

(Convenience translation into English from the original
previously issued in Portuguese)

SUGOI S.A.

Independent auditor's report

**Individual and consolidated financial
statements**

As at December 31, 2020

SUGOI S.A.

**Individual and consolidated financial statements
As at December 31, 2020**

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SUGOI S.A

Management Report 2021

São Paulo, March 31, 2021 - SUGOI S.A. In compliance with its articles of incorporation and legal provisions, the Management of Sugoi S.A. ("Sugoi") presents below the Management Report and the Individual and Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS), the Brazilian accounting practices and the standards of the Brazilian Securities and Exchange Commission (CVM). The Company has adopted all standards and revisions of standards in effect for the financial statements as at December 31, 2020.

MANAGEMENT REPORT

SUGOI has been consolidating and improving – year by year - its results and its efficiency in operations. In 2020, it presented consistent and successful numbers, despite the period of considerable adversity, uncertainties and difficulties. Among the highlights we can list: gross margin of 34%; net revenue of R\$ 183.5 million; net income of R\$ 18.7 million. The results demonstrate the assertiveness and strategy in the Company's decisions, as well as its positioning in the segment and areas of operation, which once again demonstrated resilience and capacity to overcome troubled periods, such as the one faced with the pandemic.

It is also important to emphasize that, in 2020, we achieved the regularization of financing contracts to support production for 100% of the ventures already launched. This matter was a cause for concern in 2019, due to the increase in the deadlines we had for contracting such financing, as a result of the government transition and of the adjustments and changes that took place within Caixa Econômica Federal (CEF). As the effects of this achievement, we will have a considerable improvement in the evolution of the Company's operation, allowing a reduction in the cycle of our ventures, since the launch and start of construction work will be almost concomitant. In addition, we will mitigate the negative effects suffered from the period in which we had a significant gap between launch and contract of financing, including - and particularly - the cancellation of contracts with customers.

Although we understand that in 2020 we had a mild impact resulting from the consequences of Covid-19, we were also affected, mainly with: the increase in deadlines for licensing and approval of ventures; increase in unemployment, and/or impairment of the population's income, possibly postponing the decision of acquisition and/or cancellation of the contracts entered into; reduction of economic activity in general, due to unpredictability and/or lack of confidence, which led to a drop in the supply of inputs that, contrary to the growth of activity in civil construction (and linked to the devaluation of the exchange rate), generated a very strong inflationary pressure on construction work inputs. Despite the low impact we had in 2020, this last item will require attention and monitoring in 2021 to mitigate the impacts on our margins of the ventures in progress, as well as the adoption of preventive and corrective measures related to the ventures that will start in the current year.

The pandemic and its effects will continue to impact the economy and life of the population in 2021, until a significant portion of the population is vaccinated. Fortunately, the expectations are more encouraging every day in terms of vaccine varieties and quantities, providing a greater number of vaccinated individuals in less time. Despite this adverse and remaining scenario of the Covid-19, we continue to experience a positive economic scenario, due to interest rates still at low levels, excess financial liquidity that needs to migrate to the real economy, which should provide a boost to the economy, very strongly related to the civil construction and real estate markets.

Sugoi operates in the economic real estate segment, also known as First Housing, with a focus on the *Casa Verde Amarela* Program (PCVA), from Group 1 to Group 3, which includes families with income from R\$ 2 thousand to R\$ 7 thousand Brazilian Reais. It is in this income bracket that the large housing deficit is found, and for this reason, we understand that it is a market with a lot of space to be explored. We also believe that in addition to the federal program PCVA, new programs to encourage popular housing should be created within the scope of state and municipal governments, to foster the economy and generate jobs, linked to the social housing policy, since, more than ever before, "*Fica em Casa*" (Stay at Home) gained an even greater meaning and sense, of what has always been the greatest dream of the poor Brazilian population, which is the dream of home ownership.

Sugoi remains strong in its purpose to contribute to the reduction of the housing deficit and, consequently, to improve the lives of Brazilians. We will continue to develop work that enables decent properties for first housing, generating jobs and contributing to a more economically sound and fair country, with less social inequality.

Highlights

- Net revenue for the year totaled R\$ 183.5 million;
- The Company concluded 2020 with Gross Margin of 34%;
- Net income for the year was R\$ 18.7 million;
- General Sales Value (VGV) of ventures launched in 2020 totaled R\$ 219 million;
- The Company's land bank reached a potential VGV of R\$ 3.5 billion;

Operating and financial performance

Launches

In 2020, the company announced the four launches described in the table below, all within the municipality of São Paulo:

Venture	Units	Estimated VGV	City
VIDA & ALEGRIA - Condomínio 08	104	15.6 MM	São Paulo - SP
MIRAI PARQUE DO CARMO - Condomínio 03	246	36.2 MM	São Paulo - SP
VIDA & ALEGRIA - Condomínio 10	112	18.2 MM	São Paulo - SP
MIRAI PARQUE DO CARMO - Condomínio 02	246	37.0 MM	São Paulo - SP

Due to the Pandemic, we had impacts on the approval and licensing of some ventures, as some bodies and secretariats had their activities compromised, due to the lockdown and interruption of activities of government bodies, and/or to health problems - directly or indirectly - of the civil servants in charge, and/or the delay involved in remote work. As a result, we had the increase in the approval deadlines, which we believe and hope to overcome in 2021, significantly leveraging the volume of launches for the current year.

Despite the difficulties and the volume of launches being below initial expectations, we ended 2020 with an increase of 55% compared to 2019.

Contracted sales

The Company's Gross Sales totaled R\$ 219 million, a substantial improvement represented by an increase of 70% compared to the same period in 2019, which provided the Company with a Sales-to-Inventory Ratio (VSO) above 60% in 2020.

The average ticket for products sold also increased by 6%, R\$ 157 thousand in 2020, compared to R\$ 148 thousand in 2019.

Finished projects and projects under construction

The year of 2020 was important in terms of completion of construction works, consolidating the Company's work capacity and volume delivery, with distinguished quality. Altogether, there were eight projects, totaling 1,720 units and VGV of R\$ 232 MM. All ventures were delivered before the end of their terms.

The Company currently has 15 construction works in progress, totaling almost three thousand units.

Land bank

As at December 31, 2020, the Company's land bank represented estimated VGV of R\$ 3.5 billion, with expected launch in the next five years.

The year of 2020 was of great prospecting, but with little success, thus, with no increase in our land bank. We believe that 2021 will be a year of consolidation of the opportunities opened up in 2020, replacing this year's launches and increasing total volume.

Net revenue, gross profit and gross margin

Net operating revenue totaled R\$ 183.5 million in 2020, an increase compared to R\$ 150 million in the same period of 2019.

In 2020, the cost of properties totaled R\$ 120.6 million in comparison with R\$ 95.9 million in the same period of 2019, due to new launches and recognition of costs of ventures in progress.

Gross profit for the year amounted to R\$ 62.9 million, an increase of 22% compared with the same period of 2019, for which we reported gross profit of R\$ 54.2 million. This increase is explained by the volume of launches and construction works in progress.

Selling, general and administrative expenses

In 2020, selling expenses totaled R\$ 12.5 million, representing an increase of 65% compared to 2019, in line with the increase in sales compared to the same year.

Net general and administrative expenses totaled R\$ 19.2 million in 2020, an increase of 58% compared to the same period in 2019. These expenses are also in line with the increase in launches compared to the same year and, mainly, in line with the Company's planning, aiming to support the demand of launches and construction works occurring in the next years.

Income for the year

In 2020, we reported accumulated net income of R\$ 18.7 million, in line with income for 2019, amounting to R\$ 17.8 million. The positive result is attributed mainly to the recovery of the Company in relation to the execution of the ventures launched in previous years, and to the increase in launches in 2020.

Reinvestment of profits and distribution of dividends

Pursuant to Article 189 of Law No. 6.404/76, there was a distribution of profits in the year amounting of R\$ 6 million.

Independent Auditors

Pursuant to the Brazilian Securities and Exchange Commission (CVM) Instruction No. 381, of January 14, 2003, we inform that the Company engaged BDO RCS Auditores Independentes S.S. to render services related to the audit of its financial statements. Also according to CVM Instruction No. 381, of January 14, 2003, we inform that the Company has not contracted any other services from the independent auditor charged with the audit of the financial statements not related to the audit work.

São Paulo, March 31, 2021.

Investor Relations

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders and Management of
Sugoi S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of **Sugoi S.A. (“Company”)** and its controlled companies, identified as Parent company and Consolidated, respectively, which comprise the individual and consolidated statements of financial position as at December 31, 2020, and the respective individual and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

Opinion on the individual and consolidated financial statements in accordance with Brazilian accounting practices

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the Company's financial position as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Brazilian accounting practices.

Opinion on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), applicable to entities of real estate development in Brazil, registered with the Brazilian Securities and Exchanges Commission (CVM).

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the Company's consolidated financial position as at December 31, 2020, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS applicable to companies of real estate development in Brazil, registered with CVM.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements” section of our report. We are independent of the Company and its controlled companies in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

Revenue recognition

As described in Note 2.1(b) to the individual and consolidated financial statements, these statements were prepared in accordance with Brazilian accounting practices and with the IFRS applicable to companies of real estate development in Brazil, registered with CVM. Accordingly, the determination of the accounting policy adopted by the Company for the recognition of revenue in sale and purchase contracts of unfinished real estate units, related to aspects of the transfer of control, follows the understanding established by CVM in CVM/SNC/SEP Circular Letter No. 02/2018 on the adoption of NBC TG 47 (IFRS 15). Our opinion is not qualified in respect of this matter.

Restatement of corresponding amounts

Previously, the individual and consolidated financial statements for the year ended December 31, 2019, were audited by other independent auditors, whose report thereon, dated March 30, 2020, was unmodified and included emphasis regarding revenue recognition. As described in note 2.14, the Company's Management reviewed its accounting practices and identified inconsistencies related to the year ended December 31, 2019, and as provided for in Technical Pronouncement CPC 23 - Accounting policies, Changes in Estimates and Correction of Errors, the Company is restating the corresponding amounts for the year ended December 31, 2019. We have audited the adjustments mentioned in said note and, in our opinion, these adjustments are appropriate and were correctly made. Our opinion for the year ended December 31, 2019, is limited only to the adjustments subject to restatement. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of income (loss) from real estate development

As mentioned in Note 2.13, the Company recognizes income (loss) from real estate development during the progress of the construction work, based on the Percentage of Completion ("POC") method, in accordance with the understanding expressed by CVM in CVM/SNC/SEP Circular Letter No. 02/2018 on the application of NBC TG 47 (IFRS 15). This method is adopted using the ratio of the cost incurred in relation to the total budgeted cost of the respective ventures and the revenue is calculated by multiplying this percentage by the contracted sales. Costs of land and of construction work inherent to the respective development of the units sold are recognized to income (loss) when incurred.

This matter was considered significant to our audit because the process of revenue recognition involves judgment from Management.

Audit response

Our audit procedures included, among others:

- Evaluation of the internal control environment with respect to the budgetary process adopted by the Company;
- Evaluation of the accuracy and completeness of the information used in the calculations presented by the Company;
- Tests on documentation, on a sample basis, on the basis of sales, cancellations and costs incurred;
- Verification of legal requirements for launching ventures; and
- Evaluation of the disclosure of information in the notes.

Based on the evidence obtained, we determined that the estimates used to recognize revenue are adequate, as well as their respective disclosures in Note 20.

Restatement of corresponding amounts

As mentioned in note 2.14, the Company's Management reviewed its accounting practices and interpretations on certain operations and identified inconsistencies related to the year ended December 31, 2019, and as provided for in Technical Pronouncement CPC 23 - Accounting policies, Changes in Estimates and Correction of Errors, the Company is restating the corresponding amounts for the year ended December 31, 2019.

We consider this a key audit matter due to the significance and complexity of certain matters now restated.

Audit response

In relation to such transactions, the main procedures carried out are as follows:

- Reading of contracts and agreements entered into in the acquisition of certain investees;
- Inquiries to Senior Management about the transactions herein subject to restatement, as well as discussions with the previous independent auditors;
- Analysis of supporting documentation and calculation memories for the reflected adjustments;
- Reading and evaluation of the disclosures in the notes.

During the course of our audit, we identified certain disclosure adjustments that were partially made by Management.

Based on the evidence obtained, we consider that the restatement of the corresponding amounts was properly recorded and disclosed.

Other matters

Statements of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company's Management for the year ended December 31, 2020, and presented as supplemental information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company's financial statements. In order to form an opinion, we have checked whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established in CPC 09 - Statement of Value Added. In our opinion, the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

The amounts for the individual and consolidated statements of value added, prepared under the responsibility of the Company's management for the year ended December 31, 2019, and presented as supplemental information for IFRS purposes, are also being restated due to restatement adjustments, as per Note 2.14, and were submitted to the same audit procedures followed for the audit of the individual and consolidated financial statements.



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

The Company's Management is responsible for this other information that comprises the Management Report. Our opinion on the individual and consolidated financial statements does not include such report, and accordingly, we do not express any form of audit conclusion thereon.

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

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

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

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

Those charged with governance are responsible for overseeing the Company's and its controlled companies' financial reporting process.

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

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

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled companies' internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, on whether there is material uncertainty related to events or conditions that may cast significant doubt on the Company's and its controlled companies' ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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



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

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 31, 2021.



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1


Julian Clemente

Accountant CRC 1 SP 197232/O-6

Sugoi S.A.
Statements of financial position as at December 31

(In thousands of Brazilian Reais)

ASSETS

	Notes	Parent company		Consolidated	
		2020	2019	2020	2019
Assets			(Restated)		(Restated)
Current					
Cash and cash equivalents	3	23,679	4,399	44,078	23,464
Accounts receivable	4	-	-	26,922	20,369
Properties for sale	5	3,782	-	98,994	76,863
Sundry receivables	6	1,845	3,828	6,892	9,551
Taxes and contributions to be offset	-	228	227	519	551
Prepaid expenses	-	456	-	7,468	5,896
		29,990	8,454	184,873	136,694
Noncurrent					
Accounts receivable	4	-	-	14,438	17,935
Properties for sale	5	4,127	9,787	168,197	210,408
Sundry receivables	6	-	-	4,142	4,142
Related-party transactions	9	46,700	33,261	10,551	6,827
Taxes and contributions to be offset	-	22	22	-	22
Prepaid expenses	-	-	-	427	-
		50,849	43,070	197,755	239,334
Investments	7	130,845	91,292	2,697	-
Net fixed assets	8	1,071	1,481	1,719	1,983
		182,765	135,843	202,171	241,317
Total assets		212,755	144,297	387,044	378,011

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

Sugoi S.A.
Statements of financial position as at December 31

(In thousands of Brazilian Reais)

LIABILITIES

	Notes	Parent company		Consolidated	
		2020	2019	2020	2019
			(Restated)		(Restated)
Liabilities					
Current					
Loans and financing	11	9,248	4,800	17,573	16,405
Debentures	16	7,301	16,299	7,301	16,299
Real Estate Receivables Certificates	17	7,458	-	7,458	-
Trade accounts payable	12	191	152	16,629	8,154
Labor and tax liabilities	13	869	648	4,670	1,603
Accounts payable	14	4,033	4,400	4,530	4,533
Advances from customers and others	15	6,477	8,622	67,209	80,998
Related-party transactions	9	87,492	43,863	794	376
		123,069	78,784	126,164	128,368
Noncurrent					
Loans and financing	11	9,325	1,529	19,662	2,368
Debentures	16	-	17,808	-	17,809
Intercompany account with Silent Partnerships	10	1,405	1,405	1,405	1,405
Real Estate Receivables Certificates	17	26,778	-	26,778	-
Labor and tax liabilities	13	-	-	1,247	1,430
Accounts payable	14	-	1,297	500	1,797
Advances from customers and others	15	-	-	152,353	179,309
Provisions	18	-	8	4,370	2,926
Provisions for losses on investments	7	7,492	7,139	3,423	3,382
Related-party transactions	9	-	1,744	-	-
		45,000	30,930	209,738	210,426
Total liabilities		168,069	109,714	335,902	338,794
Equity	19				
Capital stock		1,000	1,000	1,000	1,000
Statutory reserve		200	200	200	200
Income reserve		43,438	33,383	43,438	33,383
Cumulative translation adjustment		48	-	48	90
		44,686	34,583	44,686	34,673
Noncontrolling interest		-	-	6,456	4,544
Total equity		44,686	34,583	51,142	39,217
Total liabilities and equity		212,755	144,297	387,044	378,011

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

Sugoi S.A.
Statements of comprehensive income for the years ended December 31

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2020	2019 (Restated)	2020	2019 (Restated)
Net income for the period	16,665	15,425	18,677	17,750
Translation adjustment from controlled companies	48	-	48	90
(-) Comprehensive income for the period	16,713	15,425	18,725	17,840
Attributable to				
Controlling shareholders of the Company			16,713	15,515
Noncontrolling interest			2,012	2,325
	<u>-</u>	<u>-</u>	<u>18,725</u>	<u>17,840</u>

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

Sugoi S.A.
Statements of income for the years ended December 31

(In thousands of Brazilian Reais)

	Notes	Parent company		Consolidated	
		2020	2019 (Restated)	2020	2019 (Restated)
Revenue from properties	-	-	-	187,084	153,070
Revenue from services	-	-	-	-	-
Taxes levied	-	-	-	(3,618)	(2,946)
Continuing operations					
Net revenue	20	-	-	183,466	150,124
Costs of sales	20	-	-	(120,602)	(95,891)
Gross profit	20	-	-	62,864	54,233
Operating revenues (expenses)					
General and administrative expenses	21	(13,883)	(7,552)	(19,193)	(11,110)
Selling expenses	21	(329)	(229)	(12,535)	(7,582)
Other operating revenues (expenses), net	-	(1,974)	(4,082)	(2,582)	(4,374)
Equity in earnings (losses) of controlled companies	7	37,459	33,620	(67)	(3,383)
		21,273	21,757	(34,377)	(26,449)
Income before financial income (loss)		21,273	21,757	28,487	27,784
Financial expenses	21	(4,673)	(6,356)	(6,797)	(7,719)
Financial revenues	-	65	2	326	383
Net financial income (loss)		(4,608)	(6,354)	(6,471)	(7,336)
Income before Income and Social Contribution taxes		16,665	15,403	22,016	20,448
Current Income and Social Contribution taxes	-	-	-	(2,859)	(2,720)
Deferred Income and Social Contribution taxes	-	-	22	(480)	22
Income for the year		16,665	15,425	18,677	17,750
Attributable to					
Controlling shareholders of the Company				16,665	15,425
Noncontrolling interest				2,012	2,325
Basic and diluted earnings per share	18 c	16.665	15.425		

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

Sugoi S.A.
Statements of changes in equity
(In thousands of Brazilian Reais)

Attributable to controlling shareholders of the Company

	Paid-in capital stock	Unpaid capital	Statutory reserve	Income reserve	Cumulative translation adjustment	Total	Noncontrolling interest	Consolidated equity
Balance as at January 01, 2019	1,000	-	200	17,958	52	19,210	2,555	21,765
Profit distribution	-	-	-	-	-	-	(336)	(336)
Translation adjustment from controlled companies	-	-	-	-	38	38	-	38
Net income for the year	-	-	-	15,425	-	15,425	2,325	17,750
Balances as at December 31, 2019 (Restated)	1,000	-	200	33,383	90	34,673	4,544	39,217
Balance as at January 01, 2020	1,000	-	200	33,383	90	34,673	4,544	39,217
Profit distribution	-	-	-	(6,610)	-	(6,610)	(100)	(6,710)
Translation adjustment from controlled companies	-	-	-	-	(42)	(42)	-	(42)
Net income for the period	-	-	-	16,665	-	16,665	2,012	18,677
Balances as at December 31, 2020	1,000	-	200	43,438	48	44,686	6,456	51,142

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

Sugoi S.A.
Statements of cash flows for the years ended December 31

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2020	2019 (Restated)	2020	2019 (Restated)
From operating activities				
Net income for the period	16,665	15,425	18,677	17,750
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities				
Depreciation and amortization	48	479	292	483
Provision for construction warranty and contingencies	(8)	8	1,444	331
Asset and liability translation adjustment	(42)	-	(42)	-
Equity in earnings (losses) of controlled companies	(37,459)	(33,620)	67	3,383
	(20,796)	(17,708)	20,438	21,947
Changes in assets and liabilities				
(Increase)/decrease in asset accounts				
Accounts receivable	-	-	(3,056)	1,099
Properties for sale	1,968	(1,235)	20,080	(52,169)
Taxes and contributions to be offset	(1)	(184)	59	(306)
Sundry receivables	1,983	(10,214)	2,659	(14,249)
Unrecognized selling expenses	(456)	-	(1,999)	(1,909)
Increase/(decrease) in liability accounts				
Labor and tax liabilities	221	136	2,881	(259)
Trade accounts payable	39	71	8,475	72
Accounts payable	(1,664)	1,297	(1,300)	2,664
Advances from customers	(2,145)	(2,193)	(40,745)	36,863
	(20,851)	(30,030)	7,492	(6,247)
Net cash from operating activities				
From investing activities				
(Increase)/decrease in capital of controlled companies, net	(1,741)	4,112	(2,723)	-
Translation adjustment from controlled company	-	-	-	38
Distributed profits	-	-	-	(336)
In fixed assets	362	(527)	(28)	(432)
In intangible assets	-	(1,259)	-	(1,259)
	(1,379)	2,326	(2,751)	(1,989)
Net cash from investing activities				
From financing activities				
Raising of loans, financing and others	57,396	17,899	90,794	39,975
Payment of loans, financing and others	(37,722)	(10,905)	(64,903)	(21,124)
Related-party transactions	28,448	19,022	(3,306)	2,579
Noncontrolling interest	-	-	(100)	-
Dividends paid	(6,612)	-	(6,612)	-
	41,510	26,016	15,873	21,430
Net cash from financing activities				
	19,280	(1,688)	20,614	13,194
Increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents balance at beginning of year	4,399	6,087	23,464	10,270
Cash and cash equivalents balance at end of year	23,679	4,399	44,078	23,464
	19,280	(1,688)	20,614	13,194

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

Sugoi S.A.
Statements of value added for the years ended December 31
(In thousands of Brazilian Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u> <u>(Restated)</u>	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
Revenue				
Sales and services	-	-	187,084	153,070
Other revenues	-	-	(2,582)	(4,374)
	-	-	184,502	148,696
Inputs acquired from third parties				
Cost of goods, merchandise and services sold	-	-	(120,602)	(95,891)
Materials, energy, third-party and other operating services	(10,434)	(4,914)	(21,346)	(12,311)
Others	(1,974)	(4,082)	-	-
	(12,408)	(8,996)	(141,948)	(108,202)
Gross value added	(12,408)	(8,996)	42,554	40,494
Depreciation, amortization and depletion, net	(48)	(479)	(292)	(483)
Net value added generated by the Company	(12,456)	(9,475)	42,262	40,011
Value added received in transfer				
Equity in earnings (losses) of controlled companies	37,459	33,620	(67)	(3,383)
Financial revenues	65	2	326	383
	37,524	33,622	259	(3,000)
Total value added to be distributed	25,068	24,147	42,521	37,011
Value added distribution				
Personnel				
Payroll and charges	3,458	1,685	3,500	1,685
Commissions on sales	-	-	6,295	3,196
Management fees	44	66	44	66
Taxes, fees and contributions				
Federal	-	(22)	6,957	5,644
Return on debt capital				
Interest	4,673	6,356	6,797	7,719
Rents	228	637	251	951
Return on equity capital				
Income for the period	16,665	15,425	16,665	15,425
Noncontrolling interest in retained earnings	-	-	2,012	2,325
	25,068	24,147	42,521	37,011

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

SUGOI S.A.

Notes to the financial statements as at December 31, 2020, and December 31, 2019 **In thousands of Brazilian Reals, unless otherwise stated**

1 Operations

Sugoi S.A. and its controlled companies ("Company") are primarily engaged in the management of the Company's assets, the development, construction and sale of real estate, and in holding interest in other companies, as shareholder. The development of real estate projects and the construction of real estate are carried out directly by the Company, its controlled companies or other partners. The interest of partners occurs directly in the project by means of interest held in Silent Partnerships (SCP) or Special-Purpose Entities (SPE), created for development of projects, as well as by means of strategic partnerships involving barter of land for the development of the real estate activity.

The Company, established on April 4, 2011, is a publicly held company, with headquarters at Avenida Chedid Jafet, nº 222, Bloco C, 5º andar, Conjunto 52, in the City of São Paulo, State of São Paulo, enrolled under CNPJ/MF (Corporate Tax ID) No. 13.584.310/0001-42, which has as main focus the segment of first homes with management and administration of residential properties of economic and middle-class standard, aiming at offering products with excellent quality and the best cost-benefit in the market, intelligent projects that bet on security, comfort, innovation, and affordable prices.

The Company's Management has over 40 years of experience in the real estate market and a network that allows easily surveying and obtaining distinguished business opportunities in the market. The Company seeks corporate governance and transparency in its relations with the market, customers and investors, conducting inspections in each stage of the project and monitoring the physical and financial processes of the construction.

Currently, the Company is present in the cities of São Paulo, Guarulhos, Itapetininga, Francisco Morato, Campinas, Paulínia, Salto, São José do Rio Preto, Mauá, Franco da Rocha, Caçapava, Santo André, Mirassol and Rio Branco, in the states of São Paulo and Acre, with approximately 24,000 units under development, execution and concluded.

Since 2013, the Company has been assessed by the risk area of Caixa Economica Federal - (GERIC), which currently covers the production of all its pipeline of projects.

The Company has important certifications, such as PBQPH level A (Brazilian Housing Quality and Productivity Program) and ISO 9001, which further qualifies it in the entire cycle of the construction execution process and attests to the effectiveness of its processes, contributing to better cost management and control.

On July 19, 2016, the Company was registered with CVM (Brazilian Securities and Exchange Commission) in Category A, with private ownership control. This process is very important for the Company and reinforces the commitment to good practices and corporate governance adopted by Management.

2 Summary of main accounting policies

The main accounting policies applied in the preparation of this individual and consolidated financial statements are presented below. These policies were consistently applied in accordance with the previous year, unless otherwise stated.

2.1 Statement of compliance

The individual financial statements were prepared and presented according to Brazilian accounting practices applicable to companies of real estate development registered with the Brazilian Securities and Exchange Commission (CVM).

The consolidated financial statements were prepared and presented according to Brazilian accounting practices applicable to companies of real estate development registered with CVM and to the International Financial Reporting Standards (IFRS), considering the guidance included in Circular Letter/CVM/SNC/SEP 02/2018 on the adoption of NBC TG 47 (IFRS 15) applicable to real estate entities in Brazil in regard to aspects of transfer of control upon sale of real estate units.

SUGOI S.A.

Notes to the financial statements as at December 31, 2020, and December 31, 2019 **In thousands of Brazilian Reais, unless otherwise stated**

Brazilian accounting practices include those established by Brazilian Corporate Law and the Pronouncements, Guidelines and Interpretations issued by the Committee of Accounting Pronouncements (CPC) and approved by CVM and by the Federal Association of Accountants (CFC).

The individual and consolidated financial statements were approved by the Company's Management on March 31, 2021.

2.2 Basis of preparation

The individual and consolidated financial statements were prepared considering historical cost as base value and certain financial assets measured at fair value. The Company operates in Brazil, and the Brazilian Real is its functional and presentation currency.

The individual and consolidated financial statements were prepared in the normal course of operations assuming the Company will continue as a going concern. Management evaluates the Company's ability to continue as a going concern when preparing the individual and consolidated financial statements.

The individual and consolidated financial statements are presented in thousands of Brazilian Reais (R\$) and the amounts are rounded to the next unit, unless otherwise stated.

The preparation of the individual and consolidated financial statements requires the use of certain accounting estimates and assumptions by the Company's management in the implementation of its accounting policies. Among other purposes, the estimates are used to determine the useful lives of assets and equipment, the necessary provisions for contingent liabilities, adjustments of allowance for doubtful accounts, budgeted costs for ventures, taxes and other similar charges. Accordingly, actual results may differ from those estimates.

Transaction settlement involving those estimates may result in amounts significantly different from those recorded in the individual and consolidated financial statements due to the inherent inaccuracy of the estimates. The Company reviews its estimates and assumptions periodically, in not more than a year.

The areas which require a greater level of judgment by the Company's Management in the process of applying the accounting policies and which have greater complexity, as well as the areas in which assumptions and estimates are significant for the preparation of the individual and consolidated financial statements, are continually evaluated and based on historical experience and other factors, including expectations of future events, considered reasonable in the circumstances.

2.2.1 Individual financial statements

In the individual financial statements, the controlled and jointly controlled companies are accounted for under the equity method. The same adjustments are made both in the individual and in the consolidated financial statements to achieve the same income (loss) and equity attributable to the parent company's shareholders.

For the purpose of the equity method, the financial statements of the controlled and jointly controlled companies are prepared for the same disclosure period and, where required, adjusted so that the accounting policies are in accordance with those adopted by the Company.

Ownership interest in income of the controlled and jointly controlled companies is stated in income of the parent company as equity in earnings (losses) of the controlled company, representing net income of the investees attributable to shareholders.

After applying the equity method, the Company determines whether it is necessary to recognize additional impairment for the investments in its controlled and jointly controlled companies. The Company determines, at balance sheet date, whether there is objective evidence of impairment on the investments in controlled and jointly controlled companies. If so, the Company calculates impairment loss as the difference between the recoverable value of the controlled and jointly controlled companies and its book value, and also recognizes the amount in the parent company's statement of income.

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

2.2.2 Consolidation

The following accounting practices are applied in the preparation of the consolidated financial statements:

(a) Controlled companies

Controlled companies are all entities (including Special Purpose Entities - SPEs) over which the Company has control. The Company controls an entity when it is exposed to or is entitled to variable returns from its involvement with said entity and has the capacity to interfere in these returns because of the power it exercises over it. The controlled companies are fully consolidated as from the date when the control is transferred to the Company. The consolidation is interrupted as from the date the Company no longer has such control.

Direct controlled and jointly controlled companies	Percentage of ownership interest	
	12/31/2020	12/31/2019
Vista Cantareira Empreendimentos Imobiliários Ltda.	95%	95%
Condomínio Varandas Jardim do Lago Ltda.	95%	95%
Residencial Monte Serrat SPE Ltda.	95%	95%
Haifa Investimentos e Participações Ltda.	100%	100%
Residencial São Mateus SPE Ltda.	95%	95%
Residencial Colina Francisco Morato SPE Ltda	95%	95%
Residencial Bom Retiro SPE Ltda	95%	95%
Residencial Jacú-Pessego II SPE Ltda	95%	95%
Residencial Colina Guarapiranga SPE Ltda	95%	95%
Residencial Paulínia I SPE Ltda	95%	95%
Residencial Parque do Carmo SPE Ltda.	95%	95%
Residencial Idemori SPE Ltda	95%	95%
Sugoi Projeto SPE Ltda	95%	95%
Residencial Sports Gardens da Amazônia Ltda.	95%	95%
Sugoi N Empreendimentos Imobiliários Ltda	50%	50%
Residencial Portal do Belo Horizonte SPE Ltda	95%	95%
Residencial Barcelona SPE Ltda.	95%	95%
Condomínio Varandas Jardim do Lago II SPE Ltda.	95%	95%
Residencial Isabel Ferrari SPE Ltda.	95%	95%
Residencial São Jose SPE Ltda.	95%	95%
Residencial Jacú-Pessego I SPE Ltda.	95%	95%
Sugoi Residencial I SPE Ltda.	95%	95%
Sugoi Residencial II SPE Ltda.	95%	95%
Sugoi Residencial III SPE Ltda.	95%	95%
Residencial Via Verde SPE Ltda	95%	95%
Sugoi Residencial IV SPE Ltda.	95%	95%
Sugoi Residencial V SPE Ltda.	95%	95%
Sugoi Residencial VI SPE Ltda.	95%	95%
Sugoi Residencial VII SPE Ltda	95%	95%
Sugoi Residencial VIII SPE Ltda	95%	95%
Sugoi Residencial IX SPE Ltda	95%	95%
Sugoi Development USA, LLC	100%	100%
Sugoi Residencial X SPE Ltda.	95%	95%
Sugoi Residencial XI SPE Ltda.	95%	95%
Sugoi Residencial XII SPE Ltda.	95%	95%
Sugoi Residencial XIII SPE Ltda.	95%	95%
Sugoi Residencial XIV SPE Ltda.	95%	95%
Sugoi Residencial XV SPE Ltda.	95%	95%
Sugoi Residencial XVI SPE Ltda.	95%	95%
Sugoi Residencial XVII SPE Ltda.	95%	95%
Sugoi Residencial XVIII SPE Ltda	95%	95%
Sugoi Residencial XIX SPE Ltda	95%	95%
Sugoi Residencial XX SPE Ltda	95%	95%
Sugoi Residencial XXI Ltda	95%	95%
Sugoi Residencial XXII SPE Ltda	95%	95%
Sugoi Residencial XXIII SPE Ltda	95%	95%
Sugoi Residencial XXIV SPE Ltda	95%	95%
Sugoi Residencial XXV SPE Ltda (i)	0%	95%
HTG Infraestrutura e Participações Ltda	33.33%	33.33%

(i) During 2020 ownership interest in this controlled company was sold.

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(b) Transactions with non-controlling interest

The Company considers transactions with non-controlling interest as transactions with owners of assets of the Group. For purchases of non-controlling interest, the difference between any consideration paid and the acquired portion of the book value of the subsidiary's net assets is recorded in equity. Gains or losses on disposals of non-controlling interest are also directly recorded in equity, under "Accumulated losses".

When the Company no longer has control over the entity, any interest held in the entity is measured at fair value and the change in book value is recognized in the statement of income. Fair value is the initial book value for the subsequent accounting of the interest held in a SPE or in a financial asset.

Minority interest is stated in equity.

(c) Jointly controlled ventures

Investments in SPEs are accounted for under the equity method and are initially recognized at cost value.

Unrealized gains from SPEs are eliminated to the extent of the Company's interest. Unrealized losses are also eliminated, unless the transaction shows evidence of impairment of the transferred asset. The accounting policies of the joint controlled companies are changed, when necessary, to guarantee consistency with the Company's accounting policies.

2.3 Cash and cash equivalents

Cash and cash equivalents are stated at cost and include cash and bank deposits, which are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

2.4 Adjustment to present value

Monetary assets and liabilities are adjusted to present value based on the effective interest method when arising from short-term transactions, if material, and from long-term transactions, not bearing interest or when subject to: (i) fixed interest rates; (ii) interest rates that are clearly below market rates for similar transactions; and (iii) inflation adjustments only, not subject to interest. The Company periodically evaluates the effect of adjustments to present value on the financial information.

2.5 Financial instruments

Classification and measurement of financial assets and liabilities

According to NBC TG 48, at initial recognition, a financial asset is classified as follows: at amortized cost; at fair value through other comprehensive income ("VJORA") - debt instrument; at VJORA - equity instrument; and at fair value through income ("VJR"). The classification of financial assets is mostly based on the business model in which a financial asset is managed and on its characteristics of contractual cash flows. The new significant accounting policies are described below:

Financial assets at amortized cost – These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest revenues, exchange rate gains and losses are recognized in income. Any gains or losses upon derecognition are recognized in income.

A financial asset is measured at amortized cost if it meets both of the following conditions and when not designated as measured at VJR:

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• It is held within a business model, whose purpose is to maintain financial assets in order to receive contractual cash flows; and

• Its contractual terms generate, on specific dates, cash flows related to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at VJORA if it meets both of the following conditions and is not designated as measured at VJR:

• It is held in a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and

• Its contractual terms generate, on specific dates, cash flows solely related to the payment of principal and interest on the outstanding principal amount.

The Company's financial assets are substantially represented by cash and cash equivalents (Note 3), classified at fair value through income, accounts receivable (Note 4), sundry receivables (Note 6) and related-party transactions (Note 9), classified as subsequently measured at amortized cost.

The financial liabilities were classified as measured at amortized cost or at VJR. A financial liability is classified as measured at fair value through profit (loss) if classified as held for trading, derivative or designated as such upon initial recognition. Financial liabilities measured at VJR are measured at fair value and net income, including interest, is recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses, exchange rate gains and losses are recognized in income. Any gains or losses upon derecognition are also recognized in income.

The financial liabilities of the Company are substantially represented by related-party transactions (Note 9), loans and financing (Note 11), trade accounts payable (Note 12), accounts payable (Note 14) and debentures (Note 16), Real Estate Receivables Certificates (CRI) (Note 17) which are classified as subsequently measured at amortized cost.

Impairment

Expected credit losses are estimates weighted by the likelihood of credit losses based on historical credit loss experience and projections of related assumptions. Credit losses are measured at present value based on all cash deficiencies (i.e., the difference between cash flows due to the Company according to the contract and cash flows the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

2.6 Accounts receivable

Units are usually sold during the launch and construction phases of the ventures. Accounts receivable are recognized based on the percentage of completion (PoC) of the construction applied to revenues from units sold and adjusted according to the provisions of sales contracts, thus determining the amount of accumulated revenues to be recognized, which is then deducted from the installments received.

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

If the accumulated amount of revenue recognized, less received installments, is lower than the expected amount receivable from the total receivables portfolio in a year or less, the revenue recognized is classified under current assets. If not, the exceeding portion is presented as noncurrent assets.

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2.7 Real estate properties for sale

The amount recorded in the inventory corresponds to the incurred cost in the current construction phase of real estate units not yet sold, which is lower than the net realizable value.

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

The cost comprises land, materials, workforce (from third parties) and other costs related to the construction.

The practice adopted for the segregation between current and noncurrent in the account property for sale takes in consideration the expected projects launch. The projects expected to be launched in less than one year are considered in current and the remaining in noncurrent. Such projections are periodically reviewed by the Company's management.

2.8 Fixed assets

Fixed assets are valued at acquisition cost, combined with the deduction of their depreciation, which was calculated using the straight-line method, at the rates mentioned in Note 8.

2.9 Impairment of non-financial assets

The Company evaluates, at least annually, its fixed assets for any indication of impairment. No indication was found that these assets may be impaired; therefore, it was not necessary to recognize impairment losses.

2.10 Trade accounts payable

Trade accounts payable are obligations payable for assets or services acquired from suppliers in the ordinary course of business. These obligations are classified as current liabilities if their payments are due in less than one year; if not, they are presented as noncurrent liabilities.

Accounts payable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In fact, they are normally recognized at the corresponding billed amount.

2.11 Provisions

Provisions are recognized when: (i) the Company has a present or constructive obligation as a result of past events, (ii) it is probable that an outflow of funds is required to settle the obligation, and (iii) the amount can be reliably estimated.

The estimates and assumptions involved in the determination of the amounts provisioned to cover future disbursements during the warranty period of units present a significant risk of material adjustment to subsequent periods. Accordingly, accounting estimates and assumptions are continuously evaluated and based on historic experience and other factors, including expectations of future events considered reasonable for the circumstances.

2.12 Income and social contribution taxes (current and deferred)

Income and social contribution tax expenses in the year include current and deferred taxes. Income taxes are recognized in the statement of income.

Current Income and Social Contribution tax charges are calculated according to enacted tax laws at balance sheet date. Management periodically assesses the positions assumed by the Company in income tax returns in relation to the situations in which the applicable tax laws permit interpretations. They establish provisions, where appropriate, based on the estimated values of payment to tax authorities.

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As permitted by tax legislation, the Company has opted for the deemed profit regime, whereby Income Tax is calculated at the rate of 8% and Social Contribution Tax is calculated at the rate of 12% on gross revenues (32% when revenue derives from the rendering of services and 100% on financial revenues), on which the regular tax rates of 15% plus a 10% surtax for Income Tax and 9% for Social Contribution Tax are applied. In projects under construction, the company adopts the special tax regime (RET), in which the tax burden is 4% considering federal taxes (PIS/COFINS) (IR and CSLL).

Deferred Income and Social Contribution Taxes are recognized on temporary differences arising from real estate revenues taxed on a cash basis and the amount recognized on the accrual basis (Note 2.13).

2.13 Recognition of revenues, costs and expenses

(a) Revenue recognition process

In the process of recognizing revenue from contracts with customers, the precepts introduced by NBC TG 47 were adopted as from January 01, 2018, also including the guidelines contained in CVM/SNC/SEP Circular Letter No. 02/2018, of December 12, 2018, which establishes accounting procedures related to the recognition, measurement and disclosure of certain types of transactions arising from purchase and sale agreements of unfinished real estate units for listed companies of the segment of real estate development.

According to NBC TG 47, the recognition of revenue from contracts with customers has new regulatory procedures, based on the transfer of the control of the asset or service promised, whether at a point in time or over time, as per the fulfillment, or not, of contractual performance obligations. Revenue is measured at the amount that reflects the consideration to which the company expects to be entitled, and is based on a five-step model, as follows: 1) identification of the contract; 2) identification of the performance obligations; 3) determination of the transaction price; 4) allocation of the transaction price to the performance obligations; 5) recognition of revenue.

The Company's business model is mainly based on real estate purchase and sale contracts with "off-plan financing". In this model, generally aimed at the low-income population, the client signs an "off-plan property purchase and sale contract" with the real estate developer, already establishing payment conditions, as follows: (i) Direct payments to the developer; (ii) Bank financing; (iii) Funds from the Severance pay fund (FGTS); and (iv) Possible subsidies from government housing programs.

The amounts paid directly to the real estate developer (item (i) above) represent approximately 10% to 15% of the property value, with the remaining value arising from bank financing, FGTS funds and possible subsidies (items from (ii) to (iv) above). After that, the client enters into a bank financing agreement ("private agreement, with characteristics of deed") with a financial institution, including the values of the bank financing, FGTS funds and possible subsidies of government housing programs. The release of these funds will depend on the progress of the construction work, according to the percentage set forth in the Venture Progress Report, and to the physical-finance schedule approved by the financial institution. This monitoring, for the purpose of release of the financing installments, is carried out by the engineering department of the financial institution. Upon the signature of the bank financing agreement, the ownership of the property is transferred to the client, pledged to the respective financial institution.

Below is a summary of the contracts entered into in the "off-plan financing" modality, parties involved, guarantees and existing risks:

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<u>Contract</u>	<u>Parties</u>	<u>Real estate guarantee</u>	<u>Credit risk</u>	<u>Market risk</u>	<u>Cancellation risk</u>
Bank financing	Developer (Sellers); Buyer and Financial Institution (Fiduciary Creditor)	Financial institution (FI)	10% to 15% of the Developer and 85% - 90% of the FI	Buyer and FI	Not applicable. In the event of default by the customer, the FI may consolidate the real estate unit on the customer's behalf for subsequent sale of the property to third parties, in accordance with the procedures set forth in article 27 of Law No. 9.517/97. The amount collected will have as main objective the settlement of the customer's debt balance to the FI.

(b) Result of operations of development and sale of real estate

The procedures below are followed for sales of noncompleted units:

- Sales revenues are recognized when there is continuous transfer of control to a financial institution or customer, using the PoC of each project, this percentage being measured at the cost incurred in relation to the total budgeted cost of the respective projects. In the event that, during the period of the customer's approval with the FI, there are indications that the customer's contractual part will not be complied with, a provision for cancellation of the contract in its full amount is established.
- The amounts of sales revenues recognized in excess of the amounts actually received from customers are recorded in current assets or long-term assets under the caption "Accounts receivable". The amounts received related to sale of units in excess of the amounts recognized as revenues are recorded in "Advances from customers";
- Monetary variation in the balance of accounts receivable until the delivery of the keys, as well as the adjustment to present value of the balance of accounts receivable, are recognized as income from properties sold when they are incurred, according to the accrual year on a pro rata basis;
- Costs incurred (including the cost of land and other expenses directly related to the purchase of inventory) by the units sold are fully recognized in income. For real estate units not yet sold, the cost incurred is allocated to inventory (Note 2.7);
- Finance charges of accounts payable due to the acquisition of plots of land and those directly associated with the financing of the construction are capitalized and recorded in inventories of properties for sale and recognized in costs incurred by units under construction until their conclusion, using the same recognition criteria for costs of real estate development proportional to units under construction sold;
- Deferred taxes levied on the differences between revenues earned from real estate development and accumulated revenue submitted to taxation are calculated and reflected in accounting upon recognition of this difference in revenue;
- Other expenses, including advertising and publicity, are appropriated to income when incurred.

2.14 New pronouncements issued

The International Accounting Standards Board (IASB) issued/revised some IFRS standards to be adopted in 2020 or after, which have not yet been properly amended in Brazilian accounting standards and respective pronouncements. The Company presents below its evaluation of the impacts of the adoption of these standards on its financial statements:

- - **Amendment to IFRS 3 – Definition of business.** It clarifies aspects for the definition of business to explain when a transaction should receive accounting treatment of business combination or acquisition of assets. This amendment to the standard is effective for years beginning on/or after January 01, 2020. The Company does not expect significant impacts on possible future business combinations or acquisition of assets.
- - **Amendment to IAS 1 and IAS 8 – Definition of material.** It explains aspects of materiality for the classification of the accounting standard where this concept is applicable. These changes are effective for years beginning on/or after January 01, 2020. The Company does not expect significant impacts on its financial statements.
- - **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform.** It clarifies aspects related to the interest rate of hedging financial instruments. These changes are effective for years beginning on/or after January 01, 2020. The Company does not expect significant impacts on its financial statements.
- - **Amendment to IAS 1 – Classification of liabilities as current or noncurrent.** It clarifies aspects to be considered for the classification of liabilities as current or noncurrent. These changes are effective for years beginning on/or after January 01, 2022. The Company does not expect significant impacts on its financial statements.

2.15 Restatement 2019

The amounts corresponding to the statements of financial position, of income, of cash flows and of value added, individual and consolidated, for the year ended December 31, 2019, presented in these individual and consolidated financial statements for comparison purposes are being restated in accordance with CPC 23 – Accounting policies, changes in estimates and correction of errors (IAS 8 - Accounting policies, changes in accounting estimates and errors), aiming to reflect the following items:

- (a) Adoption of CPC 06 R2 – Leases The mentioned standard came into effect as from the years beginning January 01, 2019. The Company revaluated its lease agreements and identified certain contracts, according to Note 8, subject to the mentioned standard and which were not accounted for as part of the adoption of CPC 06 (R2), resulting in the record of right-of-use assets and corresponding lease liabilities, and of their respective amortization effects and recognition of the corresponding financial expenses in 2019.
- (b) Adoption of CPC 12 – Adjustment to present value According to the mentioned standard, financial assets and liabilities shall be measured at present value. The Company revaluated the adoption of the standard on its receivables, for which the mentioned adjustment had not been recognized and calculated the effect of the adjustment to present value retrospectively in the amount of R\$ 1,904, according to Note 4.
- (c) Segregation of receivables between current and noncurrent. The Company did not segregate its receivables between short and long term according to their expected realization and in conformity with CPC 26 (R1) – Presentation of financial statements. The Company identified that the controls related to the segregation of receivables were outdated, that it would consider the expected development of the projects and portfolio receipt, and identified adjustments related to the segregation between current and noncurrent in the amount of R\$ 17,935.

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- (d) Segregation between current and noncurrent of inventory of plots of land. The Company did not segregate its inventory of plots of land between short and long term according to their expected realization through the projects launch, in accordance with CPC 26 (R1) – Presentation of financial statements. The Company observed that the controls related to the segregation of the plots of land, for the mentioned base date, were outdated, resulting in adjustments between the line items of properties for sale in current and noncurrent assets in the amount of R\$ 151,378.
- (e) The Company received shares from the investee HTG (affiliate) with no corresponding financial consideration. The received investment presented deficit in equity and the Company understood at the time that it could recognize goodwill on such transaction. The Company revaluated the matter and understood that the transaction had no economic and financial substance for the classification as goodwill and recognized the respective value in the statement of income as an expense, in the amount R\$ 3,224.
- (f) The Company revaluated certain balances of assets and based on the information available at the time observed that it should have offset some balances of assets and liabilities and complemented the provision for losses of net balance by R\$ 4,074. The Company reflected the adjustment retrospectively, as determined by CPC 26 (R1) – Presentation of the financial statements.
- (g) Segregation of debentures between current and noncurrent. The Company revaluated the control related to the segregation of debentures and as a result reclassified the amount of R\$ 7,143 to noncurrent liabilities. The Company also revaluated the controls over restrictive clauses considering the adjustments made and continues compliant with those clauses as mentioned in Note 16.
- (h) Recognition of financial expense from debentures in the amount of R\$ 107 resulting from the adjustment of the debt balance.
- (i) Reclassification for better presentation of the provisions for contingencies in the amount of R\$ 1,021 previously classified as accounts payable.
- (j) Reclassification for better presentation of the provision for losses on investments in the amount of R\$ 3,757.
- (k) Reclassification for better presentation of current income and social contribution taxes in the amount of R\$2,720

	Parent company		Consolidated			
	2019	Adjustments	2019 (Restated)	2019	Adjustments	2019 (Restated)
Current assets						
Cash and cash equivalents	4,399	-	4,399	23,464	-	23,464
Accounts receivable (b), (c)	-	-	-	40,213	(19,844)	20,369
Properties for sale (d)	9,787	(9,787)	-	228,241	(151,378)	76,863
Sundry receivables (f)	25,826	(21,998)	3,828	35,691	(26,140)	9,551
Taxes and contributions to be offset	227	-	227	551	-	551
Unrecognized selling expenses	-	-	-	5,896	-	5,896
	40,239	(31,785)	8,454	334,056	(197,362)	136,694
Noncurrent						
Properties for sale (d)	-	9,787	9,787	59,030	151,378	210,408
Related-party transactions	33,261	-	33,261	6,827	-	6,827
Deferred Income and Social Contribution Taxes	-	22	22	-	22	22
Sundry receivables	-	-	-	-	4,142	4,142
Trade accounts receivable (b), (c)	-	-	-	-	17,935	17,935
	33,261	9,809	43,070	65,857	173,477	239,334
Investments						
Investments (e)	92,948	(1,656)	91,292	3,224	(3,224)	-
Fixed assets (a)	222	1,259	1,481	724	1,259	1,983
Intangible assets	694	(694)	-	694	(694)	-
	127,125	8,718	135,843	70,499	170,818	241,317
Total assets	167,364	(23,067)	144,297	404,555	(26,544)	378,011

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	Parent company		Consolidated			
	2019	Adjustments	2019 (Restated)	2019	Adjustments	2019 (Restated)
Liabilities and equity						
Current						
Loans and financing	4,800	-	4,800	16,405	-	16,405
Debentures (g), (h)	23,442	(7,143)	16,299	23,442	(7,143)	16,299
Trade accounts payable and contractors	203	(51)	152	8,205	(51)	8,154
Labor and tax liabilities	648	-	648	1,603	-	1,603
Accounts payable (a), (f), (i)	13,540	(9,140)	4,400	15,082	(10,549)	4,533
Advances from customers	8,622	-	8,622	232,374	(151,376)	80,998
Related-party transactions	43,863	-	43,863	376	-	376
Provision for losses on investments (j)	3,757	(3,757)	-	3,382	(3,382)	-
	98,875	(20,091)	78,784	300,869	(172,501)	128,368
Noncurrent						
Loans and financing	1,529	-	1,529	2,368	-	2,368
Debentures (g), (h)	10,558	7,250	17,808	10,558	7,250	17,808
Intercompany account with Silent Partnerships (SCPs) (f)	10,405	(9,000)	1,405	10,405	(9,000)	1,405
Labor and tax liabilities	-	-	-	1,430	-	1,430
Accounts payable (a)	-	1,297	1,297	500	1,297	1,797
Advances from customers	-	-	-	27,934	151,376	179,310
Provisions (i)	-	8	8	1,509	1,417	2,926
Related-party transactions	1,744	-	1,744	-	-	-
Provision for losses on investments (j)	-	7,139	7,139	-	3,382	3,382
	24,236	6,694	30,930	54,704	155,722	210,426
Equity						
Capital stock	1,000	-	1,000	1,000	-	1,000
Statutory reserve	200	-	200	200	-	200
Income reserve	43,053	(9,670)	33,383	43,053	(9,670)	33,383
Cumulative translation adjustment	-	-	-	90	-	90
	44,253	(9,670)	34,583	44,343	(9,670)	34,673
Noncontrolling interest						
				4,639	(95)	4,544
	44,253	(9,670)	34,583	48,982	(9,765)	39,217
	167,364	(23,067)	144,297	404,555	(26,544)	378,011

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Statements of income

	Parent company		Consolidated			
	2019	Adjustments	2019 (Restated)	2019	Adjustments	2019 (Restated)
Net revenue from sales and services (b), (k)	-	-	-	149,313	811	150,124
Cost of goods sold	-	-	-	(95,891)	-	(95,891)
Gross profit	-	-	-	53,422	811	54,233
Operating expenses						
General and administrative expenses (a)	(7,195)	(357)	(7,552)	(10,753)	(357)	(11,110)
Selling expenses	(229)	-	(229)	(7,582)	-	(7,582)
Other operating revenues (expenses), net (f)	(8)	(4,074)	(4,082)	(300)	(4,074)	(4,374)
Equity in earnings (losses) of controlled companies	38,658	(5,038)	33,620	(159)	(3,224)	(3,383)
€						
Operating income (loss)	31,226	(9,469)	21,757	34,628	(6,844)	27,784
Financial income (loss)						
Financial expenses (h)	(6,249)	(107)	(6,356)	(7,612)	(107)	(7,719)
Financial revenues (a)	118	(116)	2	499	(116)	383
Income (loss) before Income and Social Contribution Taxes	25,095	(9,692)	15,403	27,515	(7,067)	20,448
Current Income and Social Contribution Taxes (k)	-	-	-	-	(2,720)	(2,720)
Deferred Income and Social Contribution Taxes (a)	-	22	22	-	22	22
Loss for the year	25,095	(9,670)	15,425	27,515	(9,765)	17,750
Company's shareholders	-	-	-	25,095	(9,670)	15,425
Non-controlling interest	-	-	-	2,420	(95)	2,325
	-	-	-	27,515	(9,765)	17,750

Equity reconciliation

Description	Parent company	Consolidated
Balance previously presented	44,253	48,982
Complement for the provision for losses	(4,074)	(4,074)
Write-off of goodwill	(3,224)	(3,224)
Complement for adjustment to present value and effects in investment	(1,814)	(1,909)
Others	(558)	(558)
Restated equity balance	34,583	39,217

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

Statements of cash flows

	Parent company			Consolidated		
	2019	Adjustments	2019 (Restated)	2019	Adjustments	2019 (Restated)
From operating activities						
Net income for the year	25,095	9,670	15,425	27,515	9,765	17,750
Adjustments to reconcile income to cash and cash equivalents from operating activities						
Depreciation and amortization	479	-	479	483	-	483
Provision for construction warranty and contingencies	-	(8)	8	331	-	331
Equity in earnings (losses) of controlled companies	(38,658)	(5,038)	(33,620)	159	(3,224)	3,383
	(13,084)	4,624	(17,708)	28,488	6,541	21,947
Changes in assets and liabilities						
(Increase)/decrease in asset accounts						
Accounts receivable	-	-	-	(810)	(1,909)	1,099
Properties for sale	(1,235)	-	(1,235)	(52,169)	-	(52,169)
Taxes and contributions to be offset	(162)	22	(184)	(284)	22	(306)
Sundry receivables	(12,737)	(2,523)	(10,214)	(14,382)	(133)	(14,249)
Unrecognized selling expenses	-	-	-	(1,909)	-	(1,909)
Increase/(decrease) in liability accounts						
Labor and tax liabilities	136	-	136	(259)	-	(259)
Trade accounts payable	122	51	71	123	51	72
Accounts payable	(1,335)	(2,632)	1,297	(557)	(3,221)	2,664
Advances from customers	(2,193)	-	(2,193)	36,863	-	36,863
	(30,488)	(458)	(30,030)	(4,896)	1,351	(6,247)
Paid Income and Social Contribution taxes	-	-	-	-	-	-
Net cash from operating activities	(30,488)	(458)	(30,030)	(4,896)	1,351	(6,247)
From investing activities						
(Increase)/decrease in capital of controlled companies, net	4,112	-	4,112	-	-	-
Translation adjustment from controlled company	-	-	-	38	-	38
Distributed profits	-	-	-	(336)	-	(336)
In fixed assets	(527)	-	(527)	(433)	(1)	(432)
In intangible assets	(694)	565	(1,259)	(694)	565	(1,259)
Net cash from investing activities	2,891	565	2,326	(1,425)	564	(1,989)
From financing activities						
Raising of loans, financing and others	17,792	(107)	17,899	38,060	(1,915)	39,975
Payment of loans, financing and others	(10,905)	-	(10,905)	(21,124)	-	(21,124)
Related-party transactions	19,022	-	19,022	2,579	-	2,579
Net cash from financing activities	25,909	(107)	26,016	19,515	(1,915)	21,430
Increase/(decrease) in cash and cash equivalents	(1,688)	-	(1,688)	13,194	-	13,194
Cash and cash equivalents						
Cash and cash equivalents balance at beginning of year	6,087	-	6,087	10,270	-	10,270
Cash and cash equivalents balance at end of year	4,399	-	4,399	23,464	-	23,464
Increase/(decrease) in cash and cash equivalents	(1,688)	-	(1,688)	13,194	-	13,194

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Statements of value added

	Parent company			Consolidated		
	2019	Adjustment	2019 (Restated)	2019	Adjustment	2019 (Restated)
Revenue						
Sales and services	-	-	-	154,979	(1,909)	153,070
Other revenues	-	-	-	(300)	(4,074)	(4,374)
	-	-	-	154,679	(5,983)	148,696
Inputs acquired from third parties						
Cost of goods, merchandise and services sold	-	-	-	(95,891)	-	(95,891)
Materials, energy, third-party and other operating services	(4,557)	(357)	(4,914)	(11,954)	(357)	(12,311)
Others	(8)	(4,074)	(4,082)	-	-	-
	(4,565)	(4,431)	(8,996)	(107,845)	(357)	(108,202)
Gross value added	(4,565)	(4,431)	(8,996)	46,834	(6,340)	40,494
Depreciation, amortization and depletion, net	(479)	-	(479)	(483)	-	(483)
Net value added generated by the Company	(5,044)	(4,431)	(9,475)	46,351	(6,340)	40,011
Value added received in transfer						
Equity in earnings (losses) of controlled companies	38,658	(5,038)	33,620	(159)	(3,224)	(3,383)
Financial revenue	118	(116)	2	499	(116)	383
	38,776	(5,154)	33,622	340	(3,340)	(3,000)
Total value added to be distributed	33,732	(9,585)	24,147	46,691	(9,680)	37,011
Value added distribution						
Personnel						
Payroll and charges	1,685	-	1,685	1,685	-	1,685
Commissions on sales	-	-	-	3,196	-	3,196
Management fees	66	-	66	66	-	66
Taxes, fees and contributions						
Federal	-	(22)	(22)	5,666	(22)	5,644
Return on debt capital						
Interest	6,249	107	6,356	7,612	107	7,719
Rents	637	-	637	951	-	951
Return on equity capital						
Income (loss) for the period	25,095	(9,670)	15,425	25,095	(9,670)	15,425
Non-controlling interest in retained earnings	-	-	-	2,420	(95)	2,325
	33,732	(9,585)	24,147	46,691	(9,680)	37,011

The totality of the adjustments presented in the statements of cash flows and value added results from the adjustments made in the restated statements of financial position and income.

3 Cash and cash equivalents

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Cash and bank current accounts	4,303	165	24,607	15,901
Bank Certificates of Deposit (CDBs)	19,376	4,234	19,471	7,563
	23,679	4,399	44,078	23,464

CDBs are automatic investments made by financial institutions with immediate liquidity, bearing average interest of 98% of the Interbank Deposit Rate (CDI).

As established by the accounting standards in effect, the Company's Management presents the sensitivity analysis of material balances, considering:

- Probable scenario of interest rate variation estimated by Management:
 - Estimated interest rate: 4% per year.
- Possible scenario of interest rate variation, with deterioration of twenty-five percent (25%), in the risk variable considered as probable:
 - Estimated interest rate: Decrease to 3% per year.

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- Remote scenario of interest rate variation, with deterioration of fifty percent (50%), in the risk variable considered as probable:
 - Estimated interest rate: Decrease to 2% per year.

The impacts presented in the table below refer to the total cash balance of the Company for the year.

Balance	Risk of increase in interest rate	Consolidated		
		4% p.a. Probable	3% p.a. Possible	2% p.a. Remote
23,679	Accounting effect (cost/expense)	947	710	474

Balance	Risk of increase in interest rate	Consolidated		
		4% p.a. Probable	3 p.a. Possible	2% p.a. Remote
44,078	Accounting effect (cost/expense)	1,763	1,322	882

4 Accounts receivable

Description	Consolidated	
	December 31, 2020	December 31, 2019 (restated)
Recognized sales revenue	488,870	305,387
Discount to present value	(1,135)	(1,909)
(-) Amount received	(447,113)	(265,489)
	40,622	37,989
Other accounts receivable	738	315
	41,460	38,304
Short-term accounts receivable	26,922	20,369
Long-term accounts receivable	14,438	17,935

Description	Consolidated	
	December 31, 2020	December 31, 2019 (restated)
Accounts receivable from recognized sales	488,870	305,387
Total receipts	(447,113)	(265,489)
Unrecognized sales revenue (*)	178,941	192,768
Total accounts receivable	220,698	232,666
Advances from customers	(9,450)	(15,902)
Total net portfolio receivable	211,248	216,764

(*) Subject to effects of adjustment at present value related to recognition.

As established in the sales agreements, the accounts receivable are collateralized by the related real estate units. Moreover, the delivery of the keys occurs only if the customer is compliant with the contractual obligations. Therefore, Management considers credit risk in the construction period immaterial.

For the purpose of calculation of the Adjustment to present value a rate of 3.10% was considered for 2020 and of 5.33% for 2019.

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Properties for sale

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Land for development (i)	7,909	9,787	220,237	246,874
Properties under construction	-	-	44,624	37,618
Capitalized interest	-	-	1,525	1,525
Concluded properties	-	-	805	1,254
	7,909	9,787	267,191	287,271
Current	3,782		98,994	76,863
Noncurrent	4,127	9,787	168,197	210,408

(i) The inventory balances in current assets refer to land for development whose expected time for the launching of the real estate units is less than one year, which is periodically reviewed by Management.

	December 31, 2020	December 31, 2019 (restated)
Total cost incurred	341,631	251,549
Costs allocated from units sold	(296,202)	(212,677)
Cost of real estate units for sale	45,429	38,872

6

Sundry receivables

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Advances to suppliers	939	1,704	5,984	7,190
Collection of checks	-	1,000	-	1,000
Brasinco Incorporações Ltda. (i)	830	830	830	830
Willian Gadelha (ii)	-	-	4,142	4,142
Brasinco Incorporações Ltda. (iii)	5,498	3,243	5,499	3,244
Allowance for doubtful accounts	(6,328)	(4,073)	(6,328)	(4,073)
Others	906	1,124	907	1,360
	1,845	3,828	11,034	13,693
Current	1,845	3,828	6,892	9,551
Noncurrent	-	-	4,142	4,142

(i) The Company was guarantor of a loan obtained by Brasinco Incorporações Ltda. In view of such commitment, payments in this amount were made. There is no other amount payable to the financial institution, only the refund of the amounts paid by Brasinco Incorporações Ltda. remaining.

(ii) This refers to a third-party debt that was subrogated by Sugoi to clear a real estate project, which will be later charged to (offset against) the respective debtor, given that the venture has a balance payable for the acquisition of the land higher than the value of the subrogated debt.

(iii) These refer to advances made for the acquisition of the investment Brasinco.

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Investment

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Investments in controlled companies and other investees	138,337	98,431	2,697	-
Provision for unsecured liabilities	(7,492)	(7,139)	(3,423)	(3,382)
Investments (a)	130,845	91,292	(726)	(3,382)
Reclassification to liabilities	7,492	7,139	3,423	3,382
	138,337	98,431	2,697	-

The balance of investments in consolidated refers to interest held in new businesses obtained by means of its controlled company Sugoi LLC Development in a real estate project. The Company does not have control over the mentioned company and its investment is measured according to the equity method.

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(a) Changes in investments

Controlled company	Balance as at December 31, 2018	Equity in earnings (losses)	Addition (reduction) of investments	Balance as at December 31, 2019 (Restated)	Equity in earnings (losses)	Addition (reduction) of investments	Balance as at December 31, 2020
Vista Cantareira Empreendimentos Imobiliários Ltda.	6,010	(293)	-	5,717	209	-	5,926
Condomínio Varandas Jardim do Lago Ltda.	12,889	4,178	(5,079)	11,988	350	-	12,338
Residencial Monte Serrat SPE Ltda.	1,895	(179)	-	1,716	(485)	-	1,231
Haifa Investimentos e Participações Ltda	(8)	(4)	-	(12)	(2)	-	(14)
Residencial São Mateus SPE Ltda.	17,323	20,188	17	39,629	18,359	(4,406)	53,582
Residencial Colina Francisco Morato SPE Ltda	(291)	(42)	-	(333)	(41)	-	(374)
Residencial Bom Retiro SPE Ltda	11,064	17,629	-	28,693	14,263	(109)	42,847
Residencial Jacú-Pessego II SPE Ltda.	(26)	(169)	-	(195)	(20)	-	(215)
Residencial Colina Guarapiranga SPE Ltda	(16)	(1)	-	(17)	(23)	-	(40)
Residencial Paulínia I SPE Ltda	(20)	(2)	-	(22)	(3)	-	(25)
Residencial Parque do Carmo SPE Ltda.	7,103	(662)	-	6,441	1,379	(288)	7,532
Residencial Idemori SPE Ltda	(9)	(1)	-	(10)	(537)	-	(547)
Sugoi Projeto SPE Ltda	(41)	(1)	-	(42)	(51)	-	(93)
Residencial Sports Gardens da Amazônia Ltda	(1,006)	(444)	-	(1,450)	5,120	(165)	3,505
Sugoi Inovare Empreendimentos Imobiliários Ltda.	(2)	(1)	-	(3)	(5)	-	(8)
Residencial Portal do Belo Horizonte SPE Ltda.	(25)	(5)	-	(30)	(3)	-	(33)
Residencial Barcelona SPE Ltda.	(768)	(696)	-	(1,464)	(37)	-	(1,501)
Condomínio Varandas Jardim do Lago II SPE Ltda.	(10)	(22)	-	(32)	(350)	-	(382)
Residencial Isabel Ferrari SPE Ltda.	(7)	(2)	-	(9)	(2)	-	(11)
Residencial São Jose SPE Ltda	(6)	(5)	-	(11)	(8)	-	(19)
Residencial Jacú-Pessego I SPE Ltda.	(4)	(1)	-	(5)	(21)	-	(26)
Sugoi Residencial I SPE Ltda	(5)	(2)	-	(7)	(4)	-	(11)
Sugoi Residencial II SPE Ltda	(4)	(3)	-	(7)	(3)	-	(10)
Sugoi Residencial III SPE Ltda	(4)	(2)	-	(6)	(3)	-	(9)
Residencial Via Verde SPE Ltda	(1)	-	-	(1)	-	-	(1)
Sugoi Residencial IV SPE Ltda.	(1)	(1)	-	(2)	(1)	-	(3)
Sugoi Residencial V SPE Ltda.	(261)	255	-	(6)	947	(119)	822
Sugoi Residencial VI SPE Ltda.	(2)	(22)	-	(24)	(151)	-	(175)
Sugoi Residencial VII SPE Ltda	(2)	-	-	(2)	-	-	(2)
Sugoi Residencial VIII SPE Ltda	(2)	-	-	(2)	(1)	-	(3)
Sugoi Residencial IX SPE Ltda	(2)	(9)	-	(11)	(10)	-	(21)
Sugoi Residencial XI SPE Ltda.	-	(9)	-	(9)	(6)	-	(15)
Sugoi Residencial XIII SPE Ltda.	-	(22)	-	(22)	(225)	-	(247)
Sugoi Residencial XIV SPE Ltda	-	(1)	-	(1)	(1)	-	(2)
Sugoi Residencial X SPE LTDA	-	(1)	-	(1)	(24)	-	(25)
Sugoi Residencial XII SPE LTDA	-	(4)	-	(4)	(1)	-	(5)
Sugoi Residencial XV SPE LTDA	-	(1)	-	(1)	(35)	-	(36)
Sugoi Residencial XVI SPE LTDA	-	(6)	-	(6)	(5)	-	(11)
Sugoi Residencial XVII SPE Ltda	-	(1)	-	(1)	(1)	-	(2)
Sugoi Residencial XVIII SPE Ltda	-	(1)	-	(1)	(10)	-	(11)
Sugoi Residencial XIX SPE Ltda	-	(1)	-	(1)	(1)	-	(2)
Sugoi Residencial XX SPE Ltda	-	(1)	-	(1)	(11)	-	(12)
Sugoi Residencial XXI SPE Ltda	-	(1)	-	(1)	(212)	-	(212)
Sugoi Residencial XXII SPE Ltda	-	(1)	-	(1)	(1)	-	(2)
Sugoi Residencial XXIII SPE Ltda	-	(1)	-	(1)	(1)	-	(2)
Sugoi Residencial XXIV SPE Ltda	-	(1)	-	(1)	(1)	-	(2)
Sugoi Residencial XXV SPE Ltda	-	(2)	-	(2)	-	-	-
HTG Infraestrutura e Participação Ltda.	-	(158)	(3,224)	(3,382)	(41)	6,812	3,389
HTG Infraestrutura e Participação Ltda. (agio)	-	-	3,224	3,224	-	(3,224)	-
Sugoi Development USA, LLC	884	(811)	950	1,023	(805)	3,563	3,782
	54,645	38,658	(4,112)	91,292	37,485	2,064	130,845

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

8 Fixed assets

Description	Depreciation rate	Parent company		Consolidated	
		December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Facilities	10% p.a.	44	44	44	44
Furniture and fixtures	10% p.a.	123	121	213	350
Machinery and equipment	20% p.a.	128	128	148	147
Improvements	20% p.a.	27	19	28	20
Telephone lease	20% p.a.	72	72	72	72
Vehicles	20% p.a.	-	-	422	216
Properties	4% p.a.	59	21	235	115
IT equipment		-	-	-	-
Use rights		2,038	2,038	2,038	2,038
Sales stands (*)		-	-	636	636
		2,308	2,316	3,202	3,638
Accumulated depreciation		(1,420)	(962)	(2,117)	(1,655)
		1,071	1,481	1,719	1,983

(*) Sales stands - Their depreciation is calculated for the period in which they are expected to be used by the Company until their closing.

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Notes to the financial statements as at December 31, 2020, and December 31, 2019

In thousands of Brazilian Reais, unless otherwise stated

(a) Changes in fixed assets

Description	Parent company						Consolidated							
	December 31, 2018	Additions	Write-offs	December 31, 2019 (restated)	Additions	Write-offs	December 31, 2018	Additions	Write-offs	December 31, 2019 (restated)	Additions	Write-offs	December 31, 2020	
Facilities	44	-	-	44	-	-	44	44	-	-	44	-	-	44
Furniture and fixtures	86	35	-	121	2	-	123	173	177	-	350	3	(140)	213
Machinery and equipment	88	40	-	128	-	-	128	104	43	-	147	17	(16)	148
Improvements	11	8	-	19	8	-	27	11	9	-	20	8	-	28
Telephone lease	72	-	-	72	-	-	72	72	-	-	72	-	-	72
Vehicles	-	-	-	0	-	-	0	63	153	-	216	206	-	422
Properties	-	21	-	21	41	(3)	59	23	95	(3)	115	146	(26)	235
Sales stands	-	-	-	0	-	-	0	634	45	(43)	636	-	-	636
Right of use of property	-	2,038	-	2,038	-	-	2,038	-	2,038	-	2,038	-	-	2,038
	301	2,142	-	2,443	51	(3)	2,491	1,124	2,560	(46)	3,638	380	182	3,836
Accumulated depreciation	(127)	-	(835)	(962)	(458)	-	(1,420)	(350)	-	(1,305)	(1,655)	-	(462)	(2,117)
	174	2,142	(835)	1,481	(407)	(3)	1,071	774	2,560	(1,351)	1,983	380	(644)	1,719

SUGOI S.A.

Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reals, unless otherwise stated

9 Related-party transactions

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Noncurrent assets	46,700	33,261	10,551	6,827
Current liabilities	(87,492)	(43,863)	(794)	(376)
Noncurrent liabilities	-	(1,744)	-	-
	(40,792)	(12,346)	9,757	6,451

Description (assets)	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Haifa Investimentos e Participações Ltda	23	21	-	-
Dahab Brasil S.A	-	15	222	238
Residencial Monte Serrat Ltda	-	55	-	-
Dahab Participações Ltda	7	7	7	7
Kibutz Administração e Participações Ltda	-	5,965	-	5,965
Residencial São Mateus SPE Ltda	-	-	1,701	-
Residencial Colina Francisco Morato SPE Ltda	1,461	1,386	-	-
Residencial Bom Retiro SPE Ltda	-	-	8,052	49
Residencial José Vigna Talhado SPE Ltda	479	287	-	-
Residencial Colina Guarapiranga SPE Ltda	907	883	-	-
Residencial Paulínia I SPE Ltda	139	162	-	-
Residencial Parque do Carmo SPE Ltda	14,591	2,426	-	-
Residencial Idemori SPE Ltda	588	401	-	-
Sugoi Projeto SPE Ltda	92	91	-	-
Residencial Sports Gardens da Amazônia Ltda.	12,621	9,360	-	-
Sugoi N Empreendimentos Imobiliários Ltda.	515	(19)	-	-
Residencial Portal do Belo Horizonte SPE Ltda	580	554	-	-
Residencial Barcelona SPE Ltda	2,819	2,743	-	-
Condomínio Varandas Jardim do Lago II	1,239	609	-	-
Residencial Isabel Ferrari SPE Ltda	254	181	-	-
Residencial São José SPE Ltda.	802	260	-	-
Residencial Jacú-Pessego I SPE Ltda.	337	89	-	-
Sugoi Residencial I SPE Ltda	261	194	-	-
Sugoi Residencial II SPE Ltda	410	208	-	-
Sugoi Residencial III SPE Ltda	492	195	-	-
Sugoi Residencial Via Verde SPE Ltda	1	1	-	-
Sugoi Residencial IV SPE Ltda	73	76	-	-
Sugoi Residencial V SPE Ltda	-	2,496	-	-
Sugoi Residencial VI SPE Ltda	1,755	828	-	-
Vercelli Gestão de Negócios Eireli	-	-	1	-
Sugoi Residencial VII SPE Ltda	2	2	-	-
Sugoi Residencial VIII SPE Ltda	809	807	-	-
Sugoi Residencial IX SPE Ltda	2,142	1,380	-	-
Tsurí Acre Ltda	16	16	16	16
Sugoi Residencial XI SPE Ltda	546	145	-	-
Sugoi Residencial XIII SPE Ltda	2,075	1,195	-	-
Sugoi Residencial XIV SPE Ltda	3	1	-	-
Sugoi Residencial X SPE Ltda	26	14	-	-
Sugoi Residencial XII SPE Ltda	26	22	-	-
Sugoi Residencial XVI SPE Ltda	112	106	-	-
Sugoi Residencial XV SPE Ltda	38	1	-	-
Sugoi Residencial XXIV SPE Ltda	1	1	-	-
Sugoi Residencial XXIII SPE Ltda	12	1	-	-
Sugoi Residencial XXII SPE Ltda	1	1	-	-
Sugoi Residencial XIX SPE Ltda	17	1	-	-
Sugoi Residencial XX SPE Ltda	2	1	-	-
Sugoi Residencial XXI Ltda	223	85	-	-
Sugoi Residencial XXV SPE Ltda	-	1	-	-
Sugoi Residencial XVII SPE Ltda	2	1	-	-
Sugoi Residencial XVIII SPE Ltda	201	6	-	-
Outros	-	-	552	552
	46,700	33,261	10,551	6,827

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

Description (Liabilities)	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Condomínio Varandas Jardim do Lago (fee)	-	873	-	-
Condomínio Varandas Jardim do Lago	11,376	9,969	-	-
Vista Cantareira Empreendimentos Imobiliários Ltda	6,491	6,444	-	-
Residencial Monte Serrat Ltda	337	587	-	-
Residencial Colina Francisco Morato SPE Ltda	-	175	-	-
Residencial Parque do Carmo SPE Ltda	-	127	-	-
Tsuri Brasil	-	-	-	11
Montanha Vermelha Participações S.A	436	-	436	-
Sports Garden Amazônia	-	-	-	199
Residencial São Mateus SPE Ltda	41,644	17,452	-	-
Residencial Guarapiranga SPE Ltda	-	149	31	149
Residencial Bom Retiro SPE Ltda	27,048	9,831	-	-
Residencial Sports Gardens da Amazônia Ltda.	-	-	210	-
Sugoi Residencial V SPE Ltda	43	-	-	-
Dahab Brasil S.A.	117	-	117	17
Total	87,492	45,607	794	376

The balances of the accounts held with controlled and jointly controlled companies represent loan transactions through intercompany loans in current account, with no levy of finance charges and no previously defined maturity.

The balances receivable by the parent company refer to funds transferred to its controlled and jointly controlled companies for real estate development projects in those companies. The liability balances refer to receipts of funds from controlled and jointly controlled companies, resulting from payments made by the customers for the sale of real estate units.

10 Intercompany account with SCPs

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Intercompany account with SCPs	1,405	1,405	1,405	1,405
	1,405	1,405	1,405	1,405

The operations involving SCPs are presented on a consolidated basis with the Company's operations. The acquisitions contracted with silent partners are presented in current and noncurrent liabilities according to the expectation of disbursement of the Company, in the caption of Intercompany account with SCPs.

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

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Loans and financing

Type	Financial institution	Interest rate and commissions	Parent company		Consolidated	
			December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Working capital	Caixa Econômica Federal – CEF	CDI + 9.6 % p.a.	1,400	2,242	1,400	2,242
Housing Finance System (SFH) (SPEs)	Caixa Econômica Federal – CEF	Up to 11% p.a.	-	-	6,304	11,605
Machinery and Equipment Financing (Finame) (SPEs)	Santander	CDI + 5.54% p.a.	-	-	11,277	-
Lease	Banco Daycoval	22.99% p.a.	33	30	33	30
Bank Credit Note (CCB)	Banco Daycoval	14.02% p.a.	1,516	-	1,516	-
CCB	Banco ABC	CDI + 6.73% p.a.	10,111	-	10,111	-
CCB	Banco PINE	CDI + 08.47% p.a.	1,513	1,364	1,513	1,364
CCB	Banco PINE	10.43% p.a.	4,000	-	4,000	-
CCB	CHB	CDI + 10.5% p.a.	-	2,693	-	2,693
Others	Others	N/A	-	-	1,081	839
			18,573	6,329	37,235	18,773
Current			9,248	4,800	17,573	16,405
Noncurrent			9,325	1,529	19,662	2,368

The balances by maturity year are as follows:

Year	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
2020	-	4,800	-	16,405
2021	9,248	917	17,573	1,756
2022	3,903	612	9,541	642
2023	3,417	-	8,116	-
2024	2,005	-	2,005	-
	18,573	6,329	37,235	18,803

The loans will have as guarantee the pledge of properties from controlled companies or portfolio of receivables. In turn, the SFH contract has as guarantee the pledge of the land of the financed venture, as well as the financing (related credits) from customers.

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

As established by the accounting standards in effect, the Company's Management presents the sensitivity analysis of material balances, considering:

- Probable scenario of interest rate variation estimated by Management:
 - Estimated interest rate: 4% p.a.
- Possible scenario of interest rate variation, with deterioration of twenty-five percent (25%), in the risk variable considered as probable:
 - Estimated interest rate: Increase to 5% p.a.
- Remote scenario of interest rate variation, with deterioration of fifty percent (50%), in the risk variable considered as probable:
 - Estimated interest rate: Increase to 6% p.a.

The impacts presented in the table below refer to the total debt balance of ongoing debts.

		Parent company		
Balance	Risk of increase in interest rate	4% p.a. Probable	5% p.a. Possible	6% p.a. Remote
18,573	Accounting effect (cost/expense)	1,207	1,504	1,820

		Consolidated		
Balance	Risk of increase in interest rate	4% p.a. Probable	5% p.a. Possible	6% p.a. Remote
37,235	Accounting effect (cost/expense)	2,420	3,016	3,649

12 Trade accounts payable

Maturity	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Overdue	49	11	4,306	1,619
Falling due in up to 30 days	142	138	11,530	4,933
Falling due between 31 and 60 days	-	3	1,312	259
Falling due between 61 and 90 days	-	-	574	172
Falling due between 91 and 120 days	-	-	103	235
Falling due between 121 and 180 days	-	-	201	44
Falling due after 180 days	-	-	37	892
Total falling due	142	141	13,757	6,535
	191	152	16,629	8,154

13 Labor and tax liabilities

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Tax liabilities	501	501	503	503
Labor liabilities	346	139	585	198
Taxes withheld at source	22	8	781	388
Special Tax Regime (RET) - Current	-	-	2,801	514
RET - Deferred	-	-	1,247	1,430
	869	648	5,917	3,033
Current	869	648	4,670	1,603
Noncurrent	-	-	1,247	1,430

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

14 Accounts payable

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Acquisition of ownership interest (i)	1,680	3,967	1,680	3,967
Commission on plots of land	-	-	500	500
Contract cancellations payable	-	-	497	487
Others	2,353	1,730	2,353	1,376
	4,033	5,697	5,030	6,330
Current	4,033	4,400	4,530	4,533
Noncurrent	-	1,297	500	1,797

- (i) This value consists of: R\$ 3,967 referring to the acquisition of the company Residencial Parque do Carmo SPE Ltda. (R\$ 2,930 as at December 31, 2019) which will be paid by means of promissory notes.

15 Advances from customers and others

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Advances from customers - real estate developments	-	-	9,463	15,847
Advances from customers - bartered units, launched ventures	-	-	10,841	11,116
Creditors from acquired properties	1,042	2,942	118,445	152,176
Barters (*)	5,435	5,680	78,531	78,776
Others	-	-	2,283	2,393
	6,477	8,622	219,562	260,308
Current	6,477	8,622	67,209	80,998
Noncurrent	-	-	152,353	179,309

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(*) In certain land acquisition transactions, the Company conducted the barter with units to build. These barter transactions were recorded at fair value as land bank for development against advances from customers, considering the lump sum amount of real estate units given as dation in payment, and those barter transactions are recognized in the statement of income, considering the same assumptions used for the recognition of sales of real estate units.

16 Debentures

Type	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Debentures	32,897	33,004	32,897	33,004
(-) Amortization	(32,547)	(4,810)	(32,547)	(4,810)
Interest on debentures	6,951	5,913	6,951	5,913
	7,301	34,107	7,301	34,107
Current	7,301	16,299	7,301	16,299
Noncurrent	-	17,808	-	17,808

On April 04, 2017, the Company obtained approval for its first program for the public issue of simple, nonconvertible debentures, in a single series, with secured guarantee, in the amount of R\$ 17,397, representing 17,397 debentures with par value of R\$ 1,00 each.

The debentures are adjusted by the Broad National Consumer Price Index (IPCA), plus interest of 9.15% per year on par value, calculated on a pro rata basis by business days, with monthly payments beginning in May 2019 and maturing on September 2022.

The debentures will be collateralized by plots of land of a controlled company and rights to interest held in capital stock of controlled company.

The Company and its controlled companies have covenants in the debenture contract that restrict the ability to make certain decisions and may require the early maturity or the execution of collaterals if the Company does not comply with such covenants.

On November 07, 2019, the Company obtained approval for its second program for the public issue of simple, nonconvertible debentures, in a single series, with secured guarantee, in the amount of R\$ 15,500, representing 15,500 debentures with par value of R\$ 1.00 each.

The debentures are adjusted by 100% of the CDI + 7.5% per year on par value, calculated on a pro rata basis by working days, with monthly payments starting in March 2020 and maturing in January 2022.

The debentures will be collateralized by plots of land of controlled company and rights to interest held in capital stock of controlled company.

The Company and its controlled companies have covenants in the debenture contract that restrict the ability to make certain decisions and may require the early maturity or the execution of collaterals if the Company does not comply with such covenants.

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

As at December 31, 2020, the Company is in compliance with all contractual obligations related to its debentures, including the ones related to financial indicators.

17 Real Estate Receivables Certificates (CRI)

<u>Type</u>	<u>Parent company</u>	<u>Consolidated</u>
	<u>December 31, 2020</u>	<u>December 31, 2020</u>
Real Estate Receivables Certificates (CRI)	35,000	35,000
(-) Amortization	-	-
Unrecognized charges	(848)	(848)
Interest on CRI	84	84
	34,236	34,236
Current	7,458	7,458
Noncurrent	26,778	26,778

As approved in the Extraordinary General Meeting held on November 30, 2020, the Company decided on the terms and conditions of its 3rd issue of simple, nonconvertible debentures, in a single series, with liens, secured and private guarantees, in the amount of R\$ 35,000,000.00 occurred on December 01, 2020 (issue date). This corresponds to thirty-five thousand (35,000) debentures with nominal value of one thousand Brazilian Reais (R\$ 1,000) each on issue date.

The CRIs are adjusted at the CDI plus annual interest of 7% on the nominal value, calculated on a business day pro rata basis, with monthly payments as from May 2021 and maturing in November 2024.

The Company and its controlled companies have covenants in the debenture contract that restrict the ability to make certain decisions and may require the early maturity or the execution of collaterals if the Company does not comply with such covenants. All covenants are being complied with in accordance with the base dates presented

As established by the accounting standards in effect, the Company's Management presents the sensitivity analysis of material balances, considering:

- Probable scenario of interest rate variation estimated by Management:
 - Estimated interest rate: 4% per year.
- Possible scenario of interest rate variation, with deterioration of twenty-five percent (25%), in the risk variable considered as probable:
 - Estimated interest rate: Increase to 5% per year.
- Remote scenario of interest rate variation, with deterioration of fifty percent (50%), in the risk variable considered as probable:
 - Estimated interest rate: Increase to 6% per year.

The impacts presented in the table below refer to the total debt balance in both the parent company and consolidated.

<u>Balance</u>	<u>Risk of increase in interest rate</u>	<u>4% p.a.</u>	<u>5% p.a.</u>	<u>6% p.a.</u>
		<u>Probable</u>	<u>Possible</u>	<u>Remote</u>
34,236	Accounting effect (cost/expense)	1,369	1,712	2,054

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18 Provisions

Description	Consolidated	
	December 31, 2020	December 31, 2019 (restated)
Provision for guarantee (i)	2,753	1,509
Provision for contingencies	1,617	1,417
	4,370	2,926

- (i) Provision for warranty – It is recognized during the venture construction period to cover the estimated cost to be incurred during the period of five years after completion of the project.
- (ii) In the ordinary course of conducting its business, the Company is involved in labor, civil and tax proceedings. Management, relying on its legal counsel's opinion or that of other specialists, when applicable, evaluates the possible outcome of ongoing lawsuits, and the need of setting up provisions for contingencies arising from them. The provision recognized in Consolidated amounting to R\$ 1,617 (R\$ 1,417 as at December 31, 2019) refers to civil and labor proceedings in progress, whose likelihood of loss is considered probable by the Company's legal counselors. In addition to the referred amount, R\$ 618 Parent company and R\$ 6,017 Consolidated (R\$ 6,129 as at December 31, 2019) were not computed also due to labor and civil lawsuits, assessed by the Company's legal counselors as possible loss, which is the reason why Management did not record this amount in the interim financial information.

19 Equity

(a) Capital

Capital consists of one million (1,000,000) shares, fully paid-in, and distributed as follows:

	December 31, 2020	December 31, 2019 (restated)
Number of shares		
Kibutz Administração e Participações Ltda	-	1,000,000
Ronaldo Yoshio Akagui	500,000	-
Thiago de Oliveira Andrade Pazinato	500,000	-
	1,000,000	1,000,000

Pursuant to the 7th amendment to the articles of organization entered into on February 03, 2016, Sugoi changed its legal classification and corporate name and became a corporation, governed by Law No. 6.404, of December 15, 1976 ("Brazilian Corporate Law").

According to the minutes of the General Shareholders' Meeting held on November 24, 2016, Kibutz Participações Ltda. transfers its common registered shares to Kibutz Administração e Participações S.A.

The Company structured the CVM category A registration granted on July 19, 2016, and is currently registered under code "CVM 23957".

In accordance with the corporate restructuring conducted by the Company on November 29, 2020, "relevant fact", Kibutz Administração e Participações S.A. is no longer the operating holding of Sugoi S.A. and the control was transferred to the direct shareholders. Such acts are still under process of registry with the division of corporations until the present date.

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(b) Profits

In accordance with the articles of organization, profit calculated at the end of each year can be distributed, retained (fully or partially) or capitalized, as determined by all shareholders. There is no established minimum amount to be distributed.

In compliance with the Brazilian Corporate Law (article 193 of Law No. 6.404/76), a statutory reserve was recognized in the amount of R\$ 200 as at December 31, 2016.

(c) Income (loss) per share

The table below shows the consolidated income (loss) and the calculation of basic and diluted earnings per share:

	December 31, 2020	December 31, 2019 (restated)
Income for the year (in Brazilian Reais)	18,892,000	17,750,000
Number of shares	1,000,000	1,000,000
	18,892	17,750

Basic earnings per share are calculated by dividing income (loss) attributable to the Company's controlling shareholders by the weighted average number of common shares outstanding during the period, as established by NBC TG 41 (R2) (CVM Resolution No. 636/10) – Earnings per share.

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all potential diluted common shares.

There is no difference between basic earnings per share and diluted earnings since there are no potential common shares which could be issued in the future and converted. As mentioned in Note 16, the issued debentures are not convertible into shares.

(d) Cumulative translation adjustment

The Company recognizes in this line item the effect of foreign exchange differences on the investment in foreign controlled company Sugoi Development USA, LLC, whose functional currency is the currency to which a foreign operation is subject. The cumulative effect, recognized in a specific line in equity and in the statement of comprehensive income, will be transferred to income for the year as a gain or loss only upon the disposal or write-off of the investment.

20 Net revenue and gross profit

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

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

Description	Consolidated	
	December 31, 2020	December 31, 2019 (restated)
Revenue from properties	188,115	154,179
Cancelled sales	(1,031)	(1,109)
Gross operating revenue	187,084	153,070
Taxes levied	(3,618)	(2,946)
Net operating revenue	183,466	150,124
Costs relating to land, development and construction	(120,602)	(95,891)
Gross profit	62,864	54,233
Gross margin percentage - %	34.3%	36.1%

21 Expenses by nature

Description	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Selling expenses				
Commissions	-	-	(6,295)	(3,196)
Advising and consulting	(93)	(94)	(192)	(186)
Advertising and publicity	(27)	(70)	(3,859)	(1,891)
Expenses on sales stands and show apartments	-	-	(558)	(1,419)
Rent expenses	-	-	(761)	(304)
Insurance	(170)	-	(601)	-
Other selling expenses	(39)	(65)	(269)	(586)
	<u>(329)</u>	<u>(229)</u>	<u>(12,535)</u>	<u>(7,582)</u>
General and administrative expenses				
Advising and consulting	(6,107)	(3,595)	(8,174)	(4,850)
Personnel expenses	(3,913)	(1,752)	(3,937)	(1,760)
Rent expenses	(323)	(353)	(362)	(363)
Expenses on office materials	(448)	(531)	(790)	(681)
Depreciation	(260)	(479)	(264)	(483)
Expenses on notary's office and registry	(149)	(70)	(288)	(453)
Provision for contingencies	-	-	-	(221)
Insurance	-	-	(510)	-
Allowance for doubtful accounts	(2,254)	-	(2,254)	-
Other administrative expenses	(429)	(772)	(2,615)	(2,299)
	<u>(13,883)</u>	<u>(7,552)</u>	<u>(19,193)</u>	<u>(11,110)</u>

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 In thousands of Brazilian Reais, unless otherwise stated

Financial expenses	Parent company		Consolidated	
	December 31, 2020	December 31, 2019 (restated)	December 31, 2020	December 31, 2019 (restated)
Discounts granted	-	-	(51)	(35)
Interest	(4,481)	(6,317)	(5,415)	(6,896)
Late payment fine	(85)	-	(206)	(17)
Bank fees and expenses	(107)	(39)	(1,125)	(771)
	(4,673)	(6,356)	(6,797)	(7,719)

22 Real estate projects under development

Description	December 31, 2020	December 31, 2019 (restated)
Unrecognized contracted sales (Note 4)	178,941	192,768
Contributions on sales	(7,158)	(7,711)
	171,783	185,057
Cost to incur of units sold	(121,753)	(137,445)
	50,030	47,612
Percentage of unrecognized gross margin	29.1%	25.7%

(a) The table below shows the appropriated income of the project under construction.

Description	December 31, 2020	December 31, 2019 (restated)
Recognized revenue	373,199	190,571
Contributions on revenues	(14,928)	(7,632)
	358,271	182,939
Appropriated cost	(250,676)	(130,528)
Gross profit	107,595	52,411
Recognized gross margin - %	30.03%	28.65%

(b) The table below shows the total budgeted cost to be incurred in the project.

Description	December 31, 2020	December 31, 2019 (restated)
Sold units under construction	121,753	137,445
Not sold units under construction	24,357	50,961
Budgeted cost to be incurred	146,110	188,406
Inventory - Real estate under construction	46,149	39,143
Total cost to be recognized in the future	192,259	227,549

23 Insurance

The Company has insurance at amounts considered sufficient by Management to cover eventual risks on its assets and/or liabilities.

The work scope of our auditors does not include an opinion on the sufficiency of insurance coverage.

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24 Risk and financial instrument management

(a) Risk management

The Company has transactions with financial instruments. The management of these instruments is made through operational strategies and internal controls, aiming to ensure liquidity, profitability, and security. The engagement of financial instruments for hedging purposes is made by means of periodical analysis of the exposure to the risk intended to be hedged by Management. The control policy consists of permanently crosschecking agreed conditions against market conditions in effect. The Company does not invest in derivatives or any other risk financial instruments for speculation purposes.

The amounts of asset and liability financial instruments included in the individual and consolidated financial statements were determined according to the criteria and accounting practices disclosed in specific notes.

The Company is exposed to the following risks resulting from the use of financial instruments:

Credit risk

Credit risk results from the possibility of the Company incurring losses arising from the default of their customers. In order to reduce these risks, the Company analyzes the financial and equity position of its customers, therefore managing the credit risk by means of program for credit granting and qualification.

Interest rate risk

Interest rate risk relates to the possibility of the Company reporting gains or losses on fluctuations in interest rates on its financial assets and liabilities. To mitigate such risks, the Company has contracts which ballast the financial assets and liabilities, through fixed rates.

Market risk

Market risk results from the possibility of fluctuations in the market prices of the raw materials and inputs used in the construction process of real estate units. These price fluctuations may cause significant changes in the costs of the Company's inventories. To mitigate these risks, the Company manages the buffer stocks of these raw materials and inputs.

Liquidity risk

Liquidity risk results from the possibility of reduction in funds intended to pay debts. Management monitors the continual projections of liquidity requirements of the Company to guarantee that it has sufficient cash to meet its operating needs.

Additionally, the Company has balances of financial investments that can be redeemed at any time to cover possible mismatches between the maturity of its contractual obligations and its cash generation.

Operational risk

Operational risk is the risk of direct or indirect loss due to a range of causes connected with the Company's proceedings, personnel, technology and infrastructure and to external factors, except credit, market and liquidity risks, as those resulting from statutory and regulatory requirements and generally accepted business standards. Operational risks arise from all the Company's transactions.

The Company's purpose is to manage its operational risk to avoid financial losses and negative effects on its reputation, seeking cost cuts to avoid control procedures that curb initiative and creativity.

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Notes to the financial statements as at December 31, 2020, and December 31, 2019 **In thousands of Brazilian Reais, unless otherwise stated**

Top management has the main responsibility for developing and implementing controls to address operating risks. This responsibility is supported by the development of general standards for managing operating risks in the following areas:

- Requirements for an adequate segregation of duties, including independent authorization for operations;
- Requirements for reconciling and monitoring transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for periodically assessing operating risks and the adequacy of controls and procedures applied to tackle identified risks;
- Requirements to report operating losses and proposed corrective actions;
- Development of contingency plans;
- Professional training and development;
- Ethical and business standards;
- Mitigation of risk, including insurance, when efficient.

(b) Financial instruments

For disclosure purposes, the fair values of the financial assets and liabilities, together with their carrying amounts, are presented in the statement of financial position in the line items of cash and cash equivalents, financial investments, accounts receivable and other accounts receivable, trade accounts payables, other accounts payable, loans and financing, and related-party transactions.

(c) Capital management

The Company manages its capital in order to ensure the continuity of the return to its shareholders and benefit to other stakeholders, as well as to maintain an optimum capital structure to invest in its growth.

(d) Derivative financial instruments

The Company does not conduct transactions with derivatives for the purpose of reducing or eliminating risks inherent to its operations.

25 Pandemic – Covid-19 – Coronavirus

The Company has adopted measures to mitigate the transmission of the virus at each work point, whether at construction sites, points of sale or its head office. The Company adopted practices of hygiene with greater frequency, daily audit of controls, flexibility in working hours and adoption of the remote work regime, meeting the guidelines of the World Health Organization (WHO) and Health Surveillance seeking to preserve the physical and psychological health of its employees, including dismissal from work for all individuals over 60 years of age.

Our operations continue on the construction sites, still with immaterial impacts, and we believe that, in this sense, there should be no significant interference in the execution of the projects. However, eventual external restrictions, such as public transportation of employees, supply of inputs and raw materials essential for the continuity of the works, may have a significant impact, a possibility that cannot be considered and measured at this time.

We redirect our sales force to serve our client at a distance, expanding the online dissemination of the projects, through applications and social networks and maintain daily contact with the Top Management for monitoring of the scenario and prompt decision making.

Faced with so many uncertainties and daily adjustments in government guidelines, we have considered the possible impacts on our operation, but we have made frequent guidelines in an attempt to anticipate problems in order to minimize them.

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Regarding the Company's operating/financial measures in view of the pandemic, we highlight:

Negotiation with suppliers and business partners, and registration with government incentive packages to preserve cash and to increase in the Company's liquidity index.

Adjustment of projects under development considering launches intended in the period and improving the Company's exposure to cash in the year.

Alignment with customers to reinforce our commitment and safety related to installment renegotiation programs, among others.

Until this moment, there are no additional relevant measures effective for the period ended December 31, 2020.

26. Subsequent events

Settlement of balance of debentures – January 2021

On January 11, 2021, the Company made the full settlement of installments referring to debentures in the amount of R\$7,031 from its 2nd issue occurred on November 07, 2019. As a result, until the date of issue of the present report the Company has no effective debentures as part of its operations.
