

(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

**Parent company and consolidated
financial statements at**

June 30, 2023

and independent auditor's report

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

Independent auditor's review report on quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Patrimar Engenharia S.A. for the quarter ended June 30, 2023, comprising the statement of financial position as of June 30, 2023 and the related statements of profit or loss and of comprehensive income, for the three and six-month periods then ended and the changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the parent company and consolidated interim financial information

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

Emphasis of matter

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

Other matters

Statements of value added

The above mentioned quarterly information include the parent company and consolidated statement of value added (SVA) for the six-month period ended June 30, 2023, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall parent company and consolidated interim financial information.

Belo Horizonte (MG), August 09, 2023.

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



Bruno Costa Oliveira
Contador CRC-BA031359/O



Balance sheet at June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Assets					
Current assets					
Cash and cash equivalents	6	7,366	48,008	279,255	330,137
Marketable securities	7	-	6,262	98,559	106,046
Trade receivables	8	19,775	20,173	397,488	315,643
Properties for sale	9	321	1,323	458,438	419,866
Taxes recoverable		3,761	3,308	16,675	16,318
Prepaid expenses	10	5,645	4,803	29,738	25,105
Other receivables		1,281	1,439	19,364	14,229
Total current assets		38,149	85,316	1,299,517	1,227,344
Non-current assets					
Long-term receivables					
Restricted financial investments	6	2,751	2,664	2,751	2,664
Trade receivables	8	7,018	7,260	358,828	276,169
Properties for sale	9	9,890	6,730	52,547	90,676
Judicial deposits	21	159	374	960	1,634
Related parties	11	187,121	138,376	13,724	8,040
Deferred Taxes		-	-	2,468	-
		206,939	155,404	431,278	379,183
Investments	12	462,397	424,524	29,031	28,074
Property and equipment	13	10,276	10,620	45,590	36,094
Intangible assets	14	8,275	9,143	8,398	9,320
Lease right-of-use		2,156	3,157	6,451	6,530
		483,104	447,444	89,470	80,018
Total non-current assets		690,043	602,848	520,748	459,201
Total assets		728,192	688,164	1,820,265	1,686,545



Balance sheet at June 30

All amounts in thousands of reais

(continued)

		Parent company		Consolidated	
	Note	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Liabilities and equity					
Current liabilities					
Borrowings and debentures	15	92,574	43,820	262,263	93,475
Leases	16	2,002	2,041	4,432	4,894
Trade payables	17	4,548	1,829	95,785	60,919
Salaries and social charges		9,357	6,209	18,590	12,032
Tax liabilities	18	910	758	4,953	5,559
Real estate purchase obligations	19	-	800	50,482	35,774
Dividends payable		77	6,739	152	6,814
Advances from customers	20	12,455	313	238,826	202,973
Provision for real estate maintenance	22	62	186	1,394	1,561
Current taxes with deferred payment	18	381	55	28,133	21,134
Other payables		11	11	4,839	1,831
Total current liabilities		122,377	62,761	709,849	446,966
Non-current liabilities					
Borrowings and debentures	15	205,038	232,846	309,809	360,194
Leases	16	256	1,231	2,161	1,758
Real estate purchase obligations	19	-	-	40,291	10,917
Advances from customers	20	-	-	169,996	284,127
Provision for contingencies	21	2,167	1,627	6,370	4,716
Provision for real estate maintenance	22	165	470	17,047	14,365
Current taxes with deferred payment	18	-	389	7,034	5,089
Related parties	11	13,607	13,675	15,960	14,718
Provision for investees' net capital deficiency	12	7,112	7,380	6,965	5,999
Total non-current liabilities		228,345	257,618	575,633	701,883
Total liabilities		350,722	320,379	1,285,482	1,148,849
Equity					
Equity	23				
Capital		269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		108,039	98,354	108,039	98,354
		377,470	367,785	377,470	367,785
Non-controlling interests		-	-	157,313	169,911
Total equity		377,470	367,785	534,783	537,696
Total liabilities and equity		728,192	688,164	1,820,265	1,686,545

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



Statement of income

Quarter and six-month period ended June 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company			
		04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Net operating revenue	25	2,897	1,801	1,485	4,408
Cost of properties sold	26	(976)	45	(309)	(2,772)
Gross profit		<u>1,921</u>	<u>1,846</u>	<u>1,176</u>	<u>1,636</u>
Operating income (expenses)					
General and administrative	26	(7,551)	(12,314)	(5,351)	(12,612)
Selling	26	(2,066)	(4,188)	(2,019)	(4,899)
Equity in the results of investees	12	24,717	53,400	14,143	34,811
Other operating income (expenses), net	26	(1,045)	(1,466)	322	(637)
Operating profit		<u>15,976</u>	<u>37,278</u>	<u>8,271</u>	<u>18,299</u>
Finance income	28	557	1,520	357	1,446
Finance costs	28	(11,076)	(22,179)	(6,713)	(12,543)
Finance (costs) income, net		<u>(10,519)</u>	<u>(20,659)</u>	<u>(6,356)</u>	<u>(11,097)</u>
Profit before income tax and social contribution		<u>5,457</u>	<u>16,619</u>	<u>1,915</u>	<u>7,202</u>
Income tax and social contribution	29	(37)	5	(11)	(63)
Profit for the year		<u><u>5,420</u></u>	<u><u>16,624</u></u>	<u><u>1,904</u></u>	<u><u>7,139</u></u>
Basic earnings per share - R\$	24	<u>0.096741</u>	<u>0.296719</u>	<u>0.033984</u>	<u>0.127423</u>
Diluted earnings per share - R\$	24	<u>0.096741</u>	<u>0.296719</u>	<u>0.033984</u>	<u>0.127423</u>

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



Statement of income

Quarter and six-month period ended June 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Consolidated			
	Note	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Net operating revenue	25	356,401	586,328	190,759	335,236
Cost of properties sold	26	(284,985)	(460,796)	(142,485)	(243,857)
Gross profit		71,416	125,532	48,274	91,379
Operating income (expenses)					
General and administrative	26	(17,197)	(31,900)	(13,347)	(25,919)
Selling	26	(20,920)	(37,362)	(19,023)	(35,322)
Equity in the results of investees	12	(1,221)	(1,895)	(865)	(1,462)
Other operating income (expenses), net	26	(5,254)	(6,607)	(829)	(1,696)
Operating profit		26,824	47,768	14,210	26,980
Finance income	28	9,358	22,013	9,799	17,619
Finance costs	28	(11,508)	(22,899)	(7,401)	(13,523)
Finance (costs) income, net		(2,150)	(886)	2,398	4,096
Profit before income tax and social contribution		24,674	46,882	16,608	31,076
Income tax and social contribution	29	(6,668)	(11,887)	(4,586)	(8,967)
Profit for the year		18,006	34,995	12,022	22,109
Attributable to:					
Owners of the parent		5,420	16,624	1,904	7,139
Non-controlling interests		12,586	18,371	10,118	14,970
		18,006	34,995	12,022	22,109

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



Statement of comprehensive income
Quarter and six-month period ended June 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Three-month period ended June 30			
	Parent company		Consolidated	
	2023	2022	2023	2022
Profit for the year	5,420	1,904	18,006	12,022
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	5,420	1,904	18,006	12,022
Attributable to:				
Owners of the parent			5,420	1,904
Non-controlling interests			12,586	10,118
			18,006	12,022

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



Statement of comprehensive income
Quarter and six-month period ended June 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Parent company		Six-month period ended June 30	
	2023	2022	2023	2022
Profit for the year	16,624	7,139	34,995	22,109
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	16,624	7,139	34,995	22,109
Attributable to:				
Owners of the parent			16,624	7,139
Non-controlling interests			18,371	14,970
			34,995	22,109

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



Statement of changes in equity
Six-month period ended June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Capital reserve	Legal reserve	Retention reserve	Retained earnings (accumulated deficit)		
At December 31, 2021	269,172	259	6,802	68,176	-	142,873	487,282
Contributions to subsidiaries by non-controlling interests	-	-	-	-	-	1,714	1,714
Profit for the year	-	-	-	-	7,139	14,970	22,109
Complementary dividends	-	-	-	(1,214)	-	-	(1,214)
At June 30, 2022	269,172	259	6,802	66,962	7,139	159,557	509,891
At December 31, 2022	269,172	259	8,415	89,939	-	169,911	537,696
Return of capital of subsidiaries	-	-	-	-	-	(30,969)	(30,969)
Profit for the year	-	-	-	-	16,624	18,371	34,995
Dividends paid	-	-	-	(6,939)	-	-	(6,939)
At June 30, 2023	269,172	259	8,415	83,000	16,624	157,313	534,783

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



Statement of cash flows
Quarter and six-month period ended June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Cash flows from operating activities				
Profit for the year	16,624	7,139	34,995	22,109
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	4,031	3,455	9,989	6,400
Adjustment of trade receivables to present value	(8)	(1)	15,122	3,694
Equity in the results of investees	(53,400)	(34,811)	1,895	1,462
Provision for real estate maintenance	(51)	(168)	5,151	1,986
Provision for labor, civil, and tax contingencies	-	23	4,989	2,178
Provision for termination of contracts	593	-	2,992	46
Allowance for doubtful accounts	-	-	(809)	582
Provision for interest on borrowings	21,362	12,222	31,693	17,662
Income tax and social contribution	(37)	63	5,443	8,967
Write-off of fixed assets	-	-	4,508	-
Income from securities	161	-	5,764	-
	(10,725)	(12,078)	121,732	65,086
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	648	7,878	(181,809)	(51,898)
Properties for sale	(2,158)	7,526	(443)	(158,186)
Taxes recoverable	(453)	(519)	(2,825)	(2,377)
Other assets	(469)	(719)	(9,094)	(2,363)
Trade payables	2,719	(4,226)	34,866	9,316
Salaries and social charges	3,148	956	6,558	2,903
Tax liabilities	158	(474)	9,339	(564)
Real estate purchase obligations	(800)	(1,001)	44,082	(9,070)
Advances from customers	12,142	(952)	(78,278)	180,766
Other liabilities	-	672	5,142	3,570
Payments made for maintenance of properties held as collateral	(378)	-	(2,636)	-
Amounts paid for civil, labor, and tax contingencies	(53)	111	(3,335)	(5,495)
	14,504	9,252	(178,433)	(33,398)
Interest paid	(30,477)	-	(38,630)	(5,167)
Income tax and social contribution paid	(32)	(63)	(6,444)	(8,976)
Net cash provided by (used in) operating activities	<u>(26,730)</u>	<u>(2,889)</u>	<u>(101,775)</u>	<u>17,545</u>
Cash flows from investing activities				
Investment in marketable securities	6,101	7,785	1,723	7,138
Changes in restricted financial investments	(87)	(114)	(87)	(114)
Advances to related parties	(48,813)	(15,079)	(4,442)	7,968
Contributions to (return on) investments	15,259	(3,596)	(1,886)	(4,144)
Purchases of property and equipment and intangible assets	(1,818)	(1,172)	(22,992)	(9,592)
Net cash provided by (used in) investing activities	<u>(29,358)</u>	<u>(12,176)</u>	<u>(27,684)</u>	<u>1,256</u>
Cash flows from financing activities				
New borrowings	30,060	163	169,825	56,132
Repayment of borrowings and leases - principal amount	(1,014)	(11,950)	(46,679)	(52,502)
Dividends paid	(13,600)	(1,214)	(13,600)	(1,214)
Distributions (reversal) paid to non-controlling interests, net	-	-	(30,969)	1,714
Net cash provided by financing activities	<u>15,446</u>	<u>(13,001)</u>	<u>78,577</u>	<u>4,130</u>
Increase in cash and cash equivalents, net	<u>(40,642)</u>	<u>(28,066)</u>	<u>(50,882)</u>	<u>22,931</u>
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	48,008	31,765	330,137	243,926
Cash and cash equivalents at the end of the year	<u>7,366</u>	<u>3,699</u>	<u>279,255</u>	<u>266,857</u>
Net increase in cash and cash equivalents	<u>(40,642)</u>	<u>(28,066)</u>	<u>(50,882)</u>	<u>22,931</u>

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



Statement of value added
Quarter and six-month period ended June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	6/30/2023	06/30/2022	6/30/2023	06/30/2022
Revenue:				
Revenue from sales and services	1,854	4,694	598,955	343,263
	<u>1,854</u>	<u>4,694</u>	<u>598,955</u>	<u>343,263</u>
Inputs acquired from third parties:				
Cost of properties sold	45	(2,524)	(430,225)	(223,692)
Electricity, third-party services, and other expenses	6,964	4,339	(76,614)	(57,659)
	<u>7,009</u>	<u>1,815</u>	<u>(506,839)</u>	<u>(281,351)</u>
Gross value added	<u>8,863</u>	<u>6,509</u>	<u>92,116</u>	<u>61,912</u>
Retentions:				
Depreciation and amortization	(4,031)	(3,455)	(9,989)	(6,400)
Net value added generated by the entity	<u>4,832</u>	<u>3,054</u>	<u>82,127</u>	<u>55,512</u>
Value added received through transfers:				
Equity in the results of investees	53,400	34,811	(1,895)	(1,462)
Finance income	1,520	1,446	22,013	17,619
	<u>54,920</u>	<u>36,257</u>	<u>20,118</u>	<u>16,157</u>
Total value added to be distributed	<u>59,752</u>	<u>39,311</u>	<u>102,245</u>	<u>71,669</u>
Distribution of value added:				
Personnel				
Compensation	11,718	10,784	12,557	11,713
Charges	4,208	3,872	4,389	4,095
Benefits	4,925	4,532	3,905	3,643
	<u>20,851</u>	<u>19,188</u>	<u>20,851</u>	<u>19,451</u>
Taxes and contributions				
Federal	(11)	322	23,137	16,399
Municipal	109	119	363	187
	<u>98</u>	<u>441</u>	<u>23,500</u>	<u>16,586</u>
Remuneration of third-party capital:				
Finance costs	22,179	12,543	22,899	13,523
	<u>22,179</u>	<u>12,543</u>	<u>22,899</u>	<u>13,523</u>
Remuneration of own capital:				
Profit for the year	16,624	7,139	16,624	7,139
Non-controlling interests - retained earnings			18,371	14,970
	<u>16,624</u>	<u>7,139</u>	<u>34,995</u>	<u>22,109</u>
Value added distributed	<u>59,752</u>	<u>39,311</u>	<u>102,245</u>	<u>71,669</u>

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



**Notes to the financial statements
at June 30, 2023**

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), in accordance with rules issued by the CVM, applicable to the preparation of the Quarterly Information – ITR.

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

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

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

In preparing this condensed interim financial information contained in the Quarterly Information Form - ITR, the principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented in the financial statements of December 31, 2022, except when disclosed. Therefore, the interim financial information for the period ended June 30, 2023 should be read together with the Group's financial statements for the year ended December 31, 2022.

Considering that there were no relevant changes in relation to the composition and nature of the balances presented in the financial statements for the year ended December 31, 2022, the following Explanatory Notes are presented in a condensed form for the period ended June 30, 2023:

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

The presentation of the parent company and consolidated statements of value added, is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies.

Under IFRS, the presentation of such statements is considered supplementary information. The condensed interim accounting information contained in the Group's Quarterly Information Form - ITRs for the period ended June 30, 2023 was approved at the Board of Directors' Meeting held on August 09, 2023.

2.2. New accounting pronouncements

In the period ended June 30, 2023, no new standards, amendments and interpretations of standards were issued.

3 Critical accounting estimates and judgments

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

(i) Budgeted costs

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

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

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

(iii) Provision for contingencies

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

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

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

(iv) Provision for canceled sales

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

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

(v) Present value adjustment

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

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

(vi) Provision for real estate maintenance

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

4 Financial risk management

4.1. Financial risk factors

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

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

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

(a) Credit risk

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

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

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

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

Credit quality of financial assets

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

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



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risks (asset price fluctuations) or counterparty credit risk. The consolidated balances at June 30, 2023 of financial assets that comprised short-term investments are classified as follows, by rating:

Fitch Rating	Consolidated
AAA	313,346
AA	22,369
A	3,516
Other ratings	3,376
Total	342,607

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

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

Trade receivables

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Completed units (Note 8)				
With statutory lien	5,123	6,469	37,170	35,909
Without statutory lien		-	25,567	17,740
	<u>5,123</u>	<u>6,469</u>	<u>62,737</u>	<u>53,649</u>
Units under construction (Note 8)	-	-	710,942	534,533
With statutory lien	-	-	6,891	8,488
		-	<u>717,833</u>	<u>543,021</u>
Administration services (Note 8)				
Without statutory lien	21,669	20,971	22,327	24,418
	<u>26,792</u>	<u>27,440</u>	<u>802,897</u>	<u>621,088</u>

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



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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 June 30, 2023					
Borrowings (Note 15)	64,225	64,624	57,484	111,278	297,611
Lease (Note 16)	1,027	1,026	108	97	2,258
Trade payables (Note 17)	4,548	-	-	-	4,548
Real estate purchase obligations (Note 19)	-	-	-	-	-
	Consolidated				
	2023	2024	2025	2026	Total
At June 30, 2023					
Borrowings (Note 15)	189,546	135,430	99,322	147,774	572,072
Lease (Note 16)	2,666	2,316	553	1,058	6,593
Trade payables (Note 17)	95,785	-	-	-	95,785
Real estate purchase obligations (Note 19)	50,482	40,291	-	-	90,773
	Parent company				
	2023	2024	2025	2026	Total
At June 30, 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
	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

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.

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(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.

The balances of financial investments are exposed to fluctuations in interest rates (particularly the CDI rate). At June 30, 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	06/30/2023	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)	30/06/2023	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	13.54%	10,010	1,355	1,016	678	244,007	33,039	24,779	16,520
Marketable securities	CDI	13.54%	-	-	-	-	98,559	13,345	10,009	6,673
Liabilities										
Construction financing (in Reais - R\$)	Savings account	7.68%	-	-	-	-	61,304	4,708	3,531	2,354
Debentures	CDI	13.54%	267,278	36,189	45,236	54,284	267,278	36,189	45,236	54,284

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.

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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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Total borrowings (Note 15)	297,612	276,666	572,072	453,669
Less: Cash and cash equivalents (Note 6)	(7,366)	(48,008)	(279,255)	(330,137)
Less: Marketable securities (Note 7)	-	(6,262)	(98,559)	(106,046)
Net debt	290,246	222,396	194,258	17,486
Total equity	377,470	367,785	534,783	537,696
Total capitalization	667,716	590,181	729,041	555,182
Gearing ratio - %	43%	38%	27%	3%

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.

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



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Impairment

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

5 Financial instruments by nature

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<u>Financial assets</u>				
Measured at amortized cost				
Cash and bank accounts (Note 6(a))	107	94	37,999	54,836
Highly liquid financial investments (Note 6 (a))	7,259	47,914	241,256	275,301
Marketable securities (Note 7)	2,751	2,664	2,751	2,664
Restricted financial investments (Note 6(b))	-	6,262	98,559	106,046
Trade receivables (Note 8)	26,793	27,433	756,316	591,812
Judicial deposits (Note 21)	159	374	960	1,634
Related parties (Note 11)	187,121	138,376	13,724	8,040
	<u>224,190</u>	<u>223,117</u>	<u>1,151,565</u>	<u>1,040,333</u>
<u>Financial liabilities</u>				
Measured at amortized cost				
Borrowings and debentures (Note 15)	297,612	276,666	572,072	453,669
Lease (Note 16)	2,258	3,272	6,593	6,652
Trade payables (Note 17)	4,548	1,829	95,785	60,919
Real estate purchase obligations (Note 19)	-	800	90,773	46,691
Related parties (Note 11)	13,607	13,675	15,960	14,718
	<u>318,025</u>	<u>296,242</u>	<u>781,183</u>	<u>582,649</u>

6 Cash and cash equivalents, financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Cash	18	19	33	34
Banks	89	75	37,966	54,802
Highly liquid financial investments	7,259	47,914	241,256	275,301
	<u>7,366</u>	<u>48,008</u>	<u>279,255</u>	<u>330,137</u>

During the period ended June 30, 2023, 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 111.3% of the CDI rate (from 98% to 112% of the CDI rate at December 31, 2022).

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

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



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(b) Restricted financial investments

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Restricted financial investments - non-current	2,751	2,664	2,751	2,664
	2,751	2,664	2,751	2,664

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 105% of the CDI rate (105% and 108% of the CDI rate at December 31, 2022) based on the nature and maturity of the instrument.

7 Marketable Securities

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Cash	-	49	20	827
Financial treasury bill	-	2,374	45,781	40,202
CDB	-	241	3,016	4,083
Debentures	-	315	3,883	5,334
Financial bills - private	-	3,283	44,716	55,600
Deposit with Special Guarantee	-	-	1,143	-
	-	6,262	98,559	106,046

The Group's exclusive investment fund portfolio, earning interest at 102.08% p.a. of the CDI rate at June 30, 2023, (106% p.a. of the CDI as of December 31, 2022), is shown above.

8 Trade receivables

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<u>Trade receivables from real estate developments</u>				
Completed units	5,123	6,469	62,737	53,649
Units under construction	-	-	717,833	543,021
Administration services	21,669	20,971	22,327	24,418
	26,792	27,440	802,897	621,088
Provision for canceled sales	-	-	(4,634)	(1,642)
Provision for losses	-	-	(3,346)	(4,155)
Adjustments to present value	1	(7)	(38,601)	(23,479)
	1	(7)	(46,581)	(29,276)
	26,793	27,433	756,316	591,812

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Current assets	19,775	20,173	397,488	315,643
Non-current assets	7,018	7,260	358,828	276,169

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

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

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

Maturity of trade receivables from real estate developments

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

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Falling due in up to 1 year	9,659	24,568	571,628	486,161
Falling due from 1 to 2 years	4,893	807	307,509	276,460
Falling due from 2 to 3 years	5,629	1,257	426,186	297,691
Falling due from 3 to 4 years	3,967	6	300,534	210,975
Falling due in more than 4 years	87	-	6,576	6,110
	<u>24,235</u>	<u>26,638</u>	<u>1,612,433</u>	<u>1,277,397</u>
Overdue for up to 1 year	1,075	800	19,400	20,953
Overdue from 1 to 2 years	1,435	-	12,268	6,956
Overdue from 2 to 3 years	18	-	1,395	969
Overdue from 3 to 4 years	16	-	1,096	1,130
Overdue for more than 4 years	12	-	829	630
	<u>2,556</u>	<u>800</u>	<u>34,988</u>	<u>30,638</u>
	<u>26,791</u>	<u>27,438</u>	<u>1,647,421</u>	<u>1,308,035</u>
Trade receivables - accounting	26,793	27,433	756,317	591,812
Deferred revenue (Note 30)	-	-	1,231,118	1,108,671
Advances from customers (Note 20)	-	-	(386,594)	(421,724)
Present value adjustment	(1)	7	38,601	23,479
Provision for canceled sales	-	-	4,634	1,642
Provision for losses	-	-	3,345	4,155
	<u>26,792</u>	<u>27,440</u>	<u>1,647,421</u>	<u>1,308,035</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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Inventories of land	9,900	7,742	203,966	178,492
Units under construction	-	-	253,178	281,249
Completed units	311	311	50,931	49,851
Provision for canceled sales	-	-	2,910	950
	10,211	8,053	510,985	510,542
Current assets	321	1,323	458,438	419,866
Non-current assets	9,890	6,730	52,547	90,676

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 8.56% to 14.34% p.a. (from 8.3% to 14.24% p.a. at December 31, 2022).

At June 30, 2023, interest capitalized within real estate inventories totaled R\$ 1,013, in Consolidated (there is no balance of capitalized interest in the parent company). At December 31, 2022, this amount was R\$1,436 in the Consolidated (there was no balance of capitalized interest in the parent company).

10 Prepaid expenses

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Insurance	55	31	3,811	4,311
Commissions and brokerage	-	-	18,426	15,971
Wave Project	3,982	3,982	3,982	3,982
Software maintenance	752	745	752	745
Other Projects	856	45	2,767	96
	5,645	4,803	29,738	25,105

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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Casatua Engenharia	5,000	-	5,000	-
(a) Intercompany loans	5,000	-	5,000	-
Construtora Novolar	64,263	58,919	-	-
Acaba Mundo	470	-	470	-
Americas	8,564	6,500	-	-
Avenida de Ligação	553	653	553	653
Avenida de Ligação 2	762	656	-	-
Avenida de Ligação 3	3,275	1,606	-	-
Barbacena	-	85	-	85
Bernardo Vasconcelos	1,041	1,032	-	-
Brito I	455	917	-	-
Colina Engefor	596	622	-	-
Direcional Patrimar Maragogi	100	-	96	-
Engefor-Patrimar Vila Da Serra	360	-	-	-
Epic	1,585	1,585	1,585	-
Espírito Santo	6,969	6,221	-	-
Feliciano Sodré	-	-	-	-
Fernandes Tourinho	15,249	8,574	-	-
Gasparini	452	452	452	452
Gioia Del Colle	342	-	344	-
Golf I	10,696	12,701	-	-
Golf II	9,073	914	-	-
Jambreiro	67	-	-	-
Jardinaves	2,219	1,920	-	-
Jardinaves II	6,802	6,261	-	-
Jardinaves III	1,049	-	-	-
Jota Patrimar Engefor	790	-	-	-
Le Terrace	4,610	4,609	-	-
Luxemburgo (Guacui)	3,590	733	-	-
Madison Square	657	648	-	-
Mia Felicita	922	908	-	1
Mirataia Incorporadora	950	549	44	-
MRV MRL Novolar I	-	-	-	2,084
MRV MRL Novolar I Inc.Spe	-	-	2,240	-
MRV MRL Novolar X	-	-	490	391
MRV Patrimar Galleria	2,555	2,329	-	3
Paçquare	-	-	-	190
Park Residences	313	305	-	-
Priorato Residences	181	180	-	11
Reality	-	-	-	769
Recanto do Tingui	-	-	131	-
Residencial Inovatto	285	248	-	14
Rio 2 - Condomínio 1	9,692	2,143	-	-
Rio 2 - Condomínio 2	1,833	1,043	-	-
Riviera Do Sol	-	-	-	848
RJ 04 Oliveiras/Palmeiras	193	186	196	186
Rua Campo	14,364	9,181	-	-
São José dos Campos II	-	-	524	-

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SCP Novolar – Riviera da Costa	-	-	156	-
Spe Novolar Ápia	344	-	-	-
Vale dos Cristais	1,515	1,321	-	-
Villagio Florença	351	-	-	-
Villagio Verona	191	-	-	-
VIV IN Multifamily	350	-	350	-
York I	266	343	126	-
York II	24	40	-	-
Others	3,203	3,992	967	2,353
(b) Receivables from real estate developments	187,121	138,376	13,724	8,040

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Somattos Engenharia	-	-	4,933	4,442
(a) Intercompany loans	-	-	4,933	4,442
Alta Vila	3,382	3,404	-	-
Holiday Inn	2,055	2,103	-	-
Jardim Das Mangabeiras	-	3	-	-
Manhattan Square	4,898	4,978	-	-
MRV Engenharia E Participações	-	-	2,345	1,936
Camargos	-	375	-	-
Quintas do Morro	1,380	1,398	-	-
Recreio dos Bandeirantes	447	457	-	41
Engefor Engenharia e Construções	-	-	855	853
Barbacena	37	-	37	-
Golf I	-	-	-	-
Golf II	-	22	-	-
Locare Participações	-	-	1,590	1,590
Constutora Caparaó	-	-	4,548	4,547
Patrimar Engefor Imóveis	485	-	-	-
Expressa Empreendimentos - Camargos	618	-	-	-
Rhadan Consultoria	-	-	113	-
Seven Engenharia	-	-	143	-
Villagio Verona	-	-	-	-
Marcelo Magalhães Martins	-	-	572	-
São José dos Campos	-	-	505	-
York I	-	-	126	-
Others	305	935	193	1,309
(b) Payables for real estate developments	13,607	13,675	15,960	14,718
Sales of apartments (i)	-	-	30,083	28,317
Indexation accruals of sales made (i)	-	-	2,339	2,268
Lease of the headquarters' building and Central Warehouse (ii)	(1,074)	(2,044)	(1,074)	(2,044)
(c) Related-party transactions with effects on profit or loss	(1,074)	(2,044)	31,348	28,541
Deferred revenue (i)	-	-	6,238	8,014

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

a) Intercompany loans

They refer to:

- (i) Casatua Engenharia – The company belongs to the group of our partner Engefor Engenharia e Construções, of which the latter holds stakes in group ventures. The amount receivable relates to the loan extended, with monetary correction applied, and the appropriate taxes paid.
- (ii) Somattos Engenharia - The partner company holds stakes in group ventures. The amount payable relates to the initial expenses incurred at the start of these ventures, aimed at making them viable, without interest applied, and with the anticipation of settlement upon the completion of the respective constructions.

b) Receivables from and payables for developments

These refer to:

- (iii) 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.
- (iv) 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.
- (v) Allocation of common expenses among group companies, performed monthly with objective criteria and based on expenses incurred.

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

(i) Sale of apartments

All transactions were conducted at market values verified through the sales tables of the ventures adopted by the Company.

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

Description	Sale Amount (Original)	Updated Sale Amount	Accumulated Recognized Revenue	Recognized Revenue (in the period)	Accounts Receivable Balance
In August 2022, an apartment sale was completed in the Novolar Ápia Real Estate Development Company, to Ronaldo Rabelo Leitão.	390	390	390	-	-
In August 2022, an apartment sale was completed in the Novolar Ápia Real Estate Development Company, to Alexandre Lara.	385	385	385	-	-
In September 2020, an apartment sale was completed in the High Line Real Estate Development Company, to Ronaldo Rabelo Leitão.	405	520	503	55	365
In May 2021, an apartment sale was completed in the Jardinaves Real Estate Development Company, Unique building, to Patrícia Veiga.	4,368	4,628	2,793	605	-
In November 2021, an apartment sale was completed in the Golf 2 Real Estate Development Company, to Construtora Real.	3,951	3,951	2,227	579	-
In November 2022, an apartment sale was completed in the Recreio dos Bandeirantes Real Estate Development Company, to Farley Rafael Capuchinho de Ornelas.	264	264	152	53	140
In December 2022, an apartment sale was completed in the Vale do Sereno Real Estate Development Company, to Felipe Enck Gonçalves.	4,008	4,064	1,512	484	3,836

(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.

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Investments	462,397	424,524	29,031	28,074
Provision for investees' net capital deficiency	(7,112)	(7,380)	(6,965)	(5,999)
	<u>455,285</u>	<u>417,144</u>	<u>22,066</u>	<u>22,075</u>

(a) Balances of investments of the parent company at June 30, 2023:

Companies	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
	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023	12/31/2022	12/31/2022
Subsidiaries							
Construtora Novolar	100%	7,741	169,174	7,741	169,228	100%	161,487
SPE Patrimar Engefor Imóveis Ltda.	50%	229	(715)	114	(357)	50%	(472)
SPE Maura Valadares	50%	(2,505)	(2,812)	(1,252)	(1,406)	50%	(154)
SPE Engefor Patrimar V.S. Emp. Imob Ltda.	50%	20	(581)	9	(290)	50%	(301)
SCP Professor Danilo Ambrósio	95%	(1)	(60)	(1)	(57)	95%	(56)
SCP Jornalista Oswaldo Nobre	90%	(1)	(22)	(1)	(20)	90%	(19)
SCP Gioia dell Colle	90%	(160)	(358)	(143)	(323)	90%	(180)
SCP Manhattan Square	90%	(826)	4,451	(743)	4,005	90%	4,748
SCP Priorato Residences	90%	11	1,578	9	1,419	90%	1,410
SCP Holiday Inn	80%	354	20,845	283	16,676	80%	16,393
SCP Mayfair Offices	90%	-	151	-	136	90%	136
SCP Quintas do Morro	69%	1,374	3,815	945	2,624	69%	1,679
SCP Neuchatel	90%	3	305	2	274	90%	272
SPE MRV Galleria	50%	(2,688)	(5,482)	(1,344)	(2,741)	50%	(1,397)
SPE Jardinaves	50%	17,482	39,897	8,741	19,949	50%	11,208
SPE Jota Patrimar Engefor	50%	468	(1,148)	233	(574)	50%	(808)
SPE Colina Engefor Patrimar E. Imob Ltda.	50%	(5)	(746)	(2)	(373)	50%	(371)
SPE Patrimar Somattos Jardim das Mangabeiras	50%	10,331	78,985	5,165	39,493	50%	37,827
Antônio de Alb. SPE Ltda. (EPIC)	50%	(4,315)	16,948	(2,157)	8,474	50%	13,882
SPE DUO - Alameda do Morro	40%	(8,611)	109,905	(3,444)	43,962	40%	47,406
SPE Vale dos Cristais	50%	(10)	401	(5)	201	50%	206
SPE High Line	100%	(6,096)	44,829	(6,096)	44,829	100%	50,926
SPE 2300 Rio de Janeiro	50%	7,997	15,878	3,998	7,939	50%	13,941
SPE Le Terrace	43%	2	30	1	37	43%	36
SPE Golf I	100%	12,831	11,954	12,831	11,954	100%	(877)
SPE Golf II	100%	19,715	49,729	19,715	49,729	100%	30,014
SPE Das Americas 1	100%	(2)	(206)	(2)	(206)	100%	(204)
Vila Castela (Madson Square)	100%	(1)	49	(1)	49	100%	50
SPE Jardinaves II	50%	15,331	22,586	7,666	11,293	50%	3,627
SPE Rua do Campo	100%	1,908	62	1,908	62	100%	(1,846)
SPE Avenida de Ligação 2	100%	(1)	25	(1)	25	100%	26
SPE Avenida de Ligação 3 – Buffet	100%	(11)	29	(11)	29	100%	39
SPE Jardinaves III	100%	(1)	48	(1)	48	100%	49
SPE Jardinaves IV	100%	(1)	49	(1)	49	100%	50
SPE Rio 2 Ltda	100%	(7)	(301)	(7)	(301)	100%	(294)
SPE Q25 Jardim Mangabeiras	100%	(1)	(1)	(1)	(1)	100%	-
SPE Fernandes Tourinho	100%	(35)	2,677	(35)	2,677	0%	2,712
SPE Guacui (Luxemburgo)	100%	(4)	(9)	(4)	(9)	100%	(5)
SPE Rua Espírito Santo (MG)	100%	(1)	(1)	(1)	(1)	100%	-
		<u>70,514</u>	<u>581,958</u>	<u>54,108</u>	<u>428,502</u>		<u>391,140</u>

Jointly-controlled investees

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



Notes to the financial statements
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Alba	9%	465	20,599	(209)	1,750	9%	1,832
SCP RJ 04	50%	(200)	304	(100)	151	50%	251
SPE Mirante do Ibituruna Ltda.	34%	(1)	8,015	-	2,705	34%	2,705
SCP Portal do Bosque	50%	(5)	130	(2)	65	50%	67
SCP Park Ritz	48%	(84)	800	(40)	384	48%	424
SCP Recanto das Águas	51%	(27)	78	(14)	40	51%	54
SCP MRV Belo Campo	50%	(153)	137	(79)	69	50%	68
SCP MRV Rec. Pássaros (Rouxinol)	40%	(85)	818	(85)	324	40%	339
SCP MRV Res. Beija Flor	40%	(13)	412	(22)	161	40%	186
SPE Padre Marinho	50%	95	4,815	48	2,407	50%	2,410
SCP Rívoli 1 e 2	40%	(309)	185	(124)	74	40%	130
SPE Acaba Mundo E. Imob Ltda.	50%	-	-	-	-	50%	814
SPE MRV Patrimar RJ IX Ltda. (Andorinhas) 1 e 2	40%	(19)	353	(10)	141	40%	145
SPE Barbacena Empr Imob. S.A.	50%	383	14,658	191	7,328	50%	7,016
SPE Patrimar Somattos Gasparini Ltda.	50%	(20)	12,257	(10)	6,129	50%	6,124
SPE Direcional Patrimar Maragogi	45%	(1)	92	-	42	45%	42
SPE Avenida de Ligação	50%	(191)	6,614	(96)	3,303	50%	2,949
SPE Somattos Patrimar quadra 40	50%	(266)	1,496	(133)	748	50%	256
Viv In Multifamily Ltda	50%	4	4	2	2	50%	-
SPE Acaba Mundo . Imob. Ltda	50%	-	1,630	-	813	50%	-
		(427)	73,397	(683)	26,636		25.812

	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	6/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023	12/31/2022	12/31/2022
Associates							
SCP Safira (Decaminada 10)	24%	(7)	(1,125)	(2)	(270)	24%	(268)
SCP João XXIII	24%	(76)	(398)	(18)	(95)	24%	(77)
SCP Palo Alto	10%	80	2,996	8	300	10%	292
SCP Park Residences	10%	235	1,372	24	137	10%	114
SPE Novo Lar Greenport	20%	(171)	(433)	(34)	(87)	20%	(52)
SPE Axis 1 Porto Fino	10%	(34)	1,633	(3)	162	10%	183
		27	4,045	(25)	147		192
		70,114	659,400	53,400	455,285		417,144

(b) Changes in balances at December 31, 2022 and June 30, 2023 were as follows:

Companies	At December 31, 2022	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At June 30, 2023
Construtora Novolar	161,487	-	-	7,741	-	-	169,228
SPE Patrimar Engefor Imóveis Ltda.	(472)	-	-	114	-	-	(358)
SPE Maura Valadares	(154)	-	-	(1,252)	-	-	(1,406)
SPE Engefor Patrimar V.S. Emp. Imob Ltda.	(300)	-	-	-	-	-	(292)
		-	-	9	-	-	
SCP Professor Danilo Ambrósio	(56)	-	-	(1)	-	-	(57)
SCP Jornalista Oswaldo Nobre	(19)	-	-	(1)	-	-	(20)
SCP Gioia dell Colle	(180)	-	-	(143)	-	-	(323)
SCP Manhattan Square	4,748	-	-	(743)	-	-	4,005
SCP Priorato Residences	1,410	-	-	9	-	-	1,419
SCP Holiday Inn	16,393	-	-	283	-	-	16,676
SCP Mayfair Offices	136	-	-	-	-	-	136
SCP Quintas do Morro	1,682	-	-	945	-	-	2,624
SCP Neuchatel	272	-	-	2	-	-	274
SPE MRV Galleria	(1,398)	-	-	(1,344)	-	-	(2,741)
SPE Jardinaves	11,208	-	-	8,741	-	-	19,949
SPE Jota Patrimar Engefor	(809)	-	-	233	-	-	(575)
SPE Colina Engefor Patrimar E. Imob Ltda.	(370)	-	-	(2)	-	-	(373)
SPE Patrimar Somattos Jardim das Mangabeiras	37,827	-	(3,500)	5,165	-	-	39,492
Antônio de Alb. SPE Ltda. (EPIC)	13,881	-	(3,250)	(2,157)	-	-	8,475
SPE DUO - Alameda do Morro	47,406	-	-	(3,444)	-	-	43,962
SPE Vale dos Cristais	205	-	-	(5)	-	-	201
SPE High Line	50,926	-	-	(6,096)	-	-	44,830
SPE 2300 Rio de Janeiro	13,941	-	(10,000)	3,998	-	-	7,939

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



Notes to the financial statements

at June 30, 2023

All amounts in thousands of reais unless otherwise stated

Companies	At December 31, 2022	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At June 30, 2023
SPE Le Terrace	37	-	-	1	-	-	37
SPE Golf I	(876)	-	-	12,831	-	-	11,954
SPE Golf II	30,014	-	-	19,715	-	-	49,729
SPE Das Americas 1	(204)	-	-	(2)	-	-	(206)
Vila Castela (Madson Square)	50	-	-	(1)	-	-	49
SPE Jardinaves II	3,627	-	-	7,666	-	-	11,293
Rua do Campo	(1,846)	-	-	1908	-	-	62
Avenida de Ligação 2	26	-	-	(1)	-	-	25
Avenida Ligação 3 – LT 1ª (Buffet)	39	-	-	(11)	-	-	28
Jardinaves III	49	-	-	(1)	-	-	48
Jardinaves IV	50	-	-	(1)	-	-	49
SPE Rio 2 Ltda	(294)	-	-	(7)	-	-	(301)
SPE Fernandes Tourinho	2,712	-	-	(35)	-	-	(35)
SPE QD 25 Jardim Mangabeiras	-	-	-	(1)	-	-	2,711
SPE Guacui (Luxemburgo)	(5)	-	-	(4)	-	-	(9)
SPE Rua Espirito Santo (MG)	-	-	-	(1)	-	-	(1)
	391,143	-	(16,750)	54,108	-	-	428,498
Jointly-controlled investees							
ALBA	2,806	-	(134)	45	262	-	2,978
SCP RJ 04	251	-	-	(100)	-	-	151
SPE Mirante do Ibituruna Ltda.	2,703	-	-	-	-	-	2,705
SCP Portal do Bosque	69	-	-	(2)	-	-	65
SCP Park Ritz	424	-	-	(40)	-	-	384
SCP Recanto das Águas	55	-	-	(14)	-	-	40
SCP MRV Belo Campo	67	79	-	(79)	-	-	68
SCP MRV Rec. Passaros (Rouxinol)	339	71	(1)	(85)	-	-	324
SCP MRV Res. Beija Flor	186	6	(10)	(22)	-	-	160
SPE Padre Marinho	2,409	-	(50)	48	-	-	2,408
SCP Rívoli 1 e 2	130	69	-	(124)	-	-	75
SPE Acaba Mundo E. Imob Ltda.	814	-	-	-	-	-	814
SPE MRV Patrimar RJ Ix Ltda. (Andorinhas) 1 e 2	146	8	(2)	(10)	-	-	141
SPE Barbacena Empr Imobiliários S/A	7,016	-	121	191	-	-	7,328
SPE Patrimar Somattos Gasparini Ltda.	6,124	15	-	(10)	-	-	6,129
SPE Direcional Patrimar Maragogi Ltda.	41	-	-	-	-	-	42
SPE Avenida de Ligação	2,949	450	-	(96)	-	-	3,303
SPE Somattos Patrimar Quadra 40	256	625	-	(133)	-	-	748
Viv In Multifamily Ltda	-	-	-	2	-	-	2
	26,785	1,323	(76)	(429)	262	-	27,865
Affiliated Subsidiaries							
SCP Safira (Decaminada 10)	(268)	-	-	(2)	-	-	(270)
SCP João XXIII	(78)	-	-	(18)	-	-	(95)
SCP Palo Alto	292	-	-	8	-	-	300
SCP Park Residences	114	-	-	24	-	-	138
SPE Novo Lar Greenport	(53)	-	-	(34)	-	-	(86)
SPE Axis 1 Porto Fino	183	-	(18)	(3)	-	-	163
Outros Investimentos	(974)	-	-	(254)	-	-	(1,228)
	(784)	-	(18)	(279)	-	-	(1,078)
	417,144	1,323	(16,844)	53,400	262	-	455,285

(c) Balances of investments in Consolidated (unconsolidated companies) at June 30, 2023:

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



**Notes to the financial statements
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All amounts in thousands of reais unless otherwise stated

Companies	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
	6/30/2023	12/30/2023	6/30/2023	6/30/2023	6/30/2023	6/30/2023
Alba	9%	9%	465	20,599	45	1,751
SCP Manchete	40%	40%	(1,080)	2,349	(389)	929
SCP MRV Belo Campo	50%	50%	(153)	136	(79)	69
SCP MRV Rec. Pássaros (Rouxinol)	40%	40%	(85)	817	(85)	324
SCP MRV Res. Beija Flor	40%	40%	(13)	412	(22)	161
SCP Pacuare	50%	50%	-	(361)	-	(180)
SCP Park Ritz	48%	48%	(84)	800	(40)	384
SCP Park Rossete	51%	51%	(7)	2,224	(3)	1,134
SCP Parque Araras	50%	50%	(147)	(50)	(126)	(35)
SCP Parque Bem Te Vi	50%	50%	(92)	44	(63)	22
SCP Parque Gaivotas	50%	50%	(230)	(144)	(163)	(73)
SCP Parque Sabia	50%	50%	(57)	23	(31)	11
SCP Portal do Bosque	50%	50%	(5)	130	(2)	65
SCP Reality e Renovare	51%	51%	(225)	(3,121)	(115)	(1,591)
SCP Recanto das Águas	51%	51%	(27)	78	(14)	40
SCP Recanto do Tingui	35%	35%	39	(323)	14	(113)
SCP Riviera da Costa e Sol	48%	48%	(790)	(2,654)	(379)	(1,274)
SCP Rívoli 1 e 2	40%	40%	(309)	185	(124)	74
SCP RJ 04	50%	50%	(200)	303	(100)	151
SCP Andorinhas	40%	40%	(19)	353	(10)	141
SPE Barbacena Empr Imobiliários S.A.	50%	50%	384	14,658	191	7,328
SPE Direcional Patrimar Maragogi Ltda.	45%	45%	(1)	92	-	42
SPE Mirante do Ibituruna Ltda.	34%	34%	(1)	8,014	-	2,705
SPE Padre Marinho	50%	50%	95	4,815	48	2,407
SPE Park Riversul	35%	35%	(83)	10	(40)	3
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	(20)	12,257	(10)	6,129
SPE Recreio Bandeirantes	35%	35%	(280)	(1,746)	(134)	(612)
SPE Recreio Gaveas	35%	35%	(118)	(815)	(26)	(286)
SPE Recreio Pontal	35%	35%	(606)	(7,997)	(215)	(2,800)
SPE Avenida de Ligação	50%	50%	(191)	6,614	(96)	3,303
SPE Somattos Patrimar Quadra 40	50%	50%	(266)	1,496	(133)	748
SCP Gran Vic Santa Bárbara D'oeste	50%	50%	409	409	204	204
Viv In Multifamily Ltda	50%	50%	4	4	2	2
Others			-	-	-	903
			(3,693)	59,611	(1,895)	22,066

- (d) At June 30, 2023, the balances of asset and liability accounts, net revenue and profit of unconsolidated entities were as follows:

Companies	Current assets	Non- current assets	Current liabilities	Non-current liabilities	Equity	Profit (Loss)	Net revenue
	06/30/2023	06/30/2023	06/30/2023	06/30/2023	06/30/2023	06/30/2023	06/30/2023
Alba	21,646		1,047		20,599	465	473
SCP Manchete	393	2,370	45	369	2,349	(1,080)	(6)
SCP MRV Belo Campo	113	60	4	32	137	(153)	5
SCP MRV Rec. Passaros (Rouxinol)	503	338	13	10	818	(85)	(32)
SCP MRV Res. Beija Flor	379	85	20	32	412	(13)	(14)
SCP Pacuare	13	(369)	5	-	(361)	-	-
SCP Park Ritz	1,126	(76)	73	177	800	(84)	-
SCP Park Rossete	2,473	(90)	159	-	2,224	(7)	-
SCP Parque Araras	116	5	38	133	(50)	(147)	-
SCP Parque Bem Te Vi	108	(11)	(5)	58	44	(92)	-
SCP Parque Gaivotas	109	2	83	172	(144)	(230)	-
SCP Parque Sabia	73	3	27	26	23	(57)	-

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



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at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

SCP Portal do Bosque	14	117	1	-	130	(5)	-
SCP Reality e Renovare	223	(2,242)	17	1,085	(3,121)	(225)	44
SCP Recanto das Águas	93	7	3	19	78	(27)	(7)
SCP Recanto do Tingui	(173)	(183)	(70)	37	(323)	39	63
SCP Riviera da Costa e Sol	424	(2,021)	(15)	1,072	(2,654)	(790)	13
SCP Rívoli 1 e 2	180	156	16	135	185	(309)	1
SCP RJ 04	789	(195)	58	233	303	(200)	-
SCP Andorinhas	376	(1)	22	-	353	(19)	2
SPE Barbacena Empr Imobiliários S.A.	16,098	39	1,469	11	14,657	384	1,548
SPE Direcional Patrimar Maragogi Ltda.	51	51	10	-	92	(1)	2
SPE Mirante do Ibituruna Ltda.	8,028	(12)	2	-	8,014	(1)	-
SPE Padre Marinho	5,694		879	-	4,815	95	137
SPE Park Riversul	83	87	9	152	9	(83)	(6)
SPE Patrimar Somattos Gasparini Ltda.	12,257	-	-	-	12,257	(20)	-
SPE Recreio Bandeirantes	113	64	1,922	1	(1,746)	(280)	(4)
SPE Recreio Gaveas	1,210	200	2,123	102	(815)	(118)	55
SPE Recreio Pontal	418	161	7,701	875	(7,997)	(606)	3
SPE Avenida de Ligação empreendimentos	6,641	-	27	-	6,614	(191)	53
SPE Somattos Patrimar Quadra 40	1,578	1	83	-	1,496	(266)	4
SCP Gran Vic Santa Bárbara D'oeste	23,398	518	1,010	22,497	409	409	719
Viv In Multifamily Ltda	704	(700)	-	-	4	4	-
	105,251	(1,636)	16,776	27,228	59,611	(3,693)	3,053

13 Property and equipment

Property, plant and equipment items are depreciated as bellow:

	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:

(a) The balances of property and equipment at June 30, 2023 were as follows:

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



Notes to the financial statements
at June 30, 2023

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14 Intangible assets

	Parent company					Consolidated				
	Balance at 12/31/2022	Additions	Write-offs	Transfers	Balance at 6/30/2023	Balance at 12/31/2022	Additions	Write-offs	Transfers	Balance at 6/30/2023
Cost										
Leasehold improvements	8,105	171	-	-	8,276	8,105	171	-	-	8,276
Machinery and equipment	10,153	198	-	-	10,351	12,124	428	-	-	12,552
Vehicles	1,077	-	(142)	-	935	1,077	-	(142)	-	935
Furniture and fittings	2,573	89	-	-	2,662	2,722	89	-	270	3,081
Sales stands and model apartments	-	-	-	-	-	22,690	4,674	(4,980)	5,014	27,398
IT equipment	1,885	249	-	-	2,134	1,914	249	-	-	2,163
Construction in progress	-	400	-	-	400	9,868	16,670	(1,603)	(5,284)	19,651
Total cost	23,793	1,107	(142)	-	24,758	58,500	22,281	(6,725)	-	74,056
Depreciation										
Leasehold improvements	(6,473)	(252)	-	-	(6,725)	(6,473)	(252)	-	-	(6,725)
Machinery and equipment	(4,286)	(799)	-	-	(5,085)	(5,095)	(961)	-	-	(6,056)
Vehicles	(750)	(74)	142	-	(682)	(750)	(74)	142	-	(682)
Furniture and fittings	(1,077)	(137)	-	-	(1,214)	(1,077)	(175)	-	-	(1,252)
Sales stands and model apartments	-	-	-	-	-	(8,404)	(6,624)	2,075	-	(12,953)
IT equipment	(587)	(189)	-	-	(776)	(607)	(191)	-	-	(798)
Total depreciation	(13,173)	(1,451)	142	-	(14,482)	(22,406)	(8,277)	2,217	-	(28,466)
Total property and equipment, net	10,620	(344)	-	-	10,276	36,094	14,004	(4,508)	-	45,590

The balances of intangible assets at June 30, 2023 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2022	Additions	Write-offs	Transfers	Balance at 6/30/2023	Balance at 12/31/2022	Additions	Write-offs	Transfers	Balance at 6/30/2023
Cost										
Computer software license	14,008	181	-	2,960	17,149	14,653	181	-	2,960	17,794
Software Under Development	3,756	530	-	(2,960)	1,326	3,756	530	-	(2,960)	1,326
Total cost	17,764	711	-	-	18,475	18,409	711	-	-	19,120
Amortization										
Computer software license	(8,621)	(1,579)	-	-	(10,200)	(9,089)	(1,633)	-	-	(10,722)
Total amortization	(8,621)	(1,579)	-	-	(10,200)	(9,089)	(1,633)	-	-	(10,722)

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



Notes to the financial statements

at June 30, 2023

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Total intangible assets, net	9,143	(868)	-	-	8,275	9,320	(922)	-	-	8,398
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Computer software license is amortized at the rate of 20% p.a.

15 Borrowings and debentures

Type	Maturity of principal	Effective rate p.a	12/31/2023	12/31/2022
Individual				
Debenture – 1 th Issue (CRI)	03/25	CDI +2.99%	70,281	80,310
Debenture - 2 th Issue	05/25	CDI +2.39%	50,789	50,787
Debenture - 3 th Issue (CRI)	07/27	CDI +2.00%	150,619	150,615
Working Capital	12/23	CDI +2.80%	30,334	-
(-) Funding Cost			(4,411)	(5,046)
Total Individual			297,612	276,666
Current total			92,574	43,820
Non-current total			205,038	232,846

Type	Maturity of principal	Effective rate p.a	06/30/2023	12/31/2022
Subsidiaries:				
Construction financing	03/23 a 07/27	TR + 7.5% a 8.91%	213,156	81,313
Construction financing	09/23 a 07/27	Poupança + 3.50 % a 5.00%	61,304	95,690
			274,460	177,003
Total Subsidiaries			572,072	453,669
Current total			262,263	93,475
Non-current total			309,809	360,194

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



**Notes to the financial statements
at June 30, 2023**

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(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 June 30, 2023, the Company is in compliance with the restrictive clause.

(b) Changes

Changes in borrowings in the period was as follows:

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Opening balance	276,666	180,071	453,669	267,650
Releases	30,060	-	169,825	55,969
Provision for interest payable	21,362	12,265	31,693	17,880
Repayments - interest	(31,110)	-	(39,263)	(5,167)
Repayments - principal	-	(11,950)	(44,485)	(52,502)
Funding costs	633	163	633	163
Closing balance	297,611	180,549	572,072	283,993

(c) Types

- (i) Construction financing:** This type of loan aims to finance projects during their construction period and is secured by the project or the proportional share of future units to which it is attached. The disbursement of funds as well as payments for installments of this type of loan progress based on the construction progress measured by the lenders. The interest rates applied in this segment can be either fixed or variable. When they are variable, they are composed of a market reference index, such as savings rate or TR (reference rate).
- (ii) Working capital:** These loans aim to finance the Company's additional short-term operational resource needs. In this context, contracting this type of operation occurs in smaller volumes, quickly, and with simplicity. Typically, no collaterals are required, and the disbursement of funds should be immediate, with payment terms that can range from short to medium-term. The interest rates in this type of loan are usually variable and tied to the economy's interest rate index (CDI). Bank Credit Notes (Cédulas de Crédito Bancário - CCBs) or Real Estate Bank Credit Notes (Cédulas de Crédito Bancário Imobiliárias - CCBIs) are the most common transactions in this category.

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



**Notes to the financial statements
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- (iii) **Debentures:** This form of debt is aimed at financing the company's longer-term resource needs. It involves structured transactions that can be offered to the public or placed privately. Given their purpose, the company targets larger structures with an extended payment period.
- On March 18, 2021, the Company's board of directors approved the first issuance of unsecured simple debentures, non-convertible into shares, in a single series, of the unsecured type, for private placement by the Company, with a total value of up to R\$100 million, which were fully subscribed to privately by ISEC Securitizadora S.A ("ISEC"), as collateral for the 239th series of the 4th issuance of Real Estate Receivables Certificates - CRI, distributed through a restricted distribution public offering under the terms of CVM Instruction 476/2009. On March 31, 2021, the settlement of the first part of the total raised amounting to R\$50 million took place, and on May 11, 2021, the settlement of the second part in the total amount of R\$30.1 million occurred, totaling a capital raise of R\$80.1 million from the first issuance.
 - On May 24, 2021, the Company's board of directors approved the second issuance of unsecured simple debentures, non-convertible into shares, in a single series, of the unsecured type, for private placement by the Company, with a total value of up to R\$50 million, distributed through a restricted distribution public offering under the terms of CVM Instruction 476/2009. On May 31, 2021, the full settlement of the raised amount of R\$50 million took place.
 - On June 20, 2022, the Company's board of directors approved the third issuance of unsecured simple debentures, non-convertible into shares, in a single series, of the unsecured type, for private placement by the Company, with a total value of R\$150 million. It's important to note that these Debentures are linked to the issuance of 150,000 real estate receivables certificates ("CRI") from the single series of the 38th issuance by VIRGO Companhia de Securitização ("Securitization Company"), to be distributed through a restricted distribution public offering under the firm placement guarantee regime, according to CVM Instruction No. 476, dated January 16, 2009, as amended. The effective settlement of this issuance occurred on July 29, 2022, with a total value of R\$150 million.

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

(d) Maturities

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

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
2023	-	-	125,321	49,654
2024	-	-	70,806	115,536
2025	-	-	41,838	11,813
2026	-	-	36,495	-
	-	-	274,460	177,003

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

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
2023	33,891	43,822	33,891	43,822
2024	64,624	64,542	64,624	64,542
2025	57,484	57,347	57,484	57,347
2026	70,281	70,077	70,281	70,077
2027	40,998	40,878	40,998	40,878
	267,278	276,666	267,278	276,666

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

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
2023	30,334	-	30,334	-
	30,334	-	30,334	-

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

16 Leases

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2023</u>	<u>12/31/2022</u>	<u>6/30/2023</u>	<u>12/31/2022</u>
Leases	2,258	3,272	6,593	6,652
	<u>2,258</u>	<u>3,272</u>	<u>6,593</u>	<u>6,652</u>
Current liabilities	2,002	2,041	4,432	4,894
Non-current liabilities	256	1,231	2,161	1,758

Changes in leases were as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
Opening balance	3,272	4,779	6,652	5,236
Leases	-	-	2,135	547
Termination of lease contract	-	-	-	(105)
Repayments - lease - principal	(1,014)	(948)	(2,194)	(1,230)
Repayments - lease - interest	42	(49)	141	(51)
Financial charges - lease	(42)	49	(141)	51
Closing balance	<u>2,258</u>	<u>3,831</u>	<u>6,593</u>	<u>4,448</u>

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2023</u>	<u>12/31/2022</u>	<u>6/30/2023</u>	<u>12/31/2022</u>
2023	1,027	2,041	2,666	4,894
2024	1,026	1,026	2,316	1,553
2025	108	108	553	108
2026	97	97	485	97
2027	-	-	423	-
2028	-	-	150	-
	<u>2,258</u>	<u>3,272</u>	<u>6,593</u>	<u>6,652</u>

Leases:

Rental agreement related to administrative facilities (warehouse, headquarters, offices), with a remaining term of 26 to 30 months, discounted to present value at the rate of 1.51% and 2.31% p.a.

Rental agreement related to commercial spaces (stores and sales stand), with a remaining period of 9 months, discounted to present value at rates between 7.09% and 8.91% p.a.

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



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Lease agreement related to heavy equipment, with a remaining term of 1 to 12 months, discounted to present value at rates between 0.68% and of 7.54% p.a.

17 Trade payables

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Trade payables	4,404	1,601	85,913	51,606
Technical retentions	144	228	9,872	9,313
	<u>4,548</u>	<u>1,829</u>	<u>95,785</u>	<u>60,919</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:

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Taxes payable				
National Institute for Social Security (INSS)	34	140	2,339	2,229
Services Tax (ISS)	210	139	952	731
Social Integration Program (PIS)	59	-	68	90
Other taxes withheld	607	479	1,594	2,509
Total Taxes payable	<u>910</u>	<u>758</u>	<u>4,953</u>	<u>5,559</u>
Current taxes with deferred payment - Current				
Special Taxation Regime (RET)	60	55	26,929	20,395
Social Contribution on Revenues (COFINS)	265	-	475	82
Social Contribution on Net Income (CSLL)	-	-	489	473
Social Integration Program (PIS)	56	-	240	184
	<u>381</u>	<u>55</u>	<u>28,133</u>	<u>21,134</u>
Total Current	<u>1,291</u>	<u>813</u>	<u>33,086</u>	<u>26,693</u>

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



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Current taxes with deferred payment – Non-Current

Special Taxation Regime (RET)	-	68	7,034	3,995
IRPJ	-	-	-	629
Social Contribution on Revenues (COFINS)	-	265	-	393
Social Contribution on Net Income (CSLL)	-	-	-	16
Social Integration Program (PIS)	-	56	-	56
Total Non-current	-	389	7,034	5,089
	1,291	1,202	40,120	31,782

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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Land developed	-	800	25,561	35,591
Supplement	-	800	698	8,346
Financial exchange	-	-	24,863	27,245
Land not developed	-	-	65,212	11,100
Supplement	-	-	65,212	11,100
Financial exchange	-	-	-	-
	-	800	90,773	46,691
Current liabilities	-	800	50,482	35,774
Non-current liabilities	-	-	40,291	10,917

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Opening balance	800	800	46,691	67,943
Additions	-	-	68,131	23,167
Payments	-	-	(17,533)	(23,325)
Others reductions	(800)	-	(6,516)	(21,094)
Closing balance	-	800	90,773	46,691

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



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

	Cash payment	
	Parent company	Consolidated
2023	-	23,032
2024	-	23,200
2025	-	15,095
2026	-	4,583
	-	65,910

	Exchange	
	Parent company	Consolidated
2023	-	8,845
2024	-	10,256
2025	-	3,653
2026	-	1,196
2027	-	913
	-	24,863

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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Advances from customers and barter transactions for construction in progress	-	-	386,594	421,724
Advances related to customized units	-	-	-	22,356
Advance from Customers - Other Transaction	12,400	-	12,400	-
Barter transactions for land - developments not launched	55	313	9,828	43,020
	12,455	313	408,822	487,100
Current	12,455	313	238,826	202,973
Non-current	-	-	169,996	284,127

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



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21 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Civil	147	200	2,658	2,661
Tax	2,020	1,427	2,860	1,427
Labor	-	-	852	628
	<u>2,167</u>	<u>1,627</u>	<u>6,370</u>	<u>4,716</u>

Judicial deposits

	Parent company		Consolidated	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Civil	14	14	218	793
Tax	-	-	170	170
Labor	145	360	572	671
	<u>159</u>	<u>374</u>	<u>960</u>	<u>1,634</u>

Changes in the 6-month period ended June 30, 2023:

Contingencies

	Parent company	Consolidated
Opening balance	1,627	4,716
Additions	593	4,989
Write-offs	(67)	(2,439)
Update	14	(896)
Closing balance	<u>2,167</u>	<u>6,370</u>

Judicial deposits

	Parent company	Consolidated
Opening balance	374	1,634
Additions	81	405
Write-offs	(296)	(1,079)
Closing balance	<u>159</u>	<u>960</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.

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



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Possible risk of loss contingencies:

The Group companies are parties to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of an unfavorable outcome is considered possible by management under the advice of legal counsel. The amounts are approximately R\$ 3,015 (labor claims), R\$ 8,315 (tax claims) and R\$ 7,979 (civil claims), totaling R\$ 19,309 (R\$ 20,349 at December 31, 2022).

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 June 30, 2023.

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

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

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

	Parent company		Consolidated	
	2023	2022	2023	2022
Opening balance	656	1,352	15,926	12,783
Additions	-	25	5,209	2,770
Write-offs	(51)	(193)	(58)	(784)
Payments related to warranties	(378)	-	(2,636)	-
Closing balance	<u>227</u>	<u>1,184</u>	<u>18,441</u>	<u>14,769</u>
Current	62	499	1,394	2,886
Non-current	165	685	17,047	11,883

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

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23 Equity**(a) Capital**

At June 30, 2023, share capital of R\$ 269,172 (R\$ 269,172 at December 31, 2022) was represented by 56,025,501 common shares.

At June 30, 2023, 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 28, 2023, at the Ordinary General Meeting, an amount of R\$ 7,659 was allocated to shareholders as mandatory minimum dividends, referring to the adjusted net profit for the fiscal year ending on December 31, 2022, plus extraordinary dividends amounting to R\$ 6,939.

A portion of the dividends, totaling R\$ 1,000, was paid as interim dividends on November 7, 2022, and an additional R\$ 5,500 on January 12, 2023.

The remaining amounts were paid on the following dates: R\$ 2,300 on April 28, 2023, R\$ 2,000 on May 15, 2023, and R\$ 3,800 on June 9, 2023, to shareholders holding shares issued by the Company as of the record date of April 28, 2023.

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:

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



**Notes to the financial statements
at June 30, 2023**

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	01/01/2023 a 06/30/2023	01/01/2022 a 06/30/2022
Basic and diluted earnings per share:		
Profit for the period	16,624	7,139
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R\$	<u>0.296719</u>	<u>0.127423</u>
	01/01/2023 a 06/30/2023	01/01/2022 a 06/30/2022
Basic and diluted earnings per share:		
Profit for the period	5,420	1,904
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R\$	<u>0.096740</u>	<u>0.033984</u>

25 Net operating revenue

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

	Parent company			
	4/01/2023 a 6/30/2023	01/01/2023 a 6/30/2023	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022
Gross revenue from the sales of properties	1,909	1,909	674	3,044
Service revenue	1,074	1,579	936	1,690
Canceled sales	-	(1,641)	-	(41)
Present value adjustment (i)	-	7	-	-
Taxes on billings	(86)	(53)	(125)	(285)
Net operating revenue	<u>2,897</u>	<u>1,801</u>	<u>1,485</u>	<u>4,408</u>

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	4/01/2023 a 6/30/2023	01/01/2023 a 6/30/2023	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022
Gross revenue from the sales of properties	377,622	623,375	200,546	360,188
Service revenue	260	727	1,668	2,074
Canceled sales	(15,179)	(30,177)	(7,267)	(22,843)
Changes in the provision for canceled sales	(623)	(1,287)	(368)	(625)
Provision (reversal) for contract terminations	(3,486)	(3,101)	(2,036)	(268)
Present value adjustment (i)	4,761	8,132	2,164	4,155
Taxes on billings	(6,954)	(11,341)	(3,948)	(7,445)
Net operating revenue	356,401	586,328	190,759	335,236

(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			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Cost of properties sold				
Materials	-	-	(74)	(739)
Land	(215)	-	(14)	(243)
Completed units	(722)	45	(7)	(40)
Personnel expenses	-	-	(31)	(249)
Subcontractors	-	-	(128)	(1,101)
Housing loan costs	(39)	-	(3)	(44)
Other	-	-	(52)	(356)
	(976)	45	(309)	(2,772)

	Parent company			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
General and administrative expenses				
Personnel expenses	(9,319)	(18,077)	(8,160)	(15,999)
Administrative general expenses	(2,643)	(4,139)	(918)	(1,442)
Depreciation and amortization	(1,627)	(3,331)	(1,757)	(3,508)
Outsourced services	6,038	13,233	5,484	8,337
	(7,551)	(12,314)	(5,351)	(12,612)

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



**Notes to the financial statements
at June 30, 2023**

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	Parent company			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Selling expenses				
Personnel expenses	(1,491)	(2,775)	(1,377)	(3,189)
Commissions and brokerage	-	(2)	32	(88)
Sales stands/model apartments	(4)	(61)	(2)	(21)
Advertising	(60)	(347)	(381)	(776)
Other selling expenses	(511)	(1,003)	(291)	(825)
	<u>(2,066)</u>	<u>(4,188)</u>	<u>(2,019)</u>	<u>(4,899)</u>
Other operating income (expenses), net				
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Real estate financing expenses	-	-	-	(11)
Tax expenses	(10)	(208)	(119)	(119)
Provision for contingencies	(1,016)	(1,577)	10	(19)
Losses from insufficient guarantees and others (i)	(22)	(37)	(133)	(190)
Other operating income and expenses	3	356	564	(298)
	<u>(1,045)</u>	<u>(1,466)</u>	<u>322</u>	<u>(637)</u>
	Parent company			
	Consolidated			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Cost of properties sold				
Materials	(88,443)	(153,443)	(50,540)	(85,678)
Land	(81,911)	(110,952)	(27,372)	(48,510)
Completed units	(10,625)	(12,113)	(5,580)	(7,115)
Personnel expenses	(17,112)	(30,571)	(11,167)	(20,165)
Subcontractors	(70,111)	(120,170)	(35,231)	(58,901)
Housing loan costs	(6,006)	(10,921)	(3,341)	(5,720)
Other	(10,777)	(22,626)	(9,254)	(17,768)
	<u>(284,985)</u>	<u>(460,796)</u>	<u>(142,485)</u>	<u>(243,857)</u>
	Consolidated			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
General and administrative expenses				
Personnel expenses	(9,393)	(18,076)	(8,163)	(16,155)
Administrative general expenses	(3,013)	(4,920)	(909)	(1,739)
Depreciation and amortization	(1,541)	(3,141)	(1,885)	(3,764)
Outsourced services	(3,250)	(5,763)	(2,390)	(4,261)
	<u>(17,197)</u>	<u>(31,900)</u>	<u>(13,347)</u>	<u>(25,919)</u>

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Selling expenses				
Personnel expenses	(1,573)	(2,775)	(1,432)	(3,295)
Commissions and brokerage	(7,583)	(12,884)	(5,840)	(10,566)
Sales stands/model apartments	(4,100)	(7,309)	(1,574)	(3,160)
Advertising	(4,893)	(9,229)	(6,473)	(11,194)
Other selling expenses	(2,771)	(5,165)	(3,704)	(7,107)
	<u>(20,920)</u>	<u>(37,362)</u>	<u>(19,023)</u>	<u>(35,322)</u>

	Consolidated			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Other operating income (expenses), net				
Real estate financing expenses	(2)	(9)	-	(5)
Tax expenses	(56)	(291)	(140)	(148)
Provision for contingencies	(2,255)	(4,697)	(164)	(806)
Potential losses	(1,573)	(1,588)	(204)	(320)
Gain on contract termination.	398	877	197	1,085
Other operating income and expenses	(1,766)	(899)	(518)	(1,502)
	<u>(5,254)</u>	<u>(6,607)</u>	<u>(829)</u>	<u>(1,696)</u>

27 Management fees

Management compensation for the years ended June 30, 2023 and 2022 is shown below:

	Parent company and Consolidated			
	04/01/2023 a 06/30/2023	01/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022
Management fees	2,006	3,438	1,821	3,145
Welfare benefits	149	272	109	225
Charges	286	573	284	550

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.

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

All amounts in thousands of reais unless otherwise stated

	Parent company			
	4/01/2023 a 6/30/2023	1/01/2022 a 6/30/2022	4/01/2023 a 6/30/2023	1/01/2022 a 6/30/2022
Finance income				
Contractual indexation and interest accruals	17	(480)	(10)	328
Interest on financial investments	536	1,988	338	1,056
Other finance income	4	12	29	62
	557	1,520	357	1,446
Finance costs				
Interest on borrowings	(10,645)	(21,380)	(6,575)	(12,268)
Bank fees and charges	(427)	(791)	(138)	(273)
Other finance costs	(4)	(8)	-	(2)
	(11,076)	(22,179)	(6,713)	(12,543)
	(10,519)	(20,659)	(6,356)	(11,097)
				Consolidated
	4/01/2023 a 6/30/2023	1/01/2022 a 6/30/2022	4/01/2023 a 6/30/2023	1/01/2022 a 6/30/2022
Finance income				
Contractual indexation and interest accruals	(201)	653	1,971	2,980
Interest on financial investments	9,460	21,065	7,672	14,430
Other finance income	99	295	156	209
	9,358	22,013	9,799	17,619
Finance costs				
Interest on borrowings	(10,888)	(21,778)	(6,575)	(12,268)
Bank fees and charges	(612)	(1,107)	(688)	(1,114)
Financing expenses	-	-	-	-
Other finance costs	(8)	(14)	(138)	(141)
	(11,508)	(22,899)	(7,401)	(13,523)
	(2,150)	(886)	2,398	4,096



**Notes to the financial statements
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All amounts in thousands of reais unless otherwise stated

	Parent company			
	4/01/2023 a 6/30/2023	1/01/2023 a 6/30/2023	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2022
Profit before IRPJ and CSLL	5,457	16,619	1,915	7,202
ate - 34%	(1,855)	(5,650)	(651)	(2,449)
Effect on exclusions (equity accounting)	(8,404)	(18,156)	(4,809)	(11,836)
Segregated asset structure (RET)	(7)	(32)	(175)	(243)
Unrecognized tax losses (RET)	10,229	23,843	5,624	14,465
IRPJ and CSLL expenses	(37)	5	(11)	(63)
Effective rate	0.68%	0.03%	0.57%	0.87%
	Consolidated			
	4/01/2023 a 6/30/2023	1/01/2023 a 6/30/2023	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2022
Profit before IRPJ and CSLL	24,674	46,882	16,608	31,076
ate - 34%	(8,389)	(15,940)	(5,647)	(10,566)
Effect on exclusions (equity accounting)	415	-644	294	497
Segregated asset structure (RET)	(3,613)	(6,444)	(2,809)	(5,169)
Unrecognized tax losses (RET)	4,919	9,853	3,576	6,271
IRPJ and CSLL expenses	(6,668)	(11,887)	(4,586)	(8,967)
Effective rate	27.02%	25.36%	27.61%	28.86%

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.

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



**Notes to the financial statements
at June 30, 2023**

All amounts in thousands of reais unless otherwise stated

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.

	<u>Consolidated</u>
Developments under construction	
(i) Deferred revenue from units sold	
Developments under construction:	
Revenue from contracted sales	3,396,044
Revenue from recognized sales	(2,242,653)
Canceled sales - reversed revenue	<u>77,727</u>
Revenue from recognized sales, net	<u>(2,164,926)</u>
Deferred revenue	<u><u>1,231,118</u></u>
(ii) Budgeted deferred cost of units sold	
Developments under construction:	
Budgeted costs	2,336,556
Construction costs incurred	<u>(1,452,266)</u>
Accrued financial charges	10,921
Cost Incurred for Sold Units	<u>884,290</u>
Driver CI/CO (without financial costs)	<u>62%</u>
(iii) Budgeted deferred costs of units in inventory	
Developments under construction:	
Budgeted costs	626,436
Incurred costs	<u>(252,164)</u>
Accrued financial charges	<u>1,013</u>
Deferred costs of units in inventory	<u><u>374,272</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\$ 815,793 (R\$ 1,574,743 at December 31, 2022) of which: R\$ 780,624 (R\$ 1,490,143 at December 31, 2022) 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\$ 35,170 (R\$ 84,599 at December 31, 2022) relate to balancing payments.

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



**Notes to the financial statements
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Land is accounted for when all resolutive clauses, or any other type of restriction, have been remedied, that is, when the entity has control of the economic resource.

(b) Lease commitments

At June 30, 2023, commitments related to the lease of large items of equipment and real estate totaled R\$ 2,258 (R\$ 3,272 in 2022) in the Parent company and R\$ 6,593 (R\$ 6,652 in 2022) in the Consolidated.

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 June 30, 2023, the Group held the following insurance policies:

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.	120,816
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.	210
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	1,850,765
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.	1,100
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.	11,520
Judicial Bond Insurance	Judicial Bond Insurance is an insurance modality that emerged as an alternative to judicial deposits and property seizure in legal proceedings. Judicial Bond Insurance has been widely accepted in the judicial domain, either as a new form of security in the process or as a replacement for the provided guarantees.	13,291

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



**Notes to the financial statements
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Fire Insurance	Covers losses caused by fire	2,163
Post-completion bond - maintenance bond (SGPE)	For maintenance of units delivered for up to five years, for damages provided under the consumer protection code,	12,714
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.	322,349

(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).

At June 30, 2023, the insurance coverage was as follows:

34 Transactions not involving cash or cash equivalents

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
Investing activities				
Transfers of property and equipment - Leases as per IFRS 16	(1,002)	(1,484)	(849)	1,427
Capitalized Interest	-	(161)	(66)	100

35 Events after the reporting period

In connection with the approval of the Company's Board of Directors, which, on June 29, 2023, approved the 1st (first) issuance of book-entry commercial notes of the Company, in a single series, with real collateral, for public distribution under the automatic distribution registration procedure, in accordance with CVM Resolution No. 160, dated July 13, 2022, as amended ("CVM Resolution 160"), of 40,000 (forty thousand) book-entry commercial notes, with a unit nominal value of R\$1,000.00 (one thousand reais) ("Unit Nominal Value"), totaling R\$40,000,000.00 (forty million reais) ("Book-Entry Commercial Notes", "Issuance", and "Offering", respectively), according to the terms set forth in the "Term of the 1st (First) Issuance of Book-Entry Commercial Notes, in a Single Series, with Real Collateral, for Public Distribution under the Automatic Distribution Registration Procedure, of Patrimar Engenharia S.A." ("Issuance Agreement"). The Issuance was exclusively intended for professional investors, as defined in CVM. The accompanying notes are an integral part of these financial statements.



**Notes to the financial statements
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All amounts in thousands of reais unless otherwise stated

Resolution No. 30, dated May 11, 2021, as amended, subject to the provisions of CVM Resolution 160, and entitles the payment of remunerative interest corresponding to the accumulated variation of 100% (one hundred percent) of the average daily rates of DI, plus a spread of 3.00% (three whole percent) per annum, based on 252 (two hundred and fifty-two) Business Days ("Spread" and, together with the DI Rate, "Remuneration"). The Remuneration will be paid monthly, without any grace period, starting from the Issuance Date, and the Unit Nominal Value will be paid in a single installment, on the Maturity Date. The Book-Entry Commercial Notes will not be subject to update or monetary correction. The issuance date of the Book-Entry Commercial Notes was July 10, 2023 ("Issuance Date"). The Issuance was carried out in a single series, and the maturity of the Book-Entry Commercial Notes will occur at the end of the term of 1,280 (one thousand two hundred and eighty) days counted from the Issuance Date, hence on January 10, 2027 ("Maturity Date"). The Issuance was settled on July 11, 2023.

* * *

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

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 June 30, 2022.

Belo Horizonte,

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

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

In compliance with the provisions of Article 25, paragraph 1, items V and VI of CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed and approved the opinion expressed in the Independent Auditor's Report dated August 9, 2022, on the parent company and consolidated financial statements for the year ended June 30, 2022.

Belo Horizonte, August 9, 2022.

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

FELIPE ENCK GONÇALVES
Chief Financial Officer and Investor Relations Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
Contador