



(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

Parent company and consolidated
financial statements at
June 30, 2022
and independent auditor's report



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

Independent auditor's review report on quarterly information

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Patrimar Engenharia S.A. for the quarter ended June 30, 2022, comprising the statement of financial position as of June 30, 2022 and the related statements of profit or loss and of comprehensive income for the three and six-month period then ended, and of 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 individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), 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 individual and consolidated interim financial information

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

Emphasis of matter

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

Other matters

Corresponding figures audited or reviewed by the previous auditor

The audit of the individual and consolidated balance sheet as at December 31, 2021 and the review of the individual and consolidated interim financial information for the period ended June 30, 2021, presented for comparison purposes, were conducted by another auditor, who issued an unqualified audit report and review report, dated March 09, 2022 and August 05, 2021, respectively.

Statements of value added

The above mentioned quarterly information include the individual and consolidated statement of value added (SVA) for the six-month period ended June 30, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, August 09, 2022.

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



Bruno Costa Oliveira
Contador CRC-1BA031359/O-8



Balance sheet at June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Assets					
Current assets					
Cash and cash equivalents	6	3,699	31,765	266,857	243,926
Marketable securities	7	-	7,785	49,277	56,415
Trade receivables	8	13,163	26,661	287,717	201,174
Properties for sale	9	5,274	9,005	555,264	402,608
Taxes recoverable		2,093	1,574	11,647	9,270
Prepaid expenses	10	4,394	4,323	25,365	22,011
Other receivables		1,608	1,233	13,009	14,138
Total current assets		30,231	82,346	1,209,136	949,542
Non-current assets					
Long-term receivables					
Restricted financial investments	6	2,453	2,339	2,453	2,339
Trade receivables	8	7,473	1,852	206,786	245,753
Properties for sale	9	8,709	12,504	29,933	24,403
Judicial deposits	21	359	86	1,327	1,189
Related parties	11	104,179	91,708	6,394	12,013
		123,173	108,489	246,893	285,697
Investments	12	391,402	349,432	30,876	27,697
Property and equipment	13	15,012	15,462	41,028	36,087
Intangible assets	14	6,135	7,494	6,374	7,796
Lease right-of-use		3,700	4,641	4,317	5,102
		416,249	377,029	82,595	76,682
Total non-current assets		539,422	485,518	329,488	362,379
Total assets		569,653	567,864	1,538,624	1,311,921



Balance sheet at June 30

All amounts in thousands of reais

(continued)

		Parent company		Consolidated	
	Note	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Liabilities and equity					
Current liabilities					
Borrowings and debentures	15	31,591	11,243	67,469	60,797
Leases	16	1,926	1,905	2,489	2,362
Trade payables	17	1,786	6,012	53,718	44,402
Salaries and social charges		6,102	5,146	12,434	9,531
Tax liabilities	18	1,157	1,610	27,587	26,197
Real estate purchase obligations	19	800	1,401	27,194	35,942
Dividends payable		80	80	155	80
Advances from customers	20	44	996	553,933	373,167
Provision for real estate maintenance		499	769	2,886	6,425
Other payables		1,665	21	3,607	1,963
Total current liabilities		45,650	29,183	751,472	560,866
Non-current liabilities					
Borrowings and debentures	15	148,958	168,828	216,524	206,853
Leases	16	1,905	2,874	1,959	2,874
Real estate purchase obligations	19	-	400	31,679	32,001
Provision for contingencies	21	1,561	1,542	3,309	6,626
Provision for real estate maintenance	22	685	583	11,883	6,358
Related parties	11	12,960	15,568	6,617	4,268
Provision for investees' net capital deficiency	12	7,600	4,477	5,290	4,793
Total non-current liabilities		173,669	194,272	277,261	263,773
Total liabilities		219,319	223,455	1,028,733	824,639
Equity					
Equity	23				
Capital		269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		80,903	74,978	80,903	74,978
		350,334	344,409	350,334	344,409
Non-controlling interests		-	-	159,557	142,873
Total equity		350,334	344,409	509,891	487,282
Total liabilities and equity		569,653	567,864	1,538,624	1,311,921

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)

		Parent company			
	Note	04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022	04/01/2021 a 06/30/2021	01/01/2021 a 06/30/2021
Net operating revenue	25	1,485	4,408	12,867	29,609
Cost of properties sold	26	(309)	(2,772)	(8,950)	(18,851)
Gross profit		1,176	1,636	3,917	10,758
Operating income (expenses)					
General and administrative	26	(5,351)	(12,612)	(7,427)	(15,929)
Selling	26	(2,019)	(4,899)	(1,095)	(2,562)
Equity in the results of investees	12	14,143	34,811	27,985	52,057
Other operating income (expenses), net	26	322	(637)	(2,978)	(2,874)
Operating profit		8,271	18,299	20,402	41,450
Finance income	28	357	1,446	1,594	2,579
Finance costs	28	(6,713)	(12,543)	(2,424)	(3,524)
Finance (costs) income, net		(6,356)	(11,097)	(830)	(945)
Profit before income tax and social contribution		1,915	7,202	19,572	40,505
Income tax and social contribution	29	(11)	(63)	(134)	(354)
Profit for the year		1,904	7,139	19,438	40,151
Basic earnings per share - R\$	24	0.033984	0.127423	0.346946	0.716649
Diluted earnings per share - R\$	24	0.033984	0.127423	0.346946	0.716649

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	Consolidated			
		04/01/2022 a 06/30/2022	01/01/2022 a 06/30/2022	04/01/2021 a 06/30/2021	01/01/2021 a 06/30/2021
Net operating revenue	25	190,759	335,236	189,522	366,665
Cost of properties sold	26	(142,485)	(243,857)	(117,898)	(227,253)
Gross profit		48,274	91,379	71,624	139,412
Operating income (expenses)					
General and administrative	26	(13,347)	(25,919)	(9,028)	(19,450)
Selling	26	(19,023)	(35,322)	(11,953)	(21,180)
Equity in the results of investees	12	(865)	(1,462)	(995)	(8,115)
Other operating income (expenses), net	26	(829)	(1,696)	(8,279)	(7,581)
Operating profit		14,210	26,980	41,369	83,086
Finance income	28	9,799	17,619	4,167	8,303
Finance costs	28	(7,401)	(13,523)	(2,804)	(4,168)
Finance (costs) income, net		2,398	4,096	1,363	4,135
Profit before income tax and social contribution		16,608	31,076	42,732	87,221
Income tax and social contribution	29	(4,586)	(8,967)	(3,763)	(7,830)
Profit for the year		12,022	22,190	38,969	79,391
Attributable to:					
Owners of the parent		1,904	7,139	19,438	40,151
Non-controlling interests		10,118	14,970	19,531	39,240
		12,022	22,109	38,969	79,391

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	
	2022	2021	2022	2021
Profit for the year	1,904	19,438	12,022	38,969
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>1,904</u>	<u>19,438</u>	<u>12,022</u>	<u>38,969</u>
Attributable to:				
Owners of the parent			1,904	19,438
Non-controlling interests			10,118	19,531
			<u>12,022</u>	<u>38,969</u>

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)

	Six-month period ended June 30			
	Parent company		Consolidated	
	2022	2021	2022	2021
Profit for the year	7,139	40,151	22,109	79,391
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>7,139</u>	<u>40,151</u>	<u>22,109</u>	<u>79,391</u>
Attributable to:				
Owners of the parent			7,139	40,151
Non-controlling interests			14,970	39,240
			<u>22,109</u>	<u>79,391</u>

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	Revenue reserves		Retained earnings (accumulated deficit)	Equity		
Note			Legal reserve	Retention reserve				
At December 31, 2020	269,172	259	2,819	22,878	-	295,128	77,187	372,315
Contributions to subsidiaries by non-controlling interests	-	-	-	-	-	-	(3,067)	(3,067)
Complementary dividends (note 22 (d))	-	-	-	(6,877)	-	(6,877)	-	(6,877)
Profit for the year	-	-	-	-	40,151	40,151	39,240	79,391
At June 30, 2021	269,172	259	2,819	16,001	40,151	328,402	113,360	441,762
At December 31, 2021	269,172	259	6,802	68,176	-	344,409	142,873	487,282
Return of capital of subsidiaries	-	-	-	-	-	-	1,714	1,714
Profit for the year	-	-	-	-	7,139	7,139	14,970	22,109
Dividends paid	-	-	-	(1,214)	-	(1,214)	-	(1,214)
At June 30, 2022	269,172	259	6,802	66,962	7,139	350,334	159,556	509,891

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	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit for the year	7,139	40,151	22,109	79,391
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	3,455	3,386	6,400	5,175
Adjustment of trade receivables to present value	(1)	(574)	3,694	(3,017)
Equity in the results of investees	(34,811)	(52,057)	1,462	8,115
Provision for real estate maintenance	(168)	(78)	1,986	1,569
Provision for canceled sales	-	451	46	(957)
Provision for losses	-	(1,083)	582	(848)
Provision for labor, civil, and tax contingencies	23	-	2,178	1,357
Provision for interest on borrowings	12,222	4,231	17,662	6,782
Income tax and social contribution	63	354	8,967	7,830
Write-off of fixed assets	-	-	-	698
	(12,078)	(5,219)	65,086	106,095
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	7,878	1,176	(51,898)	(70,685)
Properties for sale	7,526	11,188	(158,186)	(19,521)
Taxes recoverable	(519)	59	(2,377)	(1,150)
Other assets	(719)	(793)	(2,363)	(6,257)
Trade payables	(4,226)	4,602	9,316	29,860
Salaries and social charges	956	1,935	2,903	4,228
Tax liabilities	(474)	154	(564)	2,163
Real estate purchase obligations	(1,001)	(63)	(9,070)	(19,813)
Advances from customers	(952)	(1,623)	180,766	67,894
Other liabilities	672	(1,017)	3,570	(3,003)
Amounts paid for civil, labor, and tax contingencies	111	-	(5,495)	(798)
	9,252	15,618	(33,398)	(17,082)
Interest paid	-	(3,957)	(5,167)	(6,283)
Income tax and social contribution paid	(63)	(1,057)	(8,976)	(5,362)
Net cash provided by (used in) operating activities	(2,889)	5,385	17,545	77,368
Cash flows from investing activities				
Investment in marketable securities	7,785	-	7,138	-
Changes in restricted financial investments	(114)	(25)	(114)	(25)
Capital contributions in investments	-	-	-	-
Advances to related parties	(15,079)	(18,580)	7,968	3,072
Net assets RPMV Incorporation	(3,596)	(1,275)	(4,144)	(6,814)
Purchases of property and equipment and intangible assets	(1,172)	(4,787)	(9,592)	(14,568)
Net cash provided by (used in) investing activities	(12,176)	(24,667)	1,256	(18,335)
Cash flows from financing activities				
New borrowings	163	133,753	56,132	169,809
Repayment of borrowings - principal amount	(11,950)	(17,177)	(52,502)	(34,497)
Dividends paid	(1,214)	(15,001)	(1,214)	(15,001)
Distributions (reversal) paid to non-controlling interests, net	-	-	1,714	(3,067)
Net cash provided by financing activities	(13,001)	101,575	4,130	117,244
Increase in cash and cash equivalents, net	(28,066)	82,293	22,931	176,277
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	31,765	11,095	243,926	119,256
Cash and cash equivalents at the end of the year	3,699	93,388	266,857	295,533
Net increase in cash and cash equivalents	(28,066)	82,293	22,931	176,277

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	
	2022	2021	2022	2021
Revenue:				
Revenue from sales and services	4,694	29,723	343,263	374,872
	4,694	29,723	343,263	374,872
Inputs acquired from third parties:				
Cost of properties sold	(2,524)	(18,070)	(223,692)	(215,431)
Electricity, third-party services, and other expenses	4,339	(8,304)	(57,659)	(42,040)
	1,815	(26,374)	(281,351)	(257,471)
Gross value added	6,509	3,349	61,912	117,401
Retentions:				
Depreciation and amortization	(3,455)	(3,386)	(6,400)	(5,175)
Net value added generated by the entity	3,054	(37)	55,512	112,226
Value added received through transfers:				
Equity in the results of investees	34,811	52,057	(1,462)	(8,115)
Finance income	1,446	2,579	17,619	8,303
	36,257	54,636	16,157	188
Total value added to be distributed	39,311	54,599	71,669	112,414
Distribution of value added:				
Personnel				
Compensation	10,784	5,429	11,713	7,452
Charges	3,872	1,949	4,095	2,605
Benefits	4,532	2,281	3,643	2,318
	19,188	9,659	19,451	12,375
Taxes and contributions				
Federal	322	1,204	16,399	16,062
Municipal	119	61	187	418
	441	1,265	16,586	16,480
Remuneration of third-party capital:				
Finance costs	12,543	3,524	13,523	4,168
	12,543	3,524	13,523	4,168
Remuneration of own capital:				
Profit for the year	7,139	40,151	7,139	40,151
Non-controlling interests - retained earnings	-	-	14,970	39,240
	7,139	40,151	22,109	79,391
Value added distributed	39,311	54,599	71,669	112,414

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



**Notes to the financial statements
at June 30, 2022**

All amounts in thousands of reais unless otherwise stated

1 Operations

1.1. General information

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

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

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

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

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, 2022**

All amounts in thousands of reais unless otherwise stated

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

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

In preparing this condensed interim financial information contained in the Quarterly Information Form - ITR, the principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented in the financial statements of December 31, 2021, except when disclosed. Therefore, the interim financial information for the period ended June 30, 2022 should be read together with the Group's financial statements for the year ended December 31, 2021.

Considering that there were no relevant changes in relation to the composition and nature of the balances presented in the financial statements for the year ended December 31, 2021, the following Explanatory Notes are presented in a condensed form for the period ended June 30, 2022:

- 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, 2022 was approved at the Board of Directors' Meeting held on August 09, 2022.

2.2. New accounting pronouncements

In the period ended June 30, 2022, no new standards, amendments and interpretations of standards were issued.

3 Critical accounting estimates and judgments

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

(i) Budgeted costs

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

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



**Notes to the financial statements
at June 30, 2022**

All amounts in thousands of reais unless otherwise stated

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

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

(iii) Provision for contingencies

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

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

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

(iv) Provision for canceled sales

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

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

(v) Present value adjustment

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

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

(vi) Provision for real estate maintenance

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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

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risks (asset price fluctuations) or counterparty credit risk. The consolidated balances at June 30, 2022 of financial assets that comprised short-term investments are classified as follows, by rating:

Fitch Rating	Consolidated
AAA	227,338
AA	23,264
A	8,122
Other ratings	1,407
Total	260,131

(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	
	2022	2021	2022	2021
Completed units (Note 7)				
With statutory lien	6,121	6,378	40,037	37,481
Without statutory lien	-	-	18,902	5,788
	<u>6,121</u>	<u>6,378</u>	<u>58,939</u>	<u>43,269</u>
Units under construction (Note 7)	-	9,312	438,209	405,895
With statutory lien	-	-	2,012	-
		<u>9,312</u>	<u>440,221</u>	
Administration services (Note 7)				
Without statutory lien	<u>14,514</u>	<u>12,824</u>	<u>17,040</u>	<u>15,138</u>
	<u>20,635</u>	<u>28,514</u>	<u>516,200</u>	<u>464,303</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

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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				
	2022	2023	2024	2025	Total
At June 30, 2022					
Borrowings (Note 14)	10,815	63,004	84,455	22,275	180,549
Lease (Note 15)	957	1,948	926	-	3,831
Trade payables (Note 16)	1,786	-	-	-	1,786
Real estate purchase obligations (Note 18)	800	-	-	-	800
	Consolidated				
	2022	2023	2024	2025	Total
At June 30, 2022					
Borrowings (Note 14)	36,573	132,052	93,076	22,292	283,993
Lease (Note 15)	1,308	2,214	926	-	4,448
Trade payables (Note 16)	53,718	-	-	-	53,718
Real estate purchase obligations (Note 18)	27,194	31,679	-	-	58,873
	Parent company				
	2022	2023	2024	2025	Total
At June 30, 2021					
Borrowings (Note 14)	11,243	55,975	84,368	28,485	180,071
Lease (Note 15)	1,905	1,948	926	-	4,779
Trade payables (Note 16)	6,012	-	-	-	6,012
Real estate purchase obligations (Note 18)	1,401	400	-	-	1,801
	Consolidated				
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 14)	60,797	90,014	88,354	28,485	267,650
Lease (Note 15)	2,362	1,948	926	-	5,236
Trade payables (Note 16)	44,402	-	-	-	44,402
Real estate purchase obligations (Note 18)	35,942	32,001	-	-	67,943

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

(c) Market risk

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



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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	06/30/2022	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)	12/31/2021	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	8.65%	6,096	527	395	264	260,130	22,501	16,876	11,251
Marketable securities	CDI	8.65%	-	-	-	-	49,227	4,262	3,197	2,131
Liabilities										
Borrowings for working capital (in Reais - R\$)	CDI	8.65%	50,760	4,391	5,489	6,587	50,760	4,391	5,489	6,587
Debentures	CDI	8.65%	131,000	11,332	14,165	16,998	131,000	11,332	14,165	16,998

4.2 Capital management

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

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

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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	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Total borrowings (Note 13)	180,549	180,071	283,993	267,650
Less: Cash and cash equivalents and Marketable securities (Note 6)	(3,699)	(31,765)	(266,857)	243,926
Net debt	176,850	148,306	17,136	23,724
Total equity	350,334	344,409	509,891	487,282
Total capitalization	527,184	492,715	527,027	511,006
Gearing ratio - %	34%	30%	3%	5%

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.

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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	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6)	56	546	58,500	30,267
Highly liquid financial investments (Note 6)	3,643	31,219	257,677	213,659
Marketable securities	-	7,785	49,277	56,415
Restricted financial investments (Note 6)	2,453	2,339	2,453	2,339
Trade receivables (Note 8)	20,635	28,513	494,504	446,927
Judicial deposits (Note 21)	359	86	1,327	1,189
Related parties (Note 11)	71,773	91,708	12,109	12,013
	<u>98,919</u>	<u>162,196</u>	<u>875,847</u>	<u>762,809</u>
Financial liabilities				
Measured at amortized cost				
Borrowings and debentures (Note 15)	180,548	180,071	283,992	267,650
Lease (Note 16)	3,831	4,779	4,448	5,236
Trade payables (Note 17)	1,786	6,012	53,718	44,402
Real estate purchase obligations (Note 19)	800	1,801	58,873	67,943
Related parties (Note 11)	11,926	16,568	10,984	4,268
	<u>198,891</u>	<u>208,231</u>	<u>412,015</u>	<u>389,499</u>

6 Cash and cash equivalents, financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Cash	25	26	41	43
Banks	31	520	58,415	30,224
Highly liquid financial investments	3,643	31,219	208,401	213,659
	<u>3,699</u>	<u>31,765</u>	<u>266,857</u>	<u>243,926</u>

During the period ended June 30, 2022, interest income on financial investments were linked to bank deposits and other short-term highly liquid investments with immaterial risk of change in value, and ranged from 96% to 109% of the CDI rate (from 96% to 106% of the CDI rate at December 31, 2021).

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

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(b) Restricted financial investments

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Restricted financial investments - non-current	2,453	2,339	2,453	2,339
	<u>2,453</u>	<u>2,339</u>	<u>2,453</u>	<u>2,339</u>

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

7 Marketable Securities

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Cash	-	703	44	5,255
Financial treasury bill	-	2,411	15,108	17,530
CDB	-	467	2,144	2,966
Debentures	-	1,012	6,155	7,411
Financial bills - private	-	3,192	25,826	23,253
	<u>-</u>	<u>7,785</u>	<u>49,277</u>	<u>56,415</u>

The Group's exclusive investment fund portfolio, earning interest at 112% p.a. of the CDI rate at June 30, 2022, is shown above.

8 Trade receivables

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
<u>Trade receivables from real estate developments</u>				
Completed units	6,121	6,378	58,939	43,270
Units under construction	-	9,312	440,221	405,895
Administration services	14,514	12,824	17,040	15,138
	<u>20,635</u>	<u>28,514</u>	<u>516,200</u>	<u>464,303</u>
Provision for canceled sales	-	-	(1,516)	(1,470)
Provision for losses	-	-	(1,628)	(1,046)
Adjustments to present value	1	(1)	(18,553)	(14,860)
	<u>1</u>	<u>(1)</u>	<u>(21,697)</u>	<u>(17,376)</u>
	<u>20,636</u>	<u>28,513</u>	<u>494,503</u>	<u>446,927</u>
Current assets	13,163	26,661	287,717	201,174
Non-current assets	7,473	1,852	206,786	245,753

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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	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Falling due in up to 1 year	17,836	25,790	484,054	408,462
Falling due from 1 to 2 years	738	756	244,620	326,937
Falling due from 2 to 3 years	805	756	184,560	172,679
Falling due from 3 to 4 years	-	315	235,350	127,183
Falling due in more than 4 years	-	-	5,186	41,662
	<u>19,379</u>	<u>27,617</u>	<u>1,153,770</u>	<u>1,076,923</u>
Overdue for up to 1 year	1,256	874	15,590	14,182
Overdue from 1 to 2 years	-	-	1,587	1,164
Overdue from 2 to 3 years	-	-	922	765
Overdue from 3 to 4 years	-	-	598	371
Overdue for more than 4 years	-	-	127	34
	<u>1,256</u>	<u>874</u>	<u>18,824</u>	<u>16,516</u>
	<u>20,635</u>	<u>28,491</u>	<u>1,172,594</u>	<u>1,093,439</u>
Trade receivables - accounting	20,636	28,513	494,503	446,927
Deferred revenue (Note 29)	-	7	936,340	909,278
Advances from customers (Note 19)	-	(30)	(279,946)	(280,141)
Present value adjustment	(1)	1	18,553	14,860
Provision for canceled sales	-	-	1,516	1,470
Provision for losses	-	-	1,628	1,046
	<u>20,635</u>	<u>28,491</u>	<u>1,172,594</u>	<u>1,093,439</u>

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9 Properties for sale

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

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Inventories of land	10,896	17,399	339,360	144,598
Units under construction	151	4,104	235,576	273,874
Completed units	2,936	6	9,300	7,792
Provision for canceled sales	-	-	961	747
	<u>13,983</u>	<u>21,509</u>	<u>585,197</u>	<u>427,011</u>
Current assets	5,274	9,005	555,264	402,608
Non-current assets	8,709	12,504	29,933	24,403

Capitalized interest

Interest paid on financing of production is accounted for as properties under construction, and charged to profit or loss when the property is sold. The rate used for interest capitalization is specific for each real estate development, ranging from 8.3% to 11.25% p.a. (from 8.3% to 11.25% p.a. at December 31, 2021). At June 30, 2022, interest capitalized within real estate inventories totaled R\$ 1.300 and R\$ 117 in Consolidated and in the Parent company, respectively (R\$ 1,336 and R\$ 161, respectively, at December 31, 2021).

10 Prepaid expenses

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Insurance	32	25	4,710	2,979
Commissions and brokerage	-	-	16,313	14,686
Sales promotions	-	-	49	49
Wave Project	3,982	3,982	3,982	3,982
Software maintenance	380	316	311	315
	<u>4,394</u>	<u>4,323</u>	<u>25,365</u>	<u>22,011</u>

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

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11 Related parties

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
(a) Receivables from real estate developments	104,179	91,708	6,394	12,013
Construtora Novolar	41,911	48,271	-	-
Jota Patrimar Engefor Empr Imob Spe	23,376	-	-	-
Rua Campo	6,726	1,772	-	-
Jornalista Oswaldo Nobre	5,047	720	-	-
Jardinaves Empreendimentos Imobiliarios Spe	3,955	3,349	5	30
Mayfair Offices	3,669	-	-	-
Danilo Ambrosio	3,106	-	-	-
Mrv Patrimar Galleria Incorp Spe	2,004	1,762	3	3
Maura Valadares Gontijo Empreendimentos Imob. Spe	1,585	-	-	-
Manhattan Square	933	-	-	-
Bernardo Vasconcelos Empr Imob Spe	858	713	-	-
Mia Felicita	827	492	-	-
Rio 2 - Condomínio 1	770	-	-	-
Av. Ligação 3	671	1,003	-	-
Spe Mirataia Incorporadora E Construtora	568	-	46	-
Madison	560	-	-	-
Jardim Das Mangabeiras	908	-	-	3
Spe Rio De Janeiro Lourdes	481	1,518	-	35
Brito I	466	-	27	-
Patrimar Somattos Gasparini	458	-	458	-
Av. Ligação 2	448	-	-	-
Colina Engefor	286	-	-	-
Park Residences	249	245	-	-
York Vargem Grande I	243	90	23	9
Residencial Inovatto	230	70	22	14
Novolar Apia Empreendimentos Imobiliarios Spe	228	-	118	-
Ruth Silveira	208	-	-	-
Rio 2 - Condomínio 2	199	-	-	-
Villagio Florença	198	-	22	17
Priorato Residences	180	177	11	10
Jardinaves III	179	-	-	-
Engefor Engenharia E Construções	162	-	-	-
Villagio Verona	155	-	-	-
Engefor-Patrimar Vila Da Serra Empreend.Imob. Spe	139	-	-	13
Rj 04 Oliveiras/Palmeiras	136	115	137	115
Spe Barbacena Empreendimentos Imobiliarios S.A.	85	4,354	85	4,354
Palo Alto	50	-	-	-
Spe Axis 1 Empreendimento Imobiliario	44	-	30	30
Campo Grande - Campinas	4	-	746	-
Scp Novolar-Paquare	-	-	189	188
Scp Novolar-Reality	-	-	758	671
Scp Novolar Renovare	-	-	108	13
Scp Novolar-Riviera Do Sol	-	-	783	707
Bento Rubião	8	-	-	-
Barão	-	-	-	14
Vale Dos Cristais	-	1,321	-	-
Créditos Socios	-	-	-	396
Mrv Mrl Novolar X Incorporações	-	-	-	254

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	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Americas	-	3,668	-	1
Golf I	-	10,308	-	-
Golf II	-	5,294	-	-
Others	1,869	6,466	2,823	5,136
	<u>104,179</u>	<u>91,708</u>	<u>6,394</u>	<u>12,013</u>

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
(b) Payables for real estate developments	<u>12,960</u>	<u>15,668</u>	<u>6,617</u>	<u>4,268</u>
Naples	465	-	-	-
Expressa Empreendimentos - Camargos	539	-	11	-
Jardinaves Empreendimentos Imobiliarios Spe	4,313	-	-	-
Manhattan Square	3,315	4,805	-	-
Alta Vila	2,174	3,391	-	-
Holiday Inn	1,525	2,210	-	-
Quintas do Morro	-	1,623	-	-
Jardim das Mangabeiras	-	1,390	-	-
Recreio dos Bandeirantes	-	1,099	-	-
Camargos	179	703	-	-
MRV Engenharia e Participações	-	-	1,704	1,493
Somattos Engenharia Com.	-	-	969	-
Engefor Engenharia e Construções	-	-	776	597
Marcelo Magalhães Martins	-	-	572	572
Outros empreendimentos	450	347	2,585	1,606
	<u>12,960</u>	<u>15,568</u>	<u>6,617</u>	<u>4,268</u>
(c) Related-party transactions with effects on profit or loss	<u>(1,150)</u>	<u>(1,580)</u>	<u>26,346</u>	<u>24,026</u>
Sales of apartments (i)	-	-	25,303	24,674
Indexation accruals of sales made (i)	-	-	2,193	1,350
Lease of the headquarters' building and Central Warehouse (ii)	(1,150)	(1,580)	(1,150)	(1,998)
Deferred revenue (i)	<u>-</u>	<u>-</u>	<u>4,964</u>	<u>5,865</u>

(a) Receivables from and payables for developments

These refer to:

- (i) Contributions in a proportion different from that of the interest held by partners in the related SCPs and SPEs, which will be offset and capitalized upon a supplementary contribution to adjust the partners' interests.

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



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- (ii) Routine transactions carried out between the Parent company and SCPs and SPEs, mainly characterized by the payment of expenses that are either reimbursed or repaid later. Receivables from and payables for developments, referring exclusively to the development of the projects, are interest-free, and mature by the completion of the project.
- (iii) Allocation of common expenses among group companies, performed monthly with objective criteria and based on expenses incurred.

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

(i) Sale of apartments

In June 2020, an apartment in the Apogée building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to Construtora Real for R\$ 14,500 (R\$ 15,737 - updated at June 30, 2022). The revenue recognized based on the POC method up to June 30, 2022, amounted to R\$ 15,737, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In September 2020, an apartment unit in SPE High Line Empreendimentos Imobiliários was sold to Ronaldo Rabelo Leitão for R\$ 405 (R\$ 491 - updated at June 30, 2022). The POC revenue at June 30, 2022 amounted to R\$ 391, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In May 2021, an apartment unit in the Unique building, SPE Jardinaves Empreendimentos Imobiliários, was sold to Patrícia Veiga for R\$ 4,368 (R\$ 4,368 - updated at June 30, 2022). The revenue recognized based on the POC method up to June 30, 2022, amounted to R\$ 1,443, with the proportional monetary adjustment recognized in trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In October 2021, an apartment in the L'Essence building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to a partner of the partner company for R\$ 7,535 (R\$ 7,653 - updated at June 30, 2022). The revenue recognized based on the POC method up to June 30, 2022 amounted to R\$ 7,653 including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In November 2021, an apartment unit in SPE Golf 2 Empreendimentos Imobiliários was sold to Construtora Real for R\$ 3,951 (R\$ 3,951 - updated at June 30, 2022). The POC revenue at June 30, 2022 amounted to R\$ 1,425, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

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

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



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

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

12 Investments and provision for investee's net capital deficiency

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

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Investments	391,402	349,432	30,876	27,697
Provision for investees' net capital deficiency	(7,600)	(4,477)	(5,290)	(4,793)
	<u>383,802</u>	<u>344,955</u>	<u>25,586</u>	<u>22,904</u>

(a) Balances of investments of the parent company at June 30, 2022:

Companies	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency
	2022	2022	2022	2022	2022	2021	2021
Subsidiaries							
Construtora Novolar	100%	15,125	163,367	15,125	163,421	100%	148,294
SPE Álamo Patrimar	98%	-	-	-	-	98%	-
SPE Patrimar Engenfor Imóveis Ltda.	50%	872	232	436	116	50%	(320)
SPE Maura Valadares	50%	(263)	(282)	(131)	(141)	50%	(10)
SPE Engenfor Patrimar V.S. Emp. Imob Ltda.	50%	(34)	(419)	(17)	(209)	50%	(192)
SCP Professor Danilo Ambrósio	95%	(19)	(40)	(18)	(38)	95%	(20)
SCP Jornalista Oswaldo Nobre	90%	(2)	(216)	(2)	(194)	90%	(192)
SCP Gioia dell Colle	90%	(4)	(41)	(4)	(37)	90%	(33)
SCP Manhattan Square	90%	(511)	5,378	(460)	4,841	90%	5,301
SCP Priorato Residences	90%	98	1,554	88	1,399	90%	1,311
SCP Holiday Inn	80%	930	20,348	744	16,278	80%	15,534
SCP Mayfair Offices	90%	-	151	-	136	90%	136
SCP Quintas do Morro	69%	1,045	2,907	719	1,999	69%	2,169
SCP Neuchatel	90%	-	429	-	386	90%	386
SPE MRV Galleria	50%	462	(2,079)	231	(1,040)	50%	(1,271)
SPE Jardinaves	50%	4,847	15,172	2,423	7,586	50%	5,163
SPE Jota Patrimar Engenfor	50%	(11)	(1,293)	(6)	(647)	50%	(642)
SPE Colina Engenfor Patrimar E. Imob Ltda.	50%	(485)	(618)	(243)	(309)	50%	(66)
SPE Patrimar Somattos Jardim das Mangabeiras	50%	(14,493)	81,102	(7,247)	40,551	50%	47,797
Antônio de Alb. SPE Ltda. (EPIC)	50%	4,362	43,489	2,187	21,744	50%	19,557
SPE DUO - Alameda do Morro	40%	19,636	89,821	7,855	35,928	40%	28,073
SPE Vale dos Cristais	50%	1	420	-	210	50%	209
SPE High Line	100%	9,556	35,868	9,556	35,868	100%	26,312
SPE 2300 Rio de Janeiro	50%	5,159	20,548	2,580	10,274	50%	7,960
SPE Le Terrace	43%	-	27	-	36	43%	(6)

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



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SPE Golf I	100%	(3,106)	(4,004)	(3,106)	(4,004)	100%	(898)
SPE Golf II	100%	5,359	16,473	5,359	16,473	100%	11,114
SPE Das Americas 1	100%	(8)	(197)	(8)	(197)	100%	(189)
Vila Castela (Madson Square)	100%	-	50	-	50	100%	-
SPE Jardinares II	50%	(82)	7,270	(41)	3,635	50%	3,676
Rua do Campo	100%	(186)	(384)	(186)	(384)	100%	(248)
SPE Avenida de Ligação 2	100%	(12)	38	(12)	38	100%	-
SPE Av Ligacao 3 - Lt 1A (Buffet)	100%	(1)	49	(1)	49	-	-
SPE Jardinares III	100%	(1)	49	(1)	49	-	-
SPE Jardinares IV	100%	-	50	-	50	-	-
SPE Rio 2 Ltda	100%	(56)	(6)	(56)	(6)	100%	-
SPE Q25 JARDIM							
MANGABEIRAS	100%	-	-	-	-	-	-
SPE Fernandes Tourinho	100%	(8)	2,788	(8)	2,788	-	-
		48,170	498,001	35,756	356,699		318,905
Jointly-controlled investees							
Alba	9%	454	24,919	(14)	2,064	9%	2,314
SCP RJ 04	50%	45	555	23	277	50%	255
SPE Mirante do Ibituruna Ltda.	34%	(1)	8,015	-	2,705	34%	2,704
SCP Portal do Bosque	50%	(1)	143	-	71	50%	73
SCP Park Ritz	48%	(5)	897	(2)	431	48%	433
SCP Recanto das Águas	51%	(43)	95	(22)	49	51%	71
SCP MRV Belo Campo	50%	(50)	42	(29)	21	50%	30
SCP MRV Rec. Pássaros (Rouxinol)	40%	(403)	790	(204)	333	40%	230
SCP MRV Res. Beija Flor	40%	2	317	(6)	125	40%	110
SPE Padre Marinho	50%	523	4,795	217	2,398	50%	2,880
SCP Rivoli 1 e 2	40%	(15)	282	-	113	40%	95
SPE Acaba Mundo E. Imob Ltda.	50%	-	1,631	-	814	50%	814
SPE MRV Patrimar RJ IX Ltda. (Andorinhas) 1 e 2	40%	(111)	351	(42)	145	40%	155
SPE Barbacena Empr Imob. S.A.	50%	(64)	16,955	(144)	8,487	50%	8,612
SPE Patrimar Somattos Gasparini Ltda.	50%	(6)	12,243	(4)	6,116	50%	6,107
SPE Direcional Patrimar Maragogi	45%	(108)	603	(55)	237	45%	(13)
SPE Avenida de Ligação	50%	(42)	3,674	(214)	2,186	50%	624
SPE Somattos Patrimar quadra 40	50%	11	499	6	249	50%	243
		186	76,806	(490)	26,821		25,737
				Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency
Companies	2022	2022	2022	2022	2022	2021	2021
Associates							
SCP Safira (Decaminada 10)	24%	(60)	(1,098)	(14)	(263)	24%	(249)
SCP João XXIII	24%	(31)	(42)	(8)	(10)	24%	(2)
SCP Palo Alto	10%	(73)	2,891	(7)	289	10%	297
SCP Park Residences	10%	(31)	1,775	(3)	178	10%	181
SPE Novo Lar Greenport	20%	23	(605)	5	(121)	20%	(126)
SPE Axis 1 Porto Fino	10%	250	2,111	25	211	10%	212
Other investments	100%	-	-	(453)	(2)	100%	-
		78	5,032	(455)	282		313
		48,434	579,839	34,811	393,802		344,955

(b) Changes in balances at December 31, 2021 and June 30, 2022 were as follows:

Companies	At December 31, 2021	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At June 30, 2022
Construtora Novolar	148,294	-	-	15,125	-	-	163,419
SPE Patrimar Engefor Imóveis Ltda.	(320)	-	-	436	-	-	116
SPE Maura Valadares	(10)	-	-	(131)	-	-	(141)
SPE Engefor Patrimar V.S. Emp. Imob Ltda.	(192)	-	-	(17)	-	-	(209)
SCP Professor Danilo Ambrósio	(20)	-	-	(18)	-	-	(38)

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


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Companies	At December 31, 2021	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At June 30, 2022
Construtora Novolar	148,294	-	-	15,125	-	-	163,419
SCP Jornalista Oswaldo Nobre	(192)	-	-	(2)	-	-	(194)
SCP Gioia dell Colle	(33)	-	-	(4)	-	-	(37)
SCP Manhattan Square	5,301	-	-	(460)	-	-	4,841
SCP Priorato Residences	1,311	1	-	88	(1)	-	1,399
SCP Holiday Inn	15,534	-	-	744	-	-	16,278
SCP Mayfair Offices	136	-	-	-	-	-	136
SCP Quintas do Morro	2,169	-	(886)	719	-	-	2,002
SCP Neuchatel	386	-	-	-	-	-	386
SPE MRV Galleria	(1,271)	-	-	231	-	-	(1,040)
SPE Jardinaves	5,163	-	-	2,423	-	-	7,586
SPE Jota Patrimar Engefor	(642)	-	-	(6)	-	-	(648)
SPE Colina Engefor Patrimar E. Imob Ltda.	(66)	-	-	(243)	-	-	(309)
SPE Patrimar Somattos Jardim das Mangabeiras	47,797	-	-	(7,247)	-	-	40,550
Antônio de Alb. SPE Ltda. (EPIC)	19,557	-	-	2,187	-	-	21,744
SPE DUO - Alameda do Morro	28,073	-	-	7,855	-	-	35,928
SPE Vale dos Cristais	209	-	-	-	-	-	209
SPE High Line	26,312	-	-	9,556	-	-	35,868
SPE 2300 Rio de Janeiro	7,960	-	-	2,580	(265)	-	10,275
SPE Le Terrace	(6)	43	-	-	-	-	37
SPE Golf I	(898)	-	-	(3,106)	-	-	(4,004)
SPE Golf II	11,114	-	-	5,359	-	-	16,473
SPE Das Americas 1	(189)	-	-	(8)	-	-	(197)
SPE Jardinaves II	3,676	-	-	(41)	-	-	3,635
SPE Rua do Campo	(248)	50	-	(186)	-	-	(384)
SPE Avenida de Ligação 2	-	50	-	(12)	-	-	38
AV LIGACAO 3 - LT 1A (BUFFET)	-	50	-	(1)	-	-	49
JARDINAVES III	-	50	-	(1)	-	-	49
JARDINAVES IV	-	50	-	-	-	-	50
SPE Rio 2 Ltda	-	50	-	(56)	-	-	(6)
Vila Castela (Madson Square)	-	50	-	-	-	-	50
SPE Fernandes Tourinho	-	2,796	-	(8)	-	-	2,788
	318,905	3,190	(886)	35,756	(266)		356,699
Jointly-controlled investees							
ALBA	2,314	-	(223)	(467)	453	(13)	2,064
SCP RJ 04	255	-	-	23	-	-	278
SPE Mirante do Ibituruna Ltda,	2,704	-	-	-	-	-	2,704
SCP Portal do Bosque	73	-	-	-	-	-	73
SCP Park Ritz	433	-	-	(2)	-	-	431
SCP Recanto das Águas	71	-	-	(22)	-	-	49
SCP MRV Belo Campo	30	19	-	(29)	-	-	20
SCP MRV Rec, Pássaros (Rouxinol)	230	307	-	(204)	-	-	333
SCP MRV Res, Beija Flor	110	21	-	(6)	-	-	125
SPE Padre Marinho	2,880	-	(700)	217	-	-	2,397
SCP Rívoli 1 e 2	95	25	-	-	(7)	-	113
SPE Acaba Mundo E, Imob Ltda,	814	-	-	-	-	-	814
SPE MRV Patrimar RJ Ix Ltda,(Andorinhas) 1 e 2	155	32	-	(42)	-	-	145
SPE Barbacena Empr Imobiliários S/A	8,612	4,525	(4,506)	(144)	-	-	8,487
SPE Patrimar Somattos Gasparini Ltda,	6,107	13	-	(4)	-	-	6,116
SPE Direcional Patrimar Maragogi Ltda,	(13)	305	-	(55)	-	-	237
SPE Avenida de Ligação	624	1,775	-	(214)	-	-	2,185
SPE Somattos Patrimar Quadra 40	243	-	-	6	-	-	249
	25,737	7,022	(5,429)	(943)	446	(13)	26,820
Affiliated Subsidiaries							
SCP Safira (Decaminada 10)	(249)	-	-	(14)	-	-	(263)
SCP João XXIII	(2)	-	-	(8)	-	-	(11)
SCP Palo Alto	297	-	-	(7)	-	-	290
SCP Park Residences	181	-	-	(3)	-	-	178
SPE Novo Lar Greenport	(126)	-	-	5	-	-	(121)
SPE Axis 1 Porto Fino	213	-	(28)	25	-	-	210
Outros investimentos	-	-	-	-	-	-	-
	313	-	(28)	(2)	-	-	283
	344,955	10,212	(6,343)	34,811	180	(13)	383,802

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

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


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	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
Companies	2022	2021	2022	2022	2022	2022
Alba	9%	9%	454	24,918	(16)	2,064
SCP Manchete	40%	40%	(573)	2,441	(232)	967
SCP MRV Belo Campo	50%	50%	(50)	42	(29)	21
SCP MRV Rec. Pássaros (Rouxinol)	40%	40%	(403)	790	(204)	333
SCP MRV Res. Beija Flor	40%	40%	2	318	(6)	125
SCP Pacuare	50%	50%	(38)	(623)	(19)	(311)
SCP Park Ritz	48%	48%	(5)	898	(2)	431
SCP Park Rossete	51%	51%	65	2,213	33	1,129
SCP Parque Araras	50%	50%	15	27	7	14
SCP Parque Bem Te Vi	50%	50%	7	129	3	65
SCP Parque Gaivotas	50%	50%	(58)	8	(32)	2
SCP Parque Sabia	50%	50%	(11)	74	(6)	37
SCP Portal do Bosque	50%	50%	(1)	142	-	71
SCP Reality e Renovare	51%	51%	(380)	(2,324)	(194)	(1,186)
SCP Recanto das Águas	51%	51%	(43)	96	(22)	49
SCP Recanto do Tingui	35%	35%	(131)	(460)	(46)	(161)
SCP Riviera da Costa e Sol	48%	48%	(389)	(1,698)	(187)	(815)
SCP Rívoli 1 e 2	40%	40%	(15)	282	1	113
SCP RJ 04	50%	50%	45	554	23	277
SPE Acaba Mundo Emp. Imob Ltda.	50%	50%	-	1,631	-	814
SCP Andorinhas	40%	40%	(111)	351	(42)	145
SPE Barbacena Empr Imobiliários S.A.	50%	50%	(64)	16,955	(144)	8,487
SPE Direcional Patrimar Maragogi Ltda.	50%	50%	(108)	603	(55)	237
SPE Mirante do Ibituruna Ltda.	34%	34%	(1)	8,015	-	2,705
SPE Padre Marinho	50%	50%	523	4,795	217	2,398
SPE Park Riversul	35%	35%	(59)	(75)	(41)	(26)
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	(6)	12,242	(4)	6,116
SPE Recreio Bandeirantes	35%	35%	(36)	(1,168)	(13)	(410)
SPE Recreio Gaveas	35%	35%	(247)	5,045	(90)	1,765
SPE Recreio Pontal	35%	35%	(427)	(6,801)	(154)	(2,381)
SPE Avenida de Ligação	50%	50%	(42)	3,674	(214)	2,186
SPE Somattos Patrimar Quadra 40	50%	50%	11	499	6	249
Outros	-	-	-	-	-	76
			(2,076)	73,593	(1,462)	25,586

- (d) At June 30, 2022, the balances of asset and liability accounts, net revenue and profit of unconsolidated entities were as follows:

	Current assets	Non- current assets	Current liabilities	Non-current liabilities	Equity	Profit (Loss)	Net revenue
Companies	2022	2022	2022	2022	2022	2022	2022
Alba	26,353	-	1,435	-	24,918	454	282
SCP Manchete	583	2,419	80	481	2,441	(573)	25
SCP MRV Belo Campo	117	68	57	86	42	(50)	(3)
SCP MRV Rec. Pássaros (Rouxinol)	560	340	13	97	790	(403)	51
SCP MRV Res. Beija Flor	392	123	140	57	318	2	(27)
SCP Pacuare	24	(365)	234	48	(623)	(38)	-
SCP Park Ritz	1,106	(15)	158	35	898	(5)	(1)
SCP Park Rossete	2,452	(32)	181	26	2,213	65	(10)
SCP Parque Araras	110	6	17	72	27	15	3
SCP Parque Bem Te Vi	103	10	(25)	9	129	7	3
SCP Parque Gaivotas	102	9	39	64	8	(58)	3
SCP Parque Sabia	79	3	8	-	74	(11)	2
SCP Portal do Bosque	15	128	1	-	142	(1)	-
SCP Reality e Renovare	211	(1,479)	46	1,010	(2,324)	(380)	62
SCP Recanto das Águas	98	10	4	8	96	(43)	-

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



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SCP Recanto do Tingui	(213)	(103)	94	50	(460)	(131)	(79)
SCP Riviera da Costa e Sol	442	(1,555)	19	566	(1,698)	(389)	(28)
SCP Rívoli 1 e 2	212	196	76	50	282	(15)	-
SCP RJ 04	784	(129)	55	46	554	45	12
SPE Acaba Mundo Emp. Imob Ltda.	1,631	-	-	-	1,631	-	-
SCP Andorinhas	376	19	38	6	351	(111)	(371)
SPE Barbacena Empr Imobiliários S.A.	18,746	40	1,638	193	16,955	(64)	6,783
SPE Direcional Patrimar Maragogi Ltda.	620	-	17	-	603	(108)	1
SCP Mirante do Ibituruna Ltda.	8,023	(6)	2	-	8,015	(1)	-
SPE Padre Marinho	5,723	-	928	-	4,795	523	1,005
SPE Park Riversul	67	61	42	161	(75)	(59)	(2)
SPE Patrimar Somattos Gasparini Ltda.	12,641	18	414	3	12,242	6	-
SPE Recreio Bandeirantes	111	68	1,300	47	(1,168)	(36)	-
SPE Recreio Gaveas	1,291	309	(3,556)	111	5,045	(247)	56
SPE Recreio Pontal	421	137	6,529	830	(6,801)	(427)	1
SPE Avenida de Ligação	4,028	20	374	-	3,674	(42)	7
SPE Somattos Patrimar Quadra 40	500	-	1	-	499	11	12
	87,708	300	10,359	4,056	73,593	(2,076)	7,787

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, 2022 were as follows:

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	03/31/2021
Property and equipment (Note 12)	(1,220)	(2,308)	(4,163)	(4,474)
Amortization of intangible assets (Note 13)	(1,359)	(2,701)	(1,422)	(2,829)
Depreciation of right-of-use assets	(876)	(1,818)	(1,275)	(2,647)
Closing balance	(3,455)	(6,827)	(6,860)	(9,950)

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



Notes to the financial statements at June 30, 2022

All amounts in thousands of reais unless otherwise stated

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

	Parent company					Consolidated				
	Balance at 12/31/2021	Additio ns	Write- offs	Transfers	Balance at 6/30/2022	Balance at 12/31/2021	Additio ns	Write- offs	Transfe rs	Balance at 6/30/2022
Cost										
Leasehold improvements	8,027	-	-	-	8,027	8,027	-	-	-	8,027
Machinery and equipment	10,153	-	-	-	10,153	12,003	-	-	-	12,003
Vehicles	1,068	1	-	-	1,069	1,068	1	-	-	1,070
Furniture and fittings	2,257	313	-	-	2,570	2,257	313	-	-	2,570
Sales stands and model apartments	496	-	(496)	-	-	11,960	4,353	(605)	5,142	20,850
IT equipment	1,469	288	(6)	-	1,751	1,498	289	(6)	-	1,781
Construction in progress	2,116	570	-	-	2,686	11,524	4,636	-	(5,142)	11,018
Total cost	25,586	1,172	(502)	-	26,256	48,337	9,592	(611)	-	57,318
Depreciation										
Leasehold improvements	(5,100)	(684)	-	-	(5,784)	(5,096)	(688)	-	-	(5,784)
Machinery and equipment	(3,177)	(145)	-	-	(3,322)	(3,761)	(335)	-	-	(4,096)
Vehicles	(704)	(81)	-	-	(785)	(704)	(81)	-	-	(785)
Furniture and fittings	(807)	(135)	-	-	(942)	(807)	(135)	-	-	(942)
Sales stands and model apartments	(81)	(18)	99	-	-	(2,763)	122	-	-	(4,253)
IT equipment	(255)	(157)	1	-	(411)	(1,612)	(161)	1	-	(430)
Total depreciation	(10,124)	(1,220)	100	-	(11,244)	(12,250)	(4,163)	123	-	(16,290)
Total property and equipment, net	15,462	(48)	(402)	-	15,012	36,087	5,429	(488)	-	41,028

14 Intangible assets

The balances of intangible assets at June 30, 2022 were as follows:

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



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at June 30, 2022**

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	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 6/30/2022	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 3/31/2022
Cost										
Computer software license	13,364	-	-	-	13,364	14,008	-	-	-	14,008
Total cost	13,364	-	-	-	13,364	14,008	-	-	-	14,008
Amortization										
Computer software license	(5,870)	(1,359)	-	-	(7,229)	(6,212)	(1,422)	-	-	(7,634)
Total amortization	(5,870)	(1,359)	-	-	(7,229)	(6,212)	(1,422)	-	-	(7,634)
Total intangible assets, net	7,494	(1,359)	-	-	6,135	7,796	(1,422)	-	-	6,374

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

15 Borrowings and debentures

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Construction financing (c(i))	-	-	103,444	87,579
Borrowings for working capital (in Reais - R\$) (c(ii))	50,760	50,608	50,760	50,608
Debentures (c(iii))	131,000	130,837	131,000	130,837
Unamortized cost of debentures	(1,211)	(1,374)	(1,211)	(1,374)
	180,549	180,071	283,993	267,650
Current liabilities	31,591	11,243	67,469	60,797
Non-current liabilities	148,958	168,828	216,524	206,853

(a) Covenants

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

(b) Changes

Changes in borrowings in the period was as follows:

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


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	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Opening balance	180,071	82,660	267,650	133,886
Releases	-	133,982	55,969	260,709
Provision for interest payable	12,266	12,789	17,880	18,343
Repayments - interest	-	(1,034)	(5,167)	(6,008)
Repayments - principal	(11,950)	(46,963)	(52,502)	(137,917)
Funding costs	163	(1,363)	163	(1,363)
Closing balance	180,549	180,071	283,993	267,650

(c) Types

- (i) **Construction financing:** This type of borrowing is designed to fund projects during the construction period. The applicable interest rates range from 3,5% to 18,31 % p.a., depending on the operation, plus the Reference Rate (TR), CDI rate or savings rate (8,3% and 11,25% in December 2021). These financing arrangements are secured by real estate development/ideal fraction of future units to which it is related.
- (ii) **Working capital:** This type of borrowing is designed to finance the Group's working capital requirements. The average interest rate applicable to this type of borrowing is the CDI rate+ 3,75% p.a. This borrowing is not backed by collateral.
- (iii) **Debentures:** On March 18, 2021, the Company's Board of Directors approved the first placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R\$ 100 million, which were fully subscribed by ISEC Securitizadora S.A. ("ISEC") to back the 239th series of the 4th issue of Certificates of Real Estate Receivables (CRIs), to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009. The first tranche of R\$ 50 million was closed on March 31, 2021, and the second, of R\$ 30,1 million, on May 11, 2021, totaling R\$ 80,1 million raised by the first issue of debentures. The remuneration is 100% of the DI rate exponentially increased by a surcharge of 2,99%, maturing on March 26, 2025.

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

On June 20, 2022, the Company's board of directors approved the third issue of simple, non-convertible debentures, in a single series, of the unsecured type, for private placement ("Debentures") by the Company in the total amount of R\$150 million, which will be the object of a public offering for distribution, with restricted efforts, pursuant to CVM Instruction 476/2009. The remuneration will be 100% of the DI plus exponentially a surcharge equivalent to 2.00%, maturing in 5 (five) years from the date of issue. The effective settlement of this issue took place on July

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29, 2022, in the total amount of R\$ 150 million with the rate defined in the bookbuilding process at CDI + 2.00% pa, as disclosed in note 34.

(d) Maturities

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

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
2022	-	-	25,758	49,554
2023	-	-	69,048	34,039
2024	-	-	8,621	3,986
2025	-	-	17	-
	<u>-</u>	<u>-</u>	<u>103,444</u>	<u>87,579</u>

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

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
2022	10,380	10,608	10,380	10,608
2023	20,380	20,000	20,380	20,000
2024	20,000	20,000	20,000	20,000
2025	-	-	-	-
	<u>50,760</u>	<u>50,608</u>	<u>50,760</u>	<u>50,608</u>

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

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
2022	435	635	435	635
2023	42,624	35,975	42,624	35,975
2024	64,455	64,368	64,455	64,368
2025	22,275	28,485	22,275	28,485
	<u>129,789</u>	<u>129,463</u>	<u>129,789</u>	<u>129,463</u>

16 Leases

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



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	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2022</u>	<u>12/31/2021</u>	<u>6/30/2022</u>	<u>12/31/2021</u>
Leases	3,831	4,779	4,448	5,236
	<u>3,831</u>	<u>4,779</u>	<u>4,448</u>	<u>5,236</u>
Current liabilities	1,926	1,905	2,489	2,362
Non-current liabilities	1,905	2,874	1,959	2,874

Changes in leases were as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2022</u>	<u>12/31/2021</u>	<u>6/30/2022</u>	<u>12/31/2021</u>
Opening balance	4,779	1,715	5,236	3,869
Leases	-	4,823	547	5,566
Termination of lease contract	-	-	(105)	(1,577)
Repayments - lease - principal	(948)	(1,759)	(1,230)	(2,622)
Repayments - lease - interest	(49)	(141)	(51)	(207)
Financial charges - lease	49	141	51	207
Closing balance	<u>3,831</u>	<u>4,779</u>	<u>4,448</u>	<u>5,236</u>

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/31/2022</u>	<u>12/31/2021</u>	<u>6/31/2022</u>	<u>12/31/2021</u>
2022	957	1,905	1,308	2,362
2023	1,948	1,948	2,214	1,948
2024	926	926	926	926
2025	-	-	-	-
	<u>3,831</u>	<u>4,779</u>	<u>4,448</u>	<u>5,236</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 rates from 1,56% to 2,31% p,a,

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

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

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

17 Trade payables

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Trade payables	1,289	5,477	45,732	37,775
Technical retentions	497	535	7,986	6,627
	<u>1,786</u>	<u>6,012</u>	<u>53,718</u>	<u>44,402</u>

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

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

18 Tax liabilities

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

	Parent company		Consolidated	
Taxes payable	6/30/2022	12/31/2021	6/30/2022	12/31/2021
National Institute for Social Security (INSS)	37	60	2,321	2,502
Services Tax (ISS)	146	168	681	925
Social Integration Program (PIS)	-	-	-	13
Other taxes withheld	403	455	688	501
	<u>575</u>	<u>683</u>	<u>3,691</u>	<u>3,941</u>

Deferred taxes

Special Taxation Regime (RET)	261	606	22,692	20,975
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The accompanying notes are an integral part of these financial statements.



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	Parent company		Consolidated	
Taxes payable	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Social Contribution on Revenues (COFINS)	265	321	475	668
Social Contribution on Net Income (CSLL)	-	-	489	399
Social Integration Program (PIS)	56	-	240	214
	<u>582</u>	<u>927</u>	<u>23,896</u>	<u>22,256</u>
	<u>1,157</u>	<u>1,610</u>	<u>27,587</u>	<u>26,197</u>

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	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Land developed	800	400	37,719	44,609
Supplement	800	400	7,712	7,851
Financial exchange	-	-	30,007	36,758
	<u>-</u>	<u>1,401</u>	<u>21,154</u>	<u>23,334</u>
Land not developed	-	1,401	21,154	23,334
Supplement	-	1,401	9,065	11,244
Financial exchange	-	-	12,090	12,090
	<u>800</u>	<u>1,801</u>	<u>58,873</u>	<u>67,943</u>
Current liabilities	800	1,401	27,194	35,942
Non-current liabilities		400	31,679	32,001

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

	Cash payment	
	Parent company	Consolidated
2022	-	624
2023	800	9,169
2024	-	-
2025	-	-
2026	-	6,984
	<u>800</u>	<u>16,777</u>

Exchange

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



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2022	-	8,244
2023	-	19,273
2024	-	8,956
2025	-	4,029
2026	-	1,078
2027	-	516
	-	42,096

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	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Advances from customers and barter transactions for construction in progress	-	30	279,946	280,142
Advances related to customized units	-	-	48,623	47,435
Barter transactions for land - developments not launched	44	966	225,364	45,590
	44	996	553,933	373,167

21 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Civil	125	115	1,085	3,924
Tax	1,427	1,427	1,427	1,453
Labor	9	-	797	1,249
	1,561	1,542	3,309	6,626

Judicial deposits

	Parent company		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Civil	-	-	772	869
Tax	12	-	-	-
Labor	347	86	555	320
	359	86	1,327	1,189

Changes in the 3-month period ended June 30, 2022:

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

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Contingencies

	Parent company	Consolidated
Opening balance	1,542	6,626
Additions	23	2,178
Write-offs	(15)	(6,332)
Update	11	837
Closing balance	<u>1,561</u>	<u>3,309</u>

Judicial deposits

	Parent company	Consolidated
Opening balance	86	1,189
Additions	294	550
Write-offs	(21)	(412)
Closing balance	<u>359</u>	<u>1,327</u>

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

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

Possible risk of loss contingencies:

The Group companies are parties to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of an unfavorable outcome is considered possible by management under the advice of legal counsel. The amounts are approximately R\$ 4,262 (labor claims), R\$ 55,230 (tax claims) and R\$ 7,262 (civil claims), totaling R\$ 66,754 (R\$48,858 at December 31, 2021).

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

The most significant contingency relates to land exchange,

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

The Group, together with its legal counsel, has been discussing this matter at the administrative level, claiming that the assessment notice should be declared null and void on the grounds that the recognition of fair value arising from the execution of barter agreements cannot give rise to any effects on the calculation bases of the referred taxes. The likelihood of loss for this case has been classified as possible and the estimated risk involved at June 30, 2022, amounted to R\$ 47,972 (R\$ 37,869 at December 31,

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

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2021), As the decisions already rendered, both within the scope of the Administrative Board of Tax Appeals (CARF) and the High Court of Justice (STJ), were favorable to taxpayers, no provision for contingencies with respect to this matter was recorded at June 30, 2022.

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, 2022.

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

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

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2022</u>	<u>12/31/2021</u>	<u>6/30/2022</u>	<u>12/31/2021</u>
Opening balance	1,352	1,532	12,783	8,762
Additions	25	72	2,770	4,971
Write-offs	(193)	(252)	(784)	(950)
Closing balance	1,184	1,352	14,769	12,783
Current liabilities	499	769	2.886	6.425
Non current liabilities	685	583	11.883	6.358

23 Equity**(a) Capital**

At June 30, 2022, share capital of R\$ 269,172 (R\$ 269,172 at December 31, 2021) was represented by 56,025,501 common shares.

At June 30, 2022, the Company's stockholding structure was as follows:

<u>Stockholders</u>	<u>%</u>	<u>Common shares</u>
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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
	<u>100%</u>	<u>56,026</u>

(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.

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:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Basic and diluted earnings per share:		
Profit for the period	7,139	40,151
Weighted average number of shares (in thousands)	<u>56,026</u>	<u>56,026</u>
Basic and diluted earnings per share - R\$	<u>0,127423</u>	<u>0,716649</u>

25 Net operating revenue

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

	<u>Parent company</u>			
	<u>4/01/2022 a 6/30/2022</u>	<u>01/01/2022 a 6/30/2022</u>	<u>4/01/2021 a 6/30/2021</u>	<u>01/01/2021 a 6/30/2021</u>
Gross revenue from the sales of properties	674	3,044	12,277	29,661
Service revenue	936	1,690	842	1,312
Canceled sales	-	(41)	492	(1,088)
Present value adjustment (i)	-	-	(302)	574
Taxes on billings	<u>(125)</u>	<u>(285)</u>	<u>(442)</u>	<u>(850)</u>
Net operating revenue	<u>1,485</u>	<u>4,408</u>	<u>12,867</u>	<u>29,609</u>
	<u>Consolidated</u>			

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	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
Gross revenue from the sales of properties	200,546	360,188	194,877	380,589
Service revenue	1,668	2,074	2,328	4,536
Canceled sales	(9,671)	(23,736)	(5,324)	(14,809)
Present value adjustment (i)	2,164	4,155	1,957	4,557
Taxes on billings	(3,948)	(7,445)	(4,316)	(8,208)
Net operating revenue	190,759	335,236	189,522	366,665

(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			
	01/04/2022 a 30/06/2022	01/01/2022 a 30/06/2022	01/04/2021 a 30/06/2021	01/01/2021 a 30/06/2021
Cost of properties sold				
Materials	(74)	(739)	(1.497)	(3.065)
Land	(14)	(243)	(216)	(3.930)
Completed units	(7)	(40)	(5.067)	(7.523)
Personnel expenses	(31)	(259)	(411)	(781)
Subcontractors	(128)	(1.101)	(1.270)	(2.520)
Housing loan costs	(3)	(44)	(411)	(846)
Other	(52)	(356)	(78)	(186)
	(309)	(2.772)	(8.950)	(18.851)

	Parent company			
	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
General and administrative expenses				
Personnel expenses	(8.160)	(15.999)	(4.540)	(8.592)
Administrative general expenses	(918)	(1.442)	(272)	(922)
Depreciation and amortization	(1.757)	(3.508)	(1.549)	(3.155)
Outsourced services	5.484	8.337	(1.066)	(3.260)
	(5.351)	(12.612)	(7.427)	(15.929)

Parent company

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



**Notes to the financial statements
at June 30, 2022**

All amounts in thousands of reais unless otherwise stated

	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
Selling expenses				
Personnel expenses	(1,377)	(3,189)	(472)	(1,067)
Commissions and brokerage	32	(88)	(228)	(279)
Sales stands/model apartments	(2)	(21)	-	(2)
Advertising	(381)	(776)	(166)	(461)
Other selling expenses	(291)	(825)	(229)	(753)
	<u>(2,019)</u>	<u>(4,899)</u>	<u>(1,095)</u>	<u>(2,562)</u>
Other operating income (expenses), net	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
Real estate financing expenses	-	(11)	(135)	(288)
Tax expenses	(119)	(119)	-	-
Provision for contingencies	10	(19)	-	-
Losses from insufficient guarantees and others (i)	(133)	(190)	(2,490)	(2,299)
Other operating income and expenses	564	(298)	(353)	(287)
	<u>322</u>	<u>(637)</u>	<u>(2,978)</u>	<u>(2,874)</u>
	Parent company			
	Consolidated			
	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
Cost of properties sold				
Materials	(50,540)	(85,678)	(54,690)	(85,205)
Land	(27,372)	(48,510)	(15,180)	(59,698)
Completed units	(5,580)	(7,115)	(10,132)	(15,313)
Personnel expenses	(11,167)	(20,165)	(6,311)	(11,821)
Subcontractors	(35,231)	(58,901)	(24,892)	(42,155)
Housing loan costs	(3,341)	(5,720)	(2,603)	(4,327)
Other	(9,254)	(17,768)	(4,090)	(8,734)
	<u>(142,485)</u>	<u>(243,857)</u>	<u>(117,898)</u>	<u>(227,253)</u>
	Consolidated			
	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
General and administrative expenses				
Personnel expenses	(8,163)	(16,155)	(5,227)	(10,057)
Administrative general expenses	(909)	(1,739)	(469)	(1,414)
Depreciation and amortization	(1,885)	(3,764)	(1,701)	(3,514)
Outsourced services	(2,390)	(4,261)	(1,631)	(4,465)
	<u>(13,347)</u>	<u>(25,919)</u>	<u>(9,028)</u>	<u>(19,450)</u>

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



**Notes to the financial statements
at June 30, 2022**

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	Consolidated			
	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
Selling expenses				
Personnel expenses	(1,432)	(3,295)	(1,188)	(2,318)
Commissions and brokerage	(5,840)	(10,566)	(5,351)	(8,005)
Sales stands/model apartments	(1,574)	(3,160)	(115)	(249)
Advertising	(6,473)	(11,194)	(2,409)	(5,294)
Other selling expenses	(3,704)	(7,107)	(2,890)	(5,314)
	<u>(19,023)</u>	<u>(35,322)</u>	<u>(11,953)</u>	<u>(21,180)</u>

	Consolidated			
	4/01/2022 a 6/30/2022	01/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	01/01/2021 a 6/30/2021
Other operating income (expenses), net				
Real estate financing expenses	-	(5)	(212)	(405)
Tax expenses	(140)	(148)	(20)	(26)
Provision for contingencies	(164)	(806)	(3,098)	(4,683)
Losses from insufficient guarantees and others (i)	(204)	(320)	(4,278)	(1,352)
Other operating income and expenses	<u>(321)</u>	<u>(417)</u>	<u>(671)</u>	<u>(1,115)</u>
	<u>(829)</u>	<u>(1,696)</u>	<u>(8,279)</u>	<u>(7,581)</u>

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

27 Management fees

Management compensation for the years ended June 30, 2022 and 2021 is shown below:

	Parent company			
	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	1/01/2021 a 6/30/2021
Management fees	1,821	3,145	1,065	2,888
Welfare benefits	109	225	63	125
Charges	284	550	277	570

	Consolidated			
	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	1/01/2021 a 6/30/2021
Management fees	1,821	3,145	1,180	3,235
Welfare benefits	109	225	70	144
Charges	284	550	308	633

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



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

28 Finance income (costs) net

	Parent company			
	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2021	4/01/2021 a 6/30/2022	1/01/2021 a 6/30/2021
Finance income				
Contractual indexation and interest accruals	(10)	328	957	1,886
Interest on financial investments	338	1,056	635	689
Swap gains	-	-	-	4
Other finance income	29	62	2	-
	<u>357</u>	<u>1,446</u>	<u>1,594</u>	<u>2,579</u>
Finance costs				
Interest on borrowings	(6,575)	(12,268)	(2,385)	(3,447)
Bank fees and charges	(138)	(273)	(38)	(67)
Other finance costs	-	(2)	(1)	(10)
	<u>(6,713)</u>	<u>(12,543)</u>	<u>(2,424)</u>	<u>(3,524)</u>
	<u>(6,356)</u>	<u>(11,097)</u>	<u>(830)</u>	<u>(945)</u>
	Consolidated			
	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2021	4/01/2021 a 6/30/2022	1/01/2021 a 6/30/2021
Finance income				
Contractual indexation and interest accruals	1,971	2,980	2,431	6,023
Interest on financial investments	7,672	14,430	1,724	2,250
Other finance income	156	209	12	30
	<u>9,799</u>	<u>17,619</u>	<u>4,167</u>	<u>8,303</u>
Finance costs				
Interest on borrowings	(6,575)	(12,268)	(2,582)	(3,747)
Bank fees and charges	(688)	(1,114)	(219)	(396)
Financing expenses	-	-	-	(1)
Swap losses	-	-	-	-
Other finance costs	(138)	(141)	(3)	(24)
	<u>(7,401)</u>	<u>(13,523)</u>	<u>(2,804)</u>	<u>(4,168)</u>
	<u>2,398</u>	<u>4,096</u>	<u>1,363</u>	<u>4,135</u>

29 Income tax and social contribution expense

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

Reconciliation of tax rate from statutory to effective rate:

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



**Notes to the financial statements
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	Parent company			
	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	1/01/2021 a 6/30/2021
Profit before IRPJ and CSLL	1,915	7,202	19,572	40,505
ate - 34%	(651)	(2,449)	(6,654)	(13,772)
Effect on exclusions (equity accounting)	(4,809)	(11,836)	(9,515)	(17,699)
Segregated asset structure (RET)	(175)	(243)	41	703
Unrecognized tax losses (RET)	5,624	14,465	15,994	30,414
IRPJ and CSLL expenses	(11)	(63)	(134)	(354)
Effective rate	1%	1%	1%	1%

	Consolidated			
	4/01/2022 a 6/30/2022	1/01/2022 a 6/30/2022	4/01/2021 a 6/30/2021	1/01/2021 a 6/30/2021
Profit before IRPJ and CSLL	16,608	31,076	42,732	87,221
ate - 34%	(5,647)	(10,566)	(14,529)	(29,655)
Effect on exclusions (equity accounting)	294	497	338	2,759
Segregated asset structure (RET)	(2,809)	(5,169)	(738)	(2,468)
Unrecognized tax losses (RET)	3,576	6,271	11,166	21,534
IRPJ and CSLL expenses	(4,586)	(8,967)	(3,763)	(7,830)
Effective rate	28%	29%	9%	9%

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

30 Deferred revenue and deferred costs

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

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



**Notes to the financial statements
at June 30, 2022**

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	<u>Parent company</u>	<u>Consolidated</u>
Developments under construction		
(i) Deferred revenue from units sold		
(a) Developments under construction:		
Revenue from contracted sales	-	2,544,305
Canceled sales - reversed revenue	-	48,342
(b) Revenue from recognized sales, net	-	(1,656,307)
Deferred revenue (a+b)	-	936,340
(ii) Budgeted deferred cost of units sold		
Developments under construction:		
(a) Budgeted costs	-	1,663,260
(b) Construction costs incurred	-	(999,095)
Deferred costs of units sold (a+b)	-	664,165
(iii) Budgeted deferred costs of units in inventory		
Developments under construction:		
(a) Budgeted costs	-	352,900
(b) Incurred costs	-	(172,807)
Deferred costs of units in inventory (a+b)	-	180,093

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\$ 826,546 (R\$ 698,432 at December 31, 2021) of which: R\$ 746,287 (R\$ 628,034 at December 31, 2021) relate to exchanges for real estate units to be constructed and/or to the share of the proceeds from the sale of the related developments, and R\$ 80,260 (R\$ 70,398 at December 31, 2021) relate to balancing payments.

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, 2022, commitments related to the lease of large items of equipment and real estate totaled R\$ 3,831 (R\$ 4,779 in 2021) in the Parent company and R\$ 4,448 (R\$ 5,236 in 2021) 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.

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

**Notes to the financial statements
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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, 2022, the Group held the following insurance policies:

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

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

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

(d) Civil liability insurance (management).

At June 30, 2022, the insurance coverage was as follows:

Itens	Tipo de cobertura	Importância Segurada
		Consolidado
Contractor - Completion bond (SGTO)	Benefiting the financing agent in the event of technical and financial losses not met by the Company.	74,128
Contractor - Completion Bond - Infrastructure not included	For the execution of the external infrastructure works up ceiling for losses from failure to honor the obligations to complete the construction of related external infrastructure.	14,186
Housing	Indemnity for damages caused by fire, lightning strike and explosion, in addition to other additional coverage that can be contracted, aiming at supplementing the insurance policy and protecting the property against other risks, including theft, collapse, vehicle crash, aircraft crash, windstorm, hurricane, cyclone, hailstorm, electrical damages etc.	200
Insurance - construction (engineering risk)/Civil liability	Indemnity for damage caused to the works during the construction period of the project, such as fire, lightning strike, theft, among other specific coverage for facilities and assemblies at the insured site. Indemnity, up to the policy's cap, of the amounts for which the Company may have civil liability related to repairs for involuntary personal and/or material damages caused to third parties.	1,433,927
Civil liability (management)	Coverage for pain and suffering to the Company's managers (D&O)	20,000
Commercial multiple peril insurance	Indemnity for fire, lightning strike, and explosion. Also, coverage for windstorm, aircraft crashes, loss of rent, among others. In addition, they may include civil liability coverage (family insurance for the condominium, and/or condominium manager, material damages to third-party vehicles), medical/hospital/dental expenses for people etc.	11,242

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



**Notes to the financial statements
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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,	8,700
Equipment	Indemnity for losses directly from risks related to machinery, equipment and implements, of fixed or mobile types, for non-agricultural use,	90
Legal guarantee	As an alternative to judicial deposits and escrows for assets in cases of litigation, Widely accepted at the judicial level as a new guarantee or as a substitute for existing guarantees.	5,625
Fire Insurance	Covers losses caused by fire	250
Vehicle Insurance	Covers damages caused by vehicles	100
Post-completion bond - maintenance bond (SGPE)	For maintenance of units delivered for up to five years, for damages provided under the consumer protection code,	10,747

34 Transactions not involving cash or cash equivalents

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Investing activities				
Transfers of property and equipment - Leases as per IFRS 16	(941)	3,947	(786)	1,327
Capitalized Interest	-	(34)	(460)	(145)

35 Events after the reporting period

In connection with the approval of the Company's Board of Directors, which, in June 2022, approved the issuance of the 3rd (third) issue of simple debentures, not convertible into shares, in a single series, of the unsecured type, for private placement ("Debentures"), in the total amount of BRL 150,000,000.00 (one hundred and fifty million reais), which were fully subscribed privately by VIRGO COMPANHIA DE SECURITIZATION, given that the Debentures are linked to the issuance of 150,000 receivables certificates ("CRI") of the single series of the 38th issue of the Securitizadora, which were distributed through a public offering with restricted distribution efforts, under the firm placement guarantee regime, pursuant to CVM Instruction No. January 2009, as amended, in July 2022 the procedure for collecting investment intentions ("Bookbuilding Procedure") was completed, which defined the surcharge to be applied to the remuneration of Dept. bonds and, consequently, CRIs, that is, CDI + 2.00% pa. The financial settlement of the operation also took place in July 2022.

* * *

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