pontal	35%	35%	(1,007)	(7,382)	(357)	(2,585)
SPE Avenida de Ligação	50%	0%	-	6,105	-	2,949
SPE Somattos Patrimar Quadra 40	50%	0%	23	512	13	256
Other			-	-	-	91
			(8,529)	64,382	(3,965)	22,075

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- (d) At December 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	24,757	-	1,296	-	23,461	1,602	1,629
SCP RJ 04	506	2,425	59	637	2,235	(1,118)	104
SCP Mirante do Ibituruna Ltda.	134	73	1	69	137	(64)	(8)
SCP Portal do Bosque	468	390	6	9	843	(771)	57
SCP Park Ritz	409	103	24	19	469	39	(19)
SCP Recanto das Águas	16	(366)	10	-	(360)	224	-
SCP MRV Belo Campo	1,119	(38)	158	40	883	(19)	(1)
SCP MRV Rec. Pássaros (Rouxinol)	2,494	(98)	165	1	2,230	82	19
SCP MRV Res. Beija Flor	111	7	36	77	5	(64)	3
SCP Rívoli 1 e 2	109	(11)	(6)	8	96	(40)	3
SCP Andorinhas	101	9	61	46	3	(134)	3
SCP Pacuare	75	3	24	-	54	(45)	2
SCP Manchete	13	123	1	-	135	(9)	-
SCP Parque Araras	203	(1,896)	49	1,153	(2,895)	(950)	52
SCP Parque Bem Te Vi	112	7	4	9	106	(32)	-
(102)SCP Parque Gaivotas	(239)	(136)	(67)	54	(362)	(34)	(102)
SCP (41)Parque Sabia	468	(1,694)	34	604	(1,864)	(555)	(41)
SPE Park Riversul	184	186	14	32	324	(14)	(4)
SPE Recreio Bandeirantes	790	(178)	58	52	502	(7)	12
SPE Recreio Gaveas	1,631	-	-	-	1,631	-	-
SPE Recreio Pontal	380	6	22	-	364	(121)	369
SCP Park Rossete	15,718	32	1,688	49	14,013	494	9,358
SCP Reality e Renovare	103	-	10	-	93	(206)	5
SCP Recanto do Tingui	8,022	(6)	2	-	8,014	(2)	-
SCP Riviera da Costa e Sol	5,697	-	877	-	4,820	548	1,133
SPE Padre Marinho	80	82	5	94	63	(137)	(1)
SPE Acaba Mundo Emp. Imob Ltda.	12,248	-	-	-	12,248	48	70
SPE Barbacena Empr Imobiliários S.A.	119	68	1,539	8	(1,360)	(227)	1
SPE Patrimar Somattos Gasparini Ltda.	1,247	256	2,122	122	(741)	(6,033)	153
SPE Direcional Patrimar Maragogi Ltda.	422	129	7,241	692	(7,382)	(1,007)	1
SPE Somattos Patrimar Quadra 40	6,239	20	154	-	6,105	-	20
SPE Avenida de Ligação	527	-	15	-	512	23	27
	<u>84,263</u>	<u>(504)</u>	<u>15,602</u>	<u>3,775</u>	<u>64,382</u>	<u>(8,529)</u>	<u>12,845</u>

Patrimar Engenharia S.A.

Notes to the financial statements at December 31, 2022

All amounts in thousands of reais unless otherwise stated

13 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 December 31, 2022 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 12/31/2022	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 12/31/2022
Cost										
Leasehold improvements	8,027	78	-	-	8,105	8,027	78	-	-	8,105
Machinery and equipment	10,153	-	-	-	10,153	12,003	121	-	-	12,124
Vehicles	1,068	132	(123)	-	1,077	1,068	132	(123)	-	1,077
Furniture and fittings	2,257	316	-	-	2,573	2,257	465	-	-	2,722
Sales stands and model apartments	496	-	(496)	-	-	11,960	1,232	(2,377)	11,875	22,690
IT equipment	1,469	422	(6)	-	1,885	1,498	422	(6)	-	1,914
Construction in progress	2,116	2,284	(4,400)	-	-	11,524	14,619	(4,400)	(11,875)	9,868
Total cost	25,586	3,232	(5,025)	-	23,793	48,337	17,069	(6,906)	-	58,500
Depreciation										
Leasehold improvements	(5,100)	(1,373)	-	-	(6,473)	(5,096)	(1,377)	-	-	(6,473)
Machinery and equipment	(3,177)	(1,109)	-	-	(4,286)	(3,761)	(1,334)	-	-	(5,095)
Vehicles	(704)	(169)	123	-	(750)	(704)	(169)	123	-	(750)
Furniture and fittings	(807)	(270)	-	-	(1,077)	(808)	(269)	-	-	(1,077)
Sales stands and model apartments	(81)	(18)	99	-	-	(1,611)	(8,038)	1,245	-	(8,404)
IT equipment	(255)	(333)	1	-	(587)	(270)	(338)	1	-	(607)
Total depreciation	(10,124)	(3,272)	223	-	(13,173)	(12,250)	(11,525)	1,369	-	(22,406)
Total property and equipment, net	15,462	(40)	(4,802)	-	10,620	36,087	5,544	(5,537)	-	36,094

Patrimar Engenharia S.A.

Notes to the financial statements at December 31, 2022

All amounts in thousands of reais unless otherwise stated

14 Intangible assets

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

	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write- offs	Transfers	Balance at 12/31/2022	Balance at 12/31/2021	Additions	Write- offs	Transfers	Balance at 12/31/2022
Cost										
Computer software license	13,364	644	-	-	14,008	14,008	645	-	-	14,653
Software under development	-	3,756	-	-	3,756	-	3,756	-	-	3,756
Total cost	<u>13,364</u>	<u>4,400</u>	<u>-</u>	<u>-</u>	<u>17,764</u>	<u>14,008</u>	<u>4,401</u>	<u>-</u>	<u>-</u>	<u>18,409</u>
Amortization										
Computer software license	(5,870)	(2,751)	-	-	(8,621)	(6,212)	(2,877)	-	-	(9,089)
Total amortization	<u>(5,870)</u>	<u>(2,751)</u>	<u>-</u>	<u>-</u>	<u>(8,621)</u>	<u>(6,212)</u>	<u>(2,877)</u>	<u>-</u>	<u>-</u>	<u>(9,089)</u>
Total intangible assets, net	<u>7,494</u>	<u>1,649</u>	<u>-</u>	<u>-</u>	<u>9,143</u>	<u>7,796</u>	<u>1,524</u>	<u>-</u>	<u>-</u>	<u>9,320</u>

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



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

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15 Borrowings and debentures

Type	Maturity of principal	Effective rate p.a	12/31/2022	12/31/2021
Individual				
Debenture – 1 th Issue (CRI)	03/25	CDI +2.99%	80,310	80,269
Debenture - 2 th Issue	05/25	CDI +2.39%	50,787	50,568
Debenture - 3 th Issue (CRI)	07/27	CDI +2.00%	150,615	-
Work Capital	11/24	CDI +3.75%	-	50,608
(-) Funding Cost			(5,046)	(1,374)
Total Individual			276,666	180,071
Current total			43,820	11,243
Non-current total			232,846	168,828

Type	Maturity of principal	Effective rate p.a	12/31/2022	12/31/2021
Subsidiaries:				
Construction financing	03/23 a 07/27	TR + 6.9% a 9.82%	81,313	30,264
Construction financing	09/23 a 07/27	Poupança + 3.50 % a 5.00%	95,690	10,822
Construction financing	05/25 a 07/27	137% do CDI	-	46,493
			177,003	87,579
Total Subsidiaries			453,669	267,650
Current total			93,475	60,797
Non-current total			360,194	206,853

(a) Covenants

Debenture contracts are subject to a financial covenant, which can be calculated using the formula below.

$$\frac{\text{Corporate net debt} + \text{Real estate purchase} - \text{exchanges}}{\text{Equity}} < 0.5$$

In September 31,2022 ,the Company is in compliance with the restrictive clause.

(b) Changes

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**Notes to the financial statements
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Changes in borrowings in the year was as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Opening balance	180,071	82,660	267,650	133,886
Releases	150,000	133,982	326,412	260,709
Provision for interest payable	33,371	12,789	45,292	18,343
Repayments - interest	(10,329)	(1,034)	(20,761)	(6,008)
Repayments - principal	(67,248)	(46,963)	(155,725)	(137,917)
Foreign exchange variation	(9,199)	(1,363)	(9,199)	(1,363)
Funding costs	276,666	180,071	453,669	267,650
Closing balance	180,071	82,660	267,650	133,886

(c) Types

(i) **Construction financing:** This type of borrowing is designed to fund projects during the construction period. These financing arrangements are secured by real estate development/ideal fraction of future units to which it is related.

(ii) **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.

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.

On June 20, 2022, the Company's Board of Directors approved the 3rd 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\$ 150 million, provided that the Debentures are linked to the issuance of 150,000 certificates of real estate receivables ("CRI") from the single series of the 38th issue of VIRGO Companhia de securitização ("Securitizadora", to be distributed through a public offering with restricted distribution efforts, under the firm placement guarantee regime, pursuant to CVM Instruction No. 476, of January 16, 2009, as amended. The effective settlement of this issue took place on July 29, 2022, in the total amount of R\$ 150 million.



**Notes to the financial statements
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(d) Maturities

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

	Parent company		Consolidated	
	2022	2021	2022	2021
2022	-	10,608	-	10,608
2023	-	20,000	-	20,000
2024	-	20,000	-	20,000
2025	-	-	-	-
	-	50,608	-	50,608

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

	Parent company		Consolidated	
	2022	2021	2022	2021
2022	-	-	-	49,554
2023	-	-	49,654	34,039
2024	-	-	115,536	3,986
2025	-	-	11,813	-
	-	-	177,003	87,579



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

	Parent company		Consolidated	
	2022	2021	2022	2021
2022	-	635	-	635
2023	43,822	35,975	43,822	35,975
2024	64,542	64,368	64,542	64,368
2025	57,347	28,485	57,347	28,485
2026	70,077	-	70,077	-
2027	40,878	-	40,878	-
	<u>276,666</u>	<u>129,463</u>	<u>276,666</u>	<u>129,463</u>

16 Leases

	Parent company		Consolidated	
	2022	2021	2022	2021
Leases	3,272	4,779	6,652	5,236
	<u>3,272</u>	<u>4,779</u>	<u>6,652</u>	<u>5,236</u>
Current liabilities	2,041	1,905	4,894	2,362
Non-current liabilities	1,231	2,874	1,758	2,874

Changes in leases were as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Opening balance	4,779	1,715	5,236	3,869
Leases	416	4,823	4,378	5,566
Termination of lease contract	-	-	(105)	(1,577)
Repayments - lease - principal	(1,923)	(1,759)	(2,857)	(2,622)
Repayments - lease - interest	89	(141)	115	(207)
Financial charges - lease	(89)	141	(115)	207
Closing balance	<u>3,272</u>	<u>4,779</u>	<u>6,652</u>	<u>5,236</u>

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

	Parent company		Consolidated	
	2022	2021	2022	2021
2022	-	1,905	-	2,362
2023	2,041	1,948	4,894	1,948
2024	1,026	926	1,553	926
2025	108	-	108	-
2026	97	-	97	-
	<u>3,272</u>	<u>4,779</u>	<u>6,652</u>	<u>5,236</u>

**Notes to the financial statements
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Leases:

Rental agreement related to administrative facilities (warehouse, headquarters, offices), with a remaining term of 13 to 45 months, discounted to present value at the rate of 1.51% p.a.

Rental agreement related to commercial spaces (stores and sales stand), with a remaining period of 10 to 21 months, discounted to present value at rates between 2.31% and 7.79% p.a.

Lease agreement related to heavy equipment, with a remaining term of 6 to 17 months, discounted to present value at rates between 0.68% and of 7.92% p.a.

17 Trade payables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade payables	1,601	5,477	51,606	37,775
Technical retentions	228	535	9,313	6,627
	<u>1,829</u>	<u>6,012</u>	<u>60,919</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.

18 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:



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	Parent company		Consolida ted	
	2022	2021	2022	2021
Taxes payable				
National Institute for Social Security (INSS)	140	60	2,229	2,502
Services Tax (ISS)	139	168	731	925
Social Integration Program (PIS)	-	-	90	13
Other taxes withheld	479	455	2,509	501
Total Taxes payable	758	683	5,559	3,941
Current taxes with deferred payment - Current				
Special Taxation Regime (RET)	55	600	20,395	14,961
Social Contribution on Revenues (COFINS)	-	-	82	220
Social Contribution on Net Income (CSLL)	-	-	473	384
Social Integration Program (PIS)	-	-	184	213
Total Current	55	600	21,134	15,778
Current taxes with deferred payment – Non-Current				
Special Taxation Regime (RET)	68	51	4,624	6,015
Social Contribution on Revenues (COFINS)	265	276	393	448
Social Contribution on Net Income (CSLL)	-	-	16	15
Social Integration Program (PIS)	56	-	56	-
Total Non-current	389	327	5,089	6,478
	1,202	1,610	31,782	26,197

19 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	
	2022	2021	2022	2021
Incorporated lands				
Financial compensation	800	400	35,591	44,609
Financial exchange	-	-	27,245	36,758
Unincorporated lands				
Financial compensation	-	1,401	11,100	23,334
Financial exchange	-	1,401	11,100	11,244
	-	-	-	12,090
	800	1,801	46,691	67,943
	800	1,401	35,774	35,942
Current liabilities	-	400	10,917	32,001
Non-current liabilities	-	-	-	-



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Financial compensation		
	Parent company	Consolidated
2023	800	19,281
2024	-	90
2025	-	75
2026	-	-
	800	19,446
Financial exchange		
	Parent company	Consolidated
2023	-	16,493
2024	-	7,979
2025	-	1,453
2026	-	908
2027	-	412
	-	27,245



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20 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	
	2022	2021	2022	2021
Advances from customers and barter transactions for construction in progress	-	30	421,724	280,142
Advances related to customized units	-	-	22,356	47,435
Barter transactions for land - developments not launched	313	966	43,020	45,590
	<u>313</u>	<u>996</u>	<u>487,100</u>	<u>373,167</u>
Current liabilities	313	996	202,973	373,167
Non-current liabilities	-	-	284,127	-

21 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	2022	2021	2022	2021
Civil	200	115	2,661	3,924
Tax	1,427	1,427	1,427	1,453
Labor	-	-	628	1,249
	<u>1,627</u>	<u>1,542</u>	<u>4,716</u>	<u>6,626</u>

Judicial deposits

	Parent company		Consolidated	
	2022	2021	2022	2021
Civil	14	-	793	869
Tax	-	-	170	-
Labor	360	86	671	320
	<u>374</u>	<u>86</u>	<u>1,634</u>	<u>1,189</u>

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Changes in the 12-month period ended December 31, 2022:

Contingencies

	Parent company	Consolidated
Opening balance	1,542	6,626
Additions	89	5,415
Write-offs	(23)	(8,320)
Update	19	995
Closing balance	<u>1,627</u>	<u>4,716</u>

Judicial deposits

	Parent company	Consolidated
Opening balance	86	1,189
Additions	309	857
Write-offs	(21)	(412)
Closing balance	<u>374</u>	<u>1,634</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\$ 2,808 (labor claims), R\$ 7,910 (tax claims) and R\$ 9,631 (civil claims), totaling R\$ 20,349 (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.

22 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 December 31, 2022 and 2021.

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.



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

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	1,352	1,532	12,783	8,762
Additions	229	72	6,436	4,971
Write-offs	(412)	-	(1,466)	-
Payments related to warranties	(513)	(252)	(1,827)	(950)
Closing balance	656	1,352	15,926	12,783

23 Equity

(a) Capital

At December 31, 2022, share capital of R\$ 269,172 (R\$ 269,172 at December 31, 2021) was represented by 56,025,501 common shares.

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.

On April 29, 2022, the ordinary general assembly was held, which established the mandatory and extraordinary dividends related to the fiscal year of 2021, in the total amount of R\$ 24,714, of which the remaining balance of R\$ 1,214 was paid and/or offset with credits in May 2022."



**Notes to the financial statements
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On November 07, 2022, a meeting was held to approve the advance payment of interim profits to the Company's stockholders as an advance to profit for the current year, amounting to R\$ 1,000. These dividends were fully paid on the same date, considered as mandatory minimum dividends related to profit for this year.

(d) Dividends

In accordance with the Company's bylaws, 25% of the profit, after the offsetting of losses and appropriation to legal reserve, will be set aside for distribution as mandatory minimum dividends. The mandatory minimum dividend for the year ended December 31, 2021, was calculated as follows:

Mandatory minimum dividends	Amount
Profit for the year	32,249
Legal reserve	(1,613)
Profit for the year - legal reserve	30,636
Mandatory minimum dividends	7,659
Interim dividends payments	(1,000)
Minimum mandatory dividends to be paid.	6,659
Minimum Excess Dividend Payout Obligation	-

24 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:

	2022	2021
Basic and diluted earnings per share:		
Profit for the period	32,249	79,658
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R\$	0.575607	1.421804

25 Net operating revenue

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Gross revenue from the sales of properties	8,127	49,067	878,880	905,968
Service revenue	7,265	11,908	8,570	13,502
Canceled sales	(41)	(1,704)	(49,888)	(26,961)
Changes in the provision for canceled sales	-	353	(3,109)	122
Provision (reversal) for contract terminations	-	-	(262)	-
Present value adjustment (i)	2	909	11,735	7,929
Taxes on billings	(831)	(2,016)	(16,508)	(18,392)



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Net operating revenue	<u>14,522</u>	<u>58,517</u>	<u>829,418</u>	<u>882,168</u>
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- (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.

26 Costs and expenses by nature

	Parent company		Consolidated	
	2022	2021	2022	2021
Cost of properties sold				
Materials	(739)	(6,381)	(180,886)	(175,205)
Land	(889)	(4,793)	(191,793)	(229,195)
Completed units	(1,741)	(9,787)	(12,152)	(22,688)
Personnel expenses	(249)	(1,658)	(43,644)	(26,704)
Subcontractors	(1,101)	(6,480)	(140,057)	(101,398)
Housing loan costs	(161)	(1,309)	(12,527)	(7,403)
Other	(357)	(1,809)	(38,785)	(23,314)
	<u>(5,237)</u>	<u>(32,217)</u>	<u>(619,844)</u>	<u>(585,907)</u>
	Parent company		Consolidated	
	2022	2021	2022	2021
General and administrative expenses				
Personnel expenses	(14,450)	(20,339)	(31,327)	(22,166)
Administrative general expenses	(1,628)	(3,628)	(4,710)	(4,448)
Depreciation and amortization	(3,297)	(6,531)	(7,180)	(7,147)
Outsourced services	(3,716)	(4,520)	(8,578)	(6,790)
	<u>(23,091)</u>	<u>(35,018)</u>	<u>(51,795)</u>	<u>(40,551)</u>
	Parent company		Consolidated	
	2022	2021	2022	2021
Selling expenses				
Personnel expenses	(5,765)	(3,217)	(6,104)	(4,907)
Commissions and brokerage	(191)	(432)	(20,919)	(19,085)
Sales stands/model apartments	(26)	(6)	(8,813)	(504)
Advertising	(1,303)	(944)	(22,600)	(16,980)
Other selling expenses	(1,496)	(1,950)	(10,083)	(13,916)
	<u>(8,781)</u>	<u>(6,549)</u>	<u>(68,519)</u>	<u>(55,392)</u>
	Parent company		Consolidated	
	2022	2021	2022	2021
Other operating income (expenses), net				
Real estate financing expenses	(11)	(671)	(7)	(833)
Tax expenses	(520)	(231)	(687)	(239)
Provision for contingencies	(524)	(115)	(3,710)	(5,447)
Losses from insufficient guarantees and others (i)	(355)	(2,246)	(601)	(6,104)
Gain on contract termination.	40	304	1,521	367
Impairment loss on fixed assets.	(394)	(268)	(876)	(2,238)
Other operating income and expenses (ii)	<u>2,354</u>	<u>(4,666)</u>	<u>2,509</u>	<u>(5,357)</u>



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	590	(7,893)	(1,851)	(19,851)
(i)	Property received in guarantee at amounts below the corresponding debt balance and discontinued projects written off.			

27 Management fees

Management compensation for the years ended December 31, 2022 and 2021 is shown below:

	2022	2021
Management fees	5,983	5,596
Welfare benefits	527	306
Charges	1,117	1,105

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.

28 Finance income (costs) net

	Parent company		Consolidated	
	2022	2021	2022	2021
Finance income				
Contractual indexation and interest accruals	368	370	3,573	3,790
Interest on financial investments	6,508	3,022	39,588	10,495
Other finance income	595	150	1,491	220
	7,471	3,542	44,652	14,505
Finance costs				
Interest on borrowings	(33,420)	(11,676)	(34,218)	(12,319)
Bank fees and charges	(1,265)	(418)	(1,744)	(1,110)
Financing expenses	-	(13)	-	(13)
Other finance costs	(12)	(17)	(151)	(36)
	(34,697)	(12,124)	(36,113)	(13,478)
	(27,226)	(8,582)	(8,539)	1,027



**Notes to the financial statements
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29 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	
	2022	2021	2022	2021
Profit before IRPJ and CSLL	32,429	80,273	91,996	172,357
ate - 34%	(11,026)	(27,293)	(31,279)	(58,601)
Effect on exclusions (equity accounting)	(27,757)	38,085	1,348	(3,107)
Segregated asset structure (RET)	(343)	257	(11,445)	7,450
Unrecognized tax losses (RET)	38,959	(11,664)	21,939	36,665
IRPJ and CSLL expenses	(167)	(615)	(19,437)	(17,593)
Effective rate	1%	1%	21%	10%

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.

30 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.



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	Consolidated
Developments under construction	
(i) Deferred revenue from units sold	
(a) Developments under construction:	
Revenue from contracted sales	3,217,502
Revenue from recognized sales	(2,180,126)
Canceled sales - reversed revenue	71,295
	<u>1,108,671</u>
(b) Revenue from recognized sales, net	<u>(2,108,831)</u>
Deferred revenue (a+b)	<u><u>1,108,671</u></u>
(ii) Budgeted deferred cost of units sold	
(a) Developments under construction:	
Budgeted costs	2,196,279
Construction costs incurred	(1,360,119)
	<u>836,160</u>
(b) Incurred costs, net	<u>17,443</u>
Deferred costs of units sold (a+b)	<u><u>836,160</u></u>
Driver CI/CO (without financial costs)	<u>62%</u>
(iii) Budgeted deferred costs of units in inventory	
Developments under construction:	
(a) Budgeted costs	683,784
(b) Incurred costs	(279,812)
Accrued financial charges	1,316
	<u>403,972</u>
Deferred costs of units in inventory (a+b)	<u><u>403,972</u></u>

31 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\$ 1,574,743 (R\$ 698,432 at December 31, 2021) of which: R\$ 1,490,143 (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\$ 84,599 (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
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(b) Lease commitments

At December 31, 2022, commitments related to the lease of large items of equipment and real estate totaled R\$ 3,272 (R\$ 4,779 in 2021) in the Parent company and R\$ 6,652 (R\$ 5,236 in 2021) in the Consolidated, related to rental of large equipment and real estate.

32 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.

33 Insurance

At December 31, 2022, 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
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At December 31, 2022, the insurance coverage was as follows:

Items	Type of coverage	Insured amount Consolidated
Contractor - Completion bond	Benefiting the financing agent in the event of technical and financial losses not met by the Company.	101,029
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.	200
Civil liability (management)	Coverage for pain and suffering to the Company's managers (D&O)	20,000
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	1,395,963
Comprehensive Business Insurance	They generally cover three risks: fire, lightning strike, and explosion. In addition to these risks, these plans combine various additional coverages, such as windstorm, aircraft falling, loss of rent, among many others. They may also contain coverage for civil liability (family, syndicate and/or condominium, material damage to third-party vehicles), medical/hospital/dental expenses for individuals, and so on.	20,962
Civil liability (management)	Coverage for pain and suffering to the Company's managers (D&O)	20,000
Equipment	Indemnity for losses directly from risks related to machinery, equipment and implements, of fixed or mobile types, for non-agricultural use.	90
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.	13,127
Fire Insurance	Covers losses caused by fire	263
Vehicle Insurance	Covers damages caused by vehicles	200
Post-completion bond - maintenance bond (SGPE)	For maintenance of units delivered for up to five years, for damages provided under the consumer protection code,	11,641
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.	307,371

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

34 Transactions not involving cash or cash equivalents

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Investing activities				
Transfers of property and equipment - Leases as per IFRS 16	(1,484)	3,203	1,427	1,674
Capitalized interest	(161)	(126)	100	389

35 Events after the reporting period*Profit anticipation*

On January 12, 2023, a meeting was held to decide on the advance of profits to the Company's shareholders in advance of profit for the 2022 fiscal year, in the amount of R\$ 5,500, which were fully paid on January 16, 2023 and imputed to dividends related to profit for that year.

Brazilian Supreme Court's Decision

On February 08, 2023, the Brazilian Supreme Court ('STF') concluded the trial of Themes 881 and 885 in favor of the loss of the effects of individual decisions that have become res judicata, following a subsequent change in the court's understanding on tax matters. The Company conducted an assessment and did not identify any cases that would have a significant impact on its operations.

* * *

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 December 31, 2022.

Belo Horizonte, March 8, 2023.

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, 2022.

Belo Horizonte, March 8, 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