

(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, 2021

SUGOI S.A.

**Individual and consolidated financial statements
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SUGOI S.A

Management Report – 2021

São Paulo, March 29, 2022 - 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, 2021.

MANAGEMENT REPORT

The year of 2021 proved to be very challenging as expected, especially for the first housing sector in which the margins are quite reduced. The continuity of the new coronavirus (COVID-19) pandemic and all its consequences and the increase in the base interest rate to contain inflationary pressure were the keynote for the year, making the launches that were underway to be revised in such a way as to absorb this entire scenario and maintain the Company's operational capacity at high levels. Despite this scenario, Sugoi presented consistent operating results in line with the Company's growth plan for the coming years.

Among the operational highlights, we mention the launches of the Company in 2021, reaching R\$ 241 million, mainly in the capital of São Paulo-SP, and the Company's contracted net sales reaching R\$ 166 million in the year. Regarding financial performance, we can highlight net revenue of R\$ 211 million, an unprecedented level, in addition to gross margin of 31%, showing results that prove the Company's resolve in the decision-making strategy adopted during the turbulent times that we have experienced in the last three years.

Despite the results presented in 2021 being appropriate to the Company's business plan, we were also affected by 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, generating a very strong inflationary pressure on construction work inputs, which will be monitored and reviewed to reduce impacts on the results presented.

A medium/long-term scenario is not yet clear as we are experiencing atypical periods in the economy, thus, planning, budget, administrative expenses and launches will be reviewed more frequently so that we can obtain market absorption and deliver more and more value to our shareholders.

We know that 2022 will continue to be challenging and that the political and economic scenarios may add even more uncertainties to the real estate development market, as is usual in these periods, in addition to inflationary pressures that will continue to affect us and require constant attention and monitoring in relation to construction costs and unit prices and, consequently, sales velocity.

Even with these challenges, Sugoi continues to seek continuous improvement to its efficiency in operations, mitigating business risks with resolve and strategy to guide the Company's decision-making process, as well as to its position in the segment and markets in which it operates, once again demonstrating resilience and ability to overcome difficult times, such as the pandemic.

Sugoi operates in the economic real estate segment, also known as First Housing, focusing 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. This income bracket has a large housing deficit and, for this reason, we understand that this market has 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 a social housing policy.

Sugoi remains decisive 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\$ 211 million;
- The Company concluded 2021 with Gross Margin of 31%;
- Net income for the year was R\$ 6.3 million;
- General Sales Value (GSV) of ventures launched in 2021 totaled R\$ 241 million;
- The Company's land bank reached a potential GSV of R\$ 3.5 billion;

Operating and financial performance

Launches

In 2021, the Company announced the six launches described in the following table, most of them in the municipality of São Paulo:

Venture	Units	Estimated GSV	City
VIDA & ALEGRIA - Condomínio 09	196	31.8 MM	São Paulo – SP
MIRAI PARQUE DO CARMO - Condomínio 06	246	40.6 MM	São Paulo – SP
MIRAI CIDADE LÍDER COND 01	320	62.4 MM	São Paulo – SP
MIRAI JARDIM NUNES COND 02 (módulo 01)	149	25.3 MM	São José do Rio Preto - SP
MIRAI CAMPINAS JARDIM DO LAGO (modulo 1)	240	44.4 MM	Campinas – SP
MIRAI PARQUE DO CARMO - Condomínio 07	246	36.3 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 interrupted activities of government bodies, and/or to health problems - directly or indirectly - of the civil servants in charge. As a result, there was an increase in the approval deadlines, which we believe and hope to overcome in 2022, significantly leveraging the volume of launches for the current year.

Contracted sales

The Company's Gross Sales totaled R\$ 241 million, which represents an increase in comparison to 2020. In relation to the average ticket of products sold for 2021, we had approximately R\$ 161 thousand per unit sold on average.

Finished projects and projects under construction

The year of 2021 was important in terms of completion of construction works, consolidating the Company's work capacity and volume delivery, with distinguished quality. Altogether, there were four projects, totaling 834 units and GSV of R\$ 117 million. 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, 2021, the Company's land bank represented estimated GSV of R\$ 3.5 billion, with expected launch in the next five years.

The year of 2021 was marked by great prospecting, but with little success, thus with no increase in our land bank. We believe that 2022 will be a good year to evaluate the current pipeline and prepare for projects with greater market absorption. But we will always be looking for new opportunities that can add value to the Company.

Net revenue, gross profit and gross margin

Net operating revenue totaled R\$ 211 million in 2021, an increase compared to R\$ 183,5 million in the same period of 2020.

In 2021, the cost of properties totaled R\$ 144.5 million in comparison with R\$ 120.6 million in the same period of 2020, due to new launches and recognition of costs of ventures in progress.

Gross profit for the year amounted to R\$ 66.7 million, a slight increase compared to the same period of 2020, for which we reported gross profit of R\$ 62.9 million. This increase is explained by the volume of launches and construction works in progress.

Selling, general and administrative expenses

In 2021, selling expenses totaled R\$ 18.5 million, representing an increase of 30% compared to 2020. Said increase is explained by the development and launch of new projects, in addition expenses related to the sale of projects under construction.

Net general and administrative expenses totaled R\$ 24.1 million in 2021, an increase of 20% compared to the same period in 2020. These expenses are also 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 2021, we reported accumulated net income of R\$ 6.3 million, a slight decrease compared to the amount of R\$ 18.7 million in 2020. This result is particularly attributable to the increase in selling and administrative expenses observed by the Company in 2021. Said increases were in line with the Company's planning for the absorption of future launches. For 2022, the Company is reviewing said expenses so that it can deliver a better net margin than the one presented.

Reinvestment of profits and distribution of dividends

Pursuant to Article 189 of Law No. 6.404/76, no profit was distributed in the year.

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 29, 2022.

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 on the individual and consolidated financial statements

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, 2021, 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 main 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, 2021, 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, 2021, 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 on the individual and consolidated financial statements

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 Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence 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 from 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.

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 the results of real estate development

As mentioned in Note 2.13, the Company recognizes income (loss) arising 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 cost incurred in relation to 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 in 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:

- 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, related to the basis of sales, contract cancellations and costs incurred;
- Verification of legal requirements for launching ventures; and
- Evaluation of the disclosure of information in the notes.

During our audit, we identified adjustments to these transactions and disclosures, fully made by the Company.

Based on the evidence obtained, we determined that the estimates used to recognize revenue are adequate, as are their respective disclosures, in the context of the financial statements taken as a whole.

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, 2021, and presented as supplementary 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.

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

The Company's Management is responsible for the other information that comprises the Management Report. Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of 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 we have performed, we conclude that there is a 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 Management 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 (ISAs) 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 about the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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 law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

São Paulo, March 29, 2022.



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

A handwritten signature in black ink, appearing to read 'Julian Clemente'.

Julian Clemente

Accountant CRC 1 SP 197232/O-6

Sugoi S.A.
Statements of financial position as at December 31, 2021 and 2020

(In thousands of Brazilian Reais)

ATIVO

Assets	Note	Parent company		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current assets					
Cash and cash equivalents	3	19,278	23,679	29,385	44,078
Accounts receivable	4	-	-	44,021	26,922
Properties for sale	5	6,741	3,782	33,756	98,994
Sundry receivables	6	2,914	1,845	6,631	6,892
Taxes and contributions to offset		306	228	506	519
Prepaid expenses		332	456	7,191	7,468
		29,571	29,990	121,490	184,873
Noncurrent assets					
Accounts receivable	4	-	-	25,465	14,438
Properties for sale	5	1,212	4,127	234,180	168,197
Sundry receivables	6	-	-	4,142	4,142
Related-party transactions	9	69,383	46,700	15,852	10,551
Taxes and contributions to offset	-	22	22	22	-
Prepaid expenses	-	-	-	-	427
		70,617	50,849	279,661	197,755
Investments	7	166,062	130,845	3,574	2,697
Fixed assets	8	278	1,071	1,442	1,719
Intangible assets		1,005	-	1,005	-
		237,962	182,765	285,682	202,171
Total assets		267,533	212,755	407,172	387,044

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

Sugoi Incorporadora e Construtora S.A

Sugoi S.A.

Statements of financial position as at December 31, 2021 and 2020

(In thousands of Brazilian Reais)

LIABILITIES

Liabilities	Note	Parent company		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current					
Loans and financing	10	11,697	9,248	30,434	17,573
Debentures	15	-	7,301	-	7,301
Certificates of real estate receivables	16	10,000	7,458	10,000	7,458
Trade accounts payable	11	815	191	29,569	16,629
Labor and tax liabilities	12	1,462	869	9,969	4,670
Accounts payable	13	1,350	4,033	1,493	4,530
Advances from clients and others	14	5,998	6,477	22,314	67,209
Related-party transactions	9	112,971	87,492	458	794
Provision for losses on investments	7	-	-	-	-
		144,293	123,069	104,237	126,164
Noncurrent					
Loans and financing	10	9,741	9,325	17,769	19,662
Intercompany account with Silent Partnerships (SCPs)	-	1,405	1,405	1,405	1,405
Certificates of real estate receivables	16	49,167	26,778	49,167	26,778
Labor and tax liabilities	12	-	-	2,646	1,247
Accounts payable	13	656	-	1,362	500
Advances from clients and others	14	-	-	165,559	152,353
Provisions	17	-	-	3,712	4,370
Provisions for losses on investments	7	12,751	7,492	3,745	3,423
		73,720	45,000	245,365	209,738
Total liabilities		218,013	168,069	349,602	335,902
Equity					
Capital stock	18	1,000	1,000	1,000	1,000
Statutory reserve		200	200	200	200
Income reserve		48,134	43,438	48,134	43,438
Cumulative translation adjustment		186	48	186	48
		49,520	44,686	49,520	44,686
Noncontrolling interest		-	-	8,050	6,456
Total equity		49,520	44,686	57,570	51,142
Total liabilities and equity		267,533	212,755	407,172	387,044

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

Sugoi S.A.**Statements of income for the years ended December 31, 2021 and 2020**

(In thousands of Brazilian Reais)

	Note	Parent company		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Revenue from properties	-	-	-	216,297	187,084
Taxes levied	-	-	-	(5,021)	(3,618)
Continuing operations					
Net revenue	19	-	-	211,276	183,466
Cost of sales	19	-	-	(144,592)	(120,602)
Gross profit	19	-	-	66,684	62,864
Operating revenues (expenses)					
General and administrative expenses	20	(18,149)	(13,883)	(24,051)	(19,193)
Selling expenses	20	(1,683)	(329)	(18,570)	(12,535)
Other operating revenues (expenses), net		729	(1,974)	(3,635)	(2,582)
Equity in earnings (losses) of controlled companies	7	28,579	37,459	(1,205)	(67)
		9,476	21,273	(47,461)	(34,377)
Income before financial income (loss)		9,476	21,273	19,223	28,487
Financial expenses	21	(4,785)	(4,673)	(9,257)	(6,797)
Financial revenues	21	7	65	179	326
Net financial income (loss)		(4,778)	(4,608)	(9,078)	(6,471)
Income before Income and Social Contribution taxes		4,698	16,665	10,145	22,016
Current Income and Social Contribution taxes	-	-	-	(3,573)	(2,859)
Deferred Income and Social Contribution taxes	-	-	-	(235)	(480)
Net income for the year		4,698	16,665	6,337	18,677
Attributable to					
Controlling shareholders of the Company				4,698	16,665
Noncontrolling interest				1,639	2,012
Basic and diluted earnings per share	18 c	5	16,665		

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

Sugoi S.A.**Statements of income for the years ended December 31, 2021 and 2020**

(In thousands of Brazilian Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Net income for the year	4,698	16,665	6,337	18,677
Translation adjustment in controlled companies	186	48	186	48
(=) Comprehensive income for the year	<u>4,884</u>	<u>16,713</u>	<u>6,523</u>	<u>18,725</u>
Attributable to				
Controlling shareholders of the Company			4,884	16,713
Noncontrolling interest			1,639	2,012
	<u>-</u>	<u>-</u>	<u>6,523</u>	<u>18,725</u>

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

Sugoi S.A.

Statements of changes in equity for the years ended December 31, 2021 and 2020

(In thousands of Brazilian Reais)

	Attributable to controlling shareholders of the Company				Total	Noncontrolling interest	Cumulative translation adjustment	Consolidated equity
	Paid-in capital stock	Statutory reserve	Income reserves	Cumulative translation adjustment				
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 in controlled companies	-	-	-	(42)	(42)	-	-	(42)
Net income for the year	-	-	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
Profit distribution	-	-	-	-	-	(45)	-	(45)
Translation adjustment in controlled companies	-	-	-	138	138	-	-	138
Net income for the year	-	-	4,696	-	4,696	1,639	-	6,335
Balances as at December 31, 2021	1,000	200	48,134	186	49,520	8,050	-	57,570

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

Sugoi S.A.
Statements of cash flows for the years ended December 31, 2021 and 2020

(In thousands of Brazilian Reais)

	Note	Parent company		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
From operating activities					
Net income for the year	18c	4,698	16,665	6,337	18,677
Adjustments to reconcile income with cash and cash equivalents from operating activities					
Depreciation and amortization	8	44	48	234	292
Provision for construction warranty and contingencies	17	-	(8)	711	1,444
Deferred taxes	12	-	-	235	-
Charges on loans, financing and others	10	3,745	-	6,376	-
Charges on Real Estate Receivables Certificates (CRI)	16	7,922	-	7,922	-
Charges on debentures	15	123	-	123	-
Discount to present value	4	-	-	1,953	-
Asset and liability translation adjustment		136	(42)	138	(42)
Equity in earnings (losses) of controlled companies	7	(28,579)	(37,459)	1,205	67
		(11,911)	(20,796)	25,234	20,438
Changes in assets and liabilities					
(Increase)/decrease in asset accounts					
Accounts receivable	4	-	-	(30,079)	(3,056)
Properties for sales	5	(44)	1,968	(745)	20,080
Taxes and contributions to offset		(78)	(1)	(9)	59
Sundry receivables	6	(1,069)	1,983	261	2,659
Unrecognized selling expenses		124	(456)	704	(1,999)
Increase/(decrease) in liability accounts					
Labor and tax liabilities	12	593	221	8,394	2,881
Trade accounts payable	11	624	39	12,940	8,475
Accounts payable	13	(2,027)	(1,664)	(3,544)	(1,300)
Advances from clients	14	(479)	(2,145)	(31,689)	(40,745)
		(14,267)	(20,851)	(18,533)	7,492
Paid Income and Social Contribution taxes	12	-	-	(1,931)	-
Payment of interest on loans, financing and others	10	(8,813)	-	(10,793)	-
Net cash from operating activities		(23,080)	(20,851)	(31,257)	7,492
From investing activities					
(Increase)/decrease in capital of controlled companies, net	17	(1,379)	(1,741)	(1,760)	(2,723)
In fixed assets	8	749	362	44	(28)
In intangible assets		(1,005)	-	(1,005)	-
Net cash from investing activities		(1,635)	(1,379)	(2,721)	(2,751)
From financing activities					
Raising of loans, financing and others	10	44,055	57,396	72,756	90,794
Payment of principal amount of loans, financing and others	10	(26,537)	(37,722)	(47,786)	(64,903)
Related-party transactions	9	2,796	28,448	(5,637)	(3,306)
Increase in noncontrolling interest in controlled companies		-	-	-	(100)
Dividends paid		-	(6,612)	(48)	(6,612)
Net cash from financing activities		20,314	41,510	19,285	15,873
Increase (decrease) in cash and cash equivalents		(4,401)	19,280	(14,693)	20,614
Cash and cash equivalents balance at beginning of year		23,679	4,399	44,078	23,464
Cash and cash equivalents balance at end of year		19,278	23,679	29,385	44,078
Increase (decrease) in cash and cash equivalents		(4,401)	19,280	(14,693)	20,614

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

Sugoi S.A.**Statements of value added for the years ended December 31, 2021 and 2020**

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Revenue				
Sales and services	-	-	216,297	187,084
Other revenues	-	-	(3,635)	(2,582)
	-	-	212,662	184,502
Inputs acquired from third parties				
Cost of goods, merchandise and services sold	-	-	(144,593)	(120,602)
Materials, energy, third-party and other operating services	(12,941)	(10,434)	(28,114)	(21,346)
Others	729	(1,974)	-	-
	(12,212)	(12,408)	(172,707)	(141,948)
Gross value added	(12,212)	(12,408)	39,955	42,554
Depreciation, amortization and depletion, net	(44)	(48)	(234)	(292)
Net value added generated by the Company	(12,256)	(12,456)	39,721	42,262
Value added received through transfer				
Equity in earnings (losses) of controlled companies	28,579	37,459	(1,205)	(67)
Financial revenue	7	65	180	326
	28,586	37,524	(1,025)	259
Total value added to be distributed	16,330	25,068	38,696	42,521
Distribution of value added				
Personnel				
Payroll and charges	5,952	3,458	6,188	3,500
Commissions on sales	-	-	7,190	6,295
Management fees	85	44	85	44
Taxes, fees and contributions				
Federal	-	-	8,829	6,957
Return on debt capital				
Interest	4,785	4,673	9,257	6,797
Rent	810	228	810	251
Return on equity capital				
Net income for the year	4,698	16,665	4,698	16,665
Noncontrolling interest in retained earnings	-	-	1,639	2,012
	16,330	25,068	38,696	42,521

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

SUGOI S.A.

Notes to the financial statements

As at December 31, 2021 and 2020

In thousands of Brazilian Reals, unless otherwise stated

1 Operations

Sugoi S.A. and its controlled companies (“Company”) are primarily engaged in managing the Company’s assets; developing, constructing and selling real estate; and holding interest in other companies, as shareholder. The development of ventures and construction of real estate are carried out directly by the Company, its controlled companies or other partners. The interest of partners in the ventures occurs directly by means of interest held in Silent Partnerships (SCP) or Special-Purpose Entities (SPE) created for their development, as well as by means of strategic partnerships involving barter of land for development of the real estate activity.

The Company, established on April 04, 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 Corporate Tax ID (CNPJ/MF) No. 13.584.310/0001-42, which has as main focus the segment of first homes with management and administration of residential properties of middle-class standard, aiming to offer products with excellent quality and the best cost-benefit ratio in the market, as well as intelligent ventures grounded in security, comfort, innovation, and affordable prices.

The Company’s Management has over 40 years of experience in the real estate market and offices in various Brazilian capitals, which allows it to easily survey and seize distinguished business opportunities in the market. The Company aims to ensure that its corporate governance remains transparent in its relations with the market, clients and investors, conducting inspections at each stage of the venture and monitoring the physical and financial processes of 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, Sumaré, 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 department of Caixa Econômica Federal - (GERIC), which currently covers the production of all its pipeline of ventures.

The Company has important certifications, such as the Brazilian Housing Quality and Productivity Program (PBQPH Level A) and ISO 9001, which further qualifies it for carrying out all stages of the entire cycle of the construction 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 the Brazilian Securities and Exchange Commission (CVM), falling into Category A, with private ownership control. This process is particularly important to the Company and reinforces Management’s commitment to good practices and corporate governance.

2 Summary of main accounting policies

The main accounting policies applied in preparing this individual and consolidated financial statements are presented below. These policies were applied consistently in relation to 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).

SUGOI S.A.

Notes to the financial statements

As at December 31, 2021 and 2020

In thousands of Brazilian Reals, unless otherwise stated

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 CVM/SNC/SEP Circular Letter No. 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.

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 Council of Accounting (CFC).

The individual and consolidated financial statements were approved by the Company's Management on March 29, 2022.

2.2 Basis of preparation

The individual and consolidated financial statements were prepared using historical cost as basis, except for the valuation of certain assets and liabilities as those arising from business combinations and certain financial instruments, which are 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 that the Company will continue as a going concern. Management evaluates the Company's ability to continue as a going concern in preparing the individual and consolidated financial statements.

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

The preparation of individual and consolidated financial statements requires that the Company's Management uses critical accounting estimates and even assumptions in implementing 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 to the allowance for doubtful accounts, budgeted costs of ventures, taxes and other similar charges. Accordingly, actual results may differ from those estimates.

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

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

2.2.1 Individual financial statements

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

Following 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.

SUGOI S.A.

Notes to the financial statements As at December 31, 2021 and 2020

In thousands of Brazilian Reais, unless otherwise stated

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

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

2.2.2 Consolidation

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

(a) Controlled companies

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

Directly controlled and jointly-controlled companies	Percentage of ownership interest	
	12/31/2021	12/31/2020
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	99%	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	50%	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 S.A.

Notes to the financial statements As at December 31, 2021 and 2020

In thousands of Brazilian Reals, unless otherwise stated

Directly controlled and jointly-controlled companies	Percentage of ownership interest	
	12/31/2021	12/31/2020
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%
Residencial Vila União SPE Ltda. (1)	50%	-
Residencial Atibaia SPE Ltda. (2)	50%	-
Residencial Bragança SPE Ltda. (3)	50%	-
Sugoi Residencial XXVII SPE Ltda (4)	95%	-
Sugoi Residencial XXVIII SPE Ltda (5)	95%	-
Sugoi Residencial XXIX SPE Ltda (6)	95%	-
Sugoi Residencial XXX SPE Ltda (7)	95%	-
Sugoi Residencial XXXI SPE Ltda (8)	95%	-
Sugoi Residencial XXXII SPE Ltda (9)	95%	-
Sugoi Residencial XXXIII SPE Ltda (10)	95%	-
Sugoi Residencial XXXIV SPE Ltda (11)	95%	-
Sugoi Residencial XXXV SPE Ltda (12)	95%	-
Sugoi Residencial XXVI SPE Ltda (13)	95%	-
HTG Infraestrutura e Participações Ltda	33.33%	33.33%

(1) A Residencial Vila União SPE Ltda – Incorporated on May 06, 2021

(2) A Residencial Atibaia SPE Ltda – Incorporated on July 02, 2021

(3) A Residencial Bragança SPE Ltda – Incorporated on July 15, 2021

(4) A Sugoi Residencial XXVII SPE Ltda – Incorporated on October 25, 2021

(5) A Sugoi Residencial XXVIII SPE Ltda - Incorporated on October 25, 2021

(6) A Sugoi Residencial XXIX SPE Ltda - Incorporated on October 25, 2021

(7) A Sugoi Residencial XXX SPE Ltda - Incorporated on October 25, 2021

(8) A Sugoi Residencial XXXI SPE Ltda - Incorporated on October 25, 2021

(9) A Sugoi Residencial XXXII SPE Ltda - Incorporated on October 25, 2021

(10) A Sugoi Residencial XXXIII SPE Ltda - Incorporated on October 25, 2021

(11) A Sugoi Residencial XXXIV SPE Ltda - Incorporated on October 25, 2021

(12) A Sugoi Residencial XXXV SPE Ltda - Incorporated on October 25, 2021

(13) A Sugoi Residencial XXVI SPE Ltda - Incorporated on October 25, 2021

(b) Transactions with noncontrolling interest

The Company considers transactions with noncontrolling interest to be transactions with owners of the Group's assets. For purchases of noncontrolling interest, the difference between any consideration paid and the acquired portion of the book value of the controlled company's net assets is recorded in equity. Gains from or losses on disposals of noncontrolling interest are also directly recorded in equity, under "Accumulated losses/retained earnings".

When the Company no longer has control over the entity, any interest held in said entity is measured at fair value, and the change in book value is recognized in the statement of operations. Fair value is the initial book value for subsequent accounting of 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 proportionally to the Company's ownership interest. Unrealized losses are also eliminated, unless the transaction shows evidence of impairment of the transferred asset. The accounting policies of jointly-controlled companies are changed when necessary, to guarantee consistency with the Company's accounting policies.

SUGOI S.A.

Notes to the financial statements

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In thousands of Brazilian Reals, unless otherwise stated

2.3 Cash and cash equivalents

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

2.4 Discount to present value

Monetary assets and liabilities are discounted to present value according to the effective interest method when arising from short-term transactions, if material, and from long-term transactions, not bearing interest or 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 discount to present value on the financial statements.

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 (loss) ("VJORA") - debt instrument; at VJORA - equity instrument; and at fair value through income (loss) ("VJR"). The classification of financial assets is mostly based on the business model in which a financial asset is managed and on the characteristics of its 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 (loss). Any gains from or losses on derecognition are recognized in income (loss).

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

- 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 mainly represented by cash and cash equivalents (Note 3), classified as measured at fair value through income (loss), and by accounts receivable (Note 4), sundry receivables (Note 6) and related-party transactions (Note 9), classified as measured at amortized cost.

Financial liabilities were classified as measured at amortized cost or at VJR. A financial liability is classified as measured at fair value through income (loss) if it is a derivative instrument, classified as held for trading or designated as such at initial recognition. Financial liabilities measured at VJR are measured at fair value and net income, including interest, is recognized in income (loss). 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 (loss). Any gains from or losses on derecognition are also recognized in income (loss).

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The Company's financial liabilities are substantially represented by related-party transactions (Note 9), loans and financing (Note 10), trade accounts payable (Note 11), accounts payable (Note 13), debentures (Note 15) and Real Estate Receivables Certificates – CRI (Note 16), classified as measured at amortized cost.

Impairment

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

2.6 Accounts receivable

Units are usually sold during the ventures' launch and construction phases. 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, it is recorded under current assets. Otherwise, the exceeding portion is recorded under noncurrent assets.

2.7 Properties for sale

The amount recorded in the inventory corresponds to costs incurred in the current phase of construction of real estate units not yet sold that are lower than net realizable value.

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

Cost comprises land, materials, (third-party) workforce and other expenses related to construction.

The practice adopted for segregation between current and noncurrent under the caption Property for sale takes into consideration the expected launch date. Ventures expected to be launched in less than one year are recorded under current assets, and the remaining ventures are recorded under noncurrent assets. Such projections are periodically reviewed by the Company's Management.

2.8 Fixed assets

These 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 nonfinancial 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.

SUGOI S.A.

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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.

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

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.

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

2.12 Current and deferred Income and Social Contribution taxes

Income and Social Contribution tax expenses in the period include current and deferred taxes. Income taxes are recognized in the statement of operations.

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

As permitted by tax legislation, the Company may choose to calculate its taxes, in each fiscal year, using the criterion of Taxable Income, Deemed Income or Special Taxation Regime (RET); the latter can be adopted according to Law No. 10.931/04 and Normative Instruction No. 1.435/13, applicable to real estate development.

With Deemed Income, taxes are calculated at the rates described below, after applying deemed limits of 8% and 12% on ventures under construction and 32% on service rendering, for Income Tax (IRPJ) and Social Contribution (CSLL) on gross revenue, respectively:

	Taxable income	Deemed income	RET
Basis	Income	Gross revenue	Gross revenue
Income Tax	15% + 10% (surtax)	15% + 10% (surtax)	1,26%
Social Contribution Tax	9%	9%	0,66%
Tax on Sales (PIS)	1,65%	0,65%	0,37%
Tax on Sales (COFINS)	7,60%	3,00%	1,71%

IRPJ and CSLL rates levied on financial revenues are the same and there is no deemed basis in this case. PIS and COFINS rates of 4.65% are also levied on financial revenues.

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

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2.13 Recognition of revenues, costs and expenses

(a) Revenue recognition process

In the process of recognizing revenue from contracts with clients, 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 agreements for purchase and sale of unfinished real estate units with listed Brazilian companies of the segment of real estate development.

According to NBC TG 47, the recognition of revenue from contracts with clients has new regulatory procedures, based on transfer of control over 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 performance obligations; 3) determination of transaction price; 4) allocation of transaction price to 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 enters into 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.

Amounts paid directly to the real estate developer (item (i) above) represent approximately 10% to 15% of the property's value, and the remaining amount derives 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 deed-like characteristics") with a financial institution, including the amounts of bank financing, FGTS funds and possible subsidies from government housing programs. The disbursement of these funds will depend on the progress of the construction work, according to the percentage set forth in the Venture Progress Report and the physical-finance schedule approved by the financial institution. This monitoring for the purpose of disbursement of financing installments is carried out by the financial institution's engineering department. At the moment the bank financing agreement is entered into, ownership of the property is transferred to the client, pledged to the respective financial institution.

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

<u>Agreement</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% to 90% of the FI	Buyer and FI	Not applicable. In the event of default by the client, the FI may consolidate the real estate unit on the client's behalf for subsequent sale of the property to third parties, in accordance with the procedures set forth in article 27 of Law 9.514/97. The amount collected will have settlement of the balance owed by the client to the FI as main objective.

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

The procedures below are followed for sales of unfinished units:

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- Sales revenues are recognized in income (loss) when there is continuous transfer of control to a financial institution or client, using the PoC of each venture, which is measured at the cost incurred in relation to the venture's total budgeted cost. In the event that, during the period of approval of disbursement, there are indications that the client's contractual part will not be complied with, a provision for cancellation of the contract with the FI in its full amount is established.
- The amounts of sales revenues recognized in excess of the amounts actually received from clients 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 under "Advances from clients";
- Monetary variation in the balance of accounts receivable until delivery of the keys, as well as discount to present value of the balance of accounts receivable, are recognized in income from (loss on) properties sold when incurred, according to the accrual period on a pro rata basis;
- Expenses (including the cost of land and other expenses directly related to the purchase of inventory) on units sold are fully recognized in income (loss). For real estate units not yet sold, costs incurred are allocated to the inventory (Note 2.7);
- Finance charges of accounts payable for acquisition of plots of land and those directly associated with financing for the construction are capitalized and recorded in inventories of properties for sale and allocated to expenses on 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 differences between revenues earned from real estate development and accumulated revenue subject to taxation are calculated and reflected in accounting upon recognition of this temporary difference in revenue;
- Other expenses, including advertising and publicity, are recorded in income (loss) when incurred.

2.14 Basic and diluted earnings per share

Basic and diluted earnings (losses) per share are calculated based on income (loss) attributable to shareholders of the Company and the weighted average of outstanding shares in the respective year, taking into consideration, when applicable, the splitting process for the year or events that took place following the preparation of the financial statements.

2.15 New pronouncements issued

The International Accounting Standards Board (IASB) issued/revised some IFRS standards to be adopted after 2021, 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 IAS 16 Property, Plant and Equipment – Proceeds Before Intended Use. It elucidates aspects to be considered for the classification of items produced before fixed assets are in the conditions of use projected. This amendment is effective for years beginning on or after 01/01/2022;
- Annual improvements to IFRS 2018-2020, effective for periods beginning on or after January 01, 2022. It changes IFRS 1, addressing aspects of first adoption in a controlled company; IFRS 9, addressing the 10% criterion for reversing financial liabilities; IFRS 16, addressing illustrative examples of lease; and IAS 41, addressing aspects of measurement at fair value. These amendments are effective for years beginning on or after 01/01/2022;

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- Amendment to IFRS 3 – It includes conceptual alignment of this standard with the conceptual structure of IFRS standards. This amendment is effective for years beginning on or after 01/01/2022;
- Amendment to IFRS 17 – It includes elucidation of aspects related to insurance contracts. This amendment is effective for years beginning on or after 01/01/2023;
- Amendment to IAS 1 – Classification of Liabilities as Current or Noncurrent. This amendment elucidates aspects to be considered for classification of liabilities as current or noncurrent. It is effective for years beginning on or after 01/01/2023;
- Amendment to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9. It elucidates aspects related to insurance contracts and the temporary exemption from application of IFRS 9 to insurance companies. This amendment is effective for years beginning on or after 01/01/2023; and

3 Cash and cash equivalents

Description	Parent company			Consolidated
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Cash and banks – checking account	2,733	4,303	12,711	24,607
Bank Certificates of Deposit (CDB)	16,545	19,376	16,674	19,471
Total	19,278	23,679	29,385	44,078

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

- Probable scenario of interest rate fluctuation estimated by Management:
 - Estimated interest rate: 11% per year.
- Possible scenario of interest rate fluctuation, with deterioration of twenty-five percent (25%) in the risk variable considered as probable:
 - Estimated interest rate: Decrease to 10% per year.
- Remote scenario of interest rate fluctuation, with deterioration of fifty percent (50%) in the risk variable considered as probable:
 - Estimated interest rate: Decrease to 9% 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	Parent company		
		11% p.a. Probable	10% p.a. Possible	9% p.a. Remote
19,278	Accounting effect (cost/expense)	2,121	1,928	1,735

Balance	Risk of increase in interest rate	Consolidated		
		11% p.a. Probable	10% p.a. Possible	9% p.a. Remote
29,385	Accounting effect (cost/expense)	3,232	2,939	2,645

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Accounts receivable

Description	December 31, 2021	Consolidated December 31, 2020
Recognized sales revenue	705,775	488,870
Discount to present value	(3,111)	(1,135)
Allowance for doubtful accounts	(2,653)	-
(-) Amount received	(631,403)	(447,113)
	68,608	40,622
Other accounts receivable	878	738
Current amounts	44,021	26,922
Noncurrent amounts	25,465	14,438

a. Discount to present value was calculated at the rate of 5.26% in 2021 (3.10% in 2020).

Net portfolio receivable

	Consolidated	
	December 31, 2021	December 31, 2020
Accounts receivable from sales recognized	706,653	488,870
Total received	(631,403)	(447,113)
Unrecognized sales revenue (*)	104,414	178,941
Total accounts receivable	179,664	220,698
Advances from clients	(7,057)	(9,450)
Total net portfolio receivable	172,607	211,248

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

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

Despite this, the Company identified credits that required an allowance for doubtful accounts, which was recorded and will be monitored and managed by Management.

b) Changes in discount to present value

	Consolidated	
	December 31, 2021	December 31, 2020
Initial balance	(1,135)	(1,909)
Additions	(2,072)	(489)
Reversals	96	1,263
Final balance	(3,111)	(1,135)

5 Properties for sale

Description	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Land for development (i)	7,953	7,909	233,871	220,237
Properties under construction	-	-	31,577	44,624
Capitalized interest	-	-	789	1,525
Finished properties	-	-	1,699	805
Total	7,953	7,909	267,936	267,191
Current portion	6,741	3,782	33,756	98,994
Noncurrent portion	1,212	4,127	234,180	168,197

(i) Inventory balances in current assets refer to land for development whose real estate units are expected to be launched in less than one year, which is periodically reviewed by Management.

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a) Cost of real estate units for sale

	Consolidated	
	December 31, 2021	December 31, 2020
Total cost incurred	505,405	343,156
Recognized cost of units sold	(471,340)	(296,202)
Cost of real estate units for sale	34,065	46,954

6 Sundry receivables

Description	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Advances to suppliers	2,025	939	5,741	5,984
Brasincó Incorporações Ltda. (i)	831	830	831	830
Willian Gadelha (ii)	-	-	4,142	4,143
Brasincó Incorporações Ltda. (iii)	8,620	5,498	8,620	5,499
Others	889	906	889	906
Allowance for doubtful accounts	(9,450)	(6,328)	(9,450)	(6,328)
Total	2,914	1,845	10,773	11,034
Current amounts	2,914	1,845	6,631	6,892
Noncurrent amounts	-	-	4,142	4,142

(i) The Company is guarantor of a loan obtained by Brasincó Incorporações Ltda. In view of such commitment, payments in this amount were made. Other than the refund of amounts by Brasincó Incorporações Ltda., there is no other amount payable to the financial institution.

(ii) This refers to a third-party debt that was subrogated by Sugoi to clear a real estate venture, which will be later collected from the respective debtor.

(iii) This refers to advances made for future acquisition of the company Brasincó.

7 Investments

The balance of investments in the consolidated statements refers to interest held in new businesses obtained by means of its controlled company Sugoi LLC Development in a real estate venture. The Company has no control over the mentioned company, and its investment is measured according to the equity method.

Description	Parent company	
	December 31, 2021	December 31, 2020
Investments in controlled and jointly-controlled companies	153,311	138,337
Provision for unsecured liabilities (b)	12,751	(7,492)
Investments (a)	166,062	130,845
Reclassification as liabilities (b)	(12,751)	(7,492)
Total	153,311	138,337

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(a) Changes in investments

Controlled company	Balance as at December 31, 2020	Equity in earnings (losses) of controlled companies	Increase (decrease) in investments	Balance as at December 31, 2021
Vista Cantareira Empreendimentos Imobiliários Ltda	5,926	342	(94)	6,174
Condomínio Varandas Jardim do Lago Ltda	12,338	(57)	-	12,281
Residencial Monte Serrat SPE Ltda	1,231	322	(3)	1,550
Haifa Investimentos e Participações Ltda	(12)	(1)	(10)	(23)
Residencial São Mateus SPE Ltda	53,582	13,906	(912)	66,576
Residencial Colina Francisco Morato SPE Ltda	(374)	(39)	-	(413)
Residencial Bom Retiro SPE Ltda	42,847	(1,907)	(1,082)	39,858
Residencial Jacú-Pessego II SPE Ltda.	(215)	(1)	-	(216)
Residencial Colina Guarapiranga SPE Ltda	(40)	(4)	-	(44)
Residencial Paulínia I SPE Ltda	(25)	(114)	-	(139)
Residencial Parque do Carmo SPE Ltda	7,532	18,159	288	25,979
Residencial Idemori SPE Ltda	(547)	(1)	-	(548)
Sugoi Projeto SPE Ltda	(93)	8	(1)	(86)
Residencial Sports Gardens da Amazônia Ltda	3,505	5,986	134	9,625
Sugoi Inovare Empreendimentos Imobiliários Ltda.	(8)	(0)	-	(8)
Residencial Portal do Belo Horizonte SPE Ltda.	(33)	(1)	(1)	(35)
Residencial Barcelona SPE Ltda.	(1,501)	(1,066)	-	(2,567)
Condomínio Varandas Jardim do Lago II SPE Ltda.	(382)	(871)	2	(1,251)
Residencial Isabel Ferrari SPE Ltda.	(11)	(24)	-	(35)
Residencial São Jose SPE Ltda	(19)	(1,648)	-	(1,667)
Residencial Jacú-Pessego I SPE Ltda.	(26)	(1)	-	(27)
Sugoi Residencial I SPE Ltda	(11)	(11)	-	(22)
Sugoi Residencial II SPE Ltda	(10)	(3)	-	(13)
Sugoi Residencial III SPE Ltda	(9)	(1)	-	(10)
Residencial Via Verde SPE Ltda	(1)	-	-	(1)
Sugoi Residencial IV SPE Ltda.	(3)	(1)	(1)	(5)
Sugoi Residencial V SPE Ltda.	821	(1,269)	(106)	(554)
Sugoi Residencial VI SPE Ltda.	(175)	(21)	1	(195)
Sugoi Residencial VII SPE Ltda	(2)	(0)	-	(2)
Sugoi Residencial VIII SPE Ltda	(3)	(2)	-	(5)
Sugoi Residencial IX SPE Ltda	(21)	(478)	(3)	(502)
Sugoi Residencial XI SPE Ltda	(15)	(4)	-	(19)
Sugoi Residencial XIII SPE Ltda	(247)	(11)	-	(258)
Sugoi Residencial XIV SPE Ltda	(2)	(0)	-	(2)
Sugoi Residencial X SPE LTDA	(25)	(1)	-	(26)
Sugoi Residencial XII SPE LTDA	(5)	(1)	-	(6)
Sugoi Residencial XV SPE LTDA	(36)	(1)	-	(37)
Sugoi Residencial XVI SPE LTDA	(11)	(8)	-	(19)
Sugoi Residencial XVII SPE Ltda	(2)	1	-	(1)
Sugoi Residencial XVIII SPE Ltda	(11)	(10)	-	(21)
Sugoi Residencial XIX SPE Ltda	(2)	(0)	-	(2)
Sugoi Residencial XX SPE Ltda	(12)	1	-	(11)
Sugoi Residencial XXI SPE Ltda	(213)	(1)	-	(214)
Sugoi Residencial XXII SPE Ltda	(2)	(1)	-	(3)
Sugoi Residencial XXIII SPE Ltda	(2)	1	-	(1)
Sugoi Residencial XXIV SPE Ltda	(2)	1	-	(1)
Residencial Vila União SPE LTDA	-	(1)	-	(1)
Residencial Atibaia SPE Ltda	-	(1)	-	(1)
Residencial Bragança SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXVII SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXVIII SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXIX SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXX SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXXI SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXXII SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXXIII SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXXIV SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXXV SPE Ltda	-	(1)	-	(1)
Sugoi Residencial XXXVI SPE Ltda	-	(1)	-	(1)
HTG Infraestrutura e Participação Ltda.	3,389	356	(7,490)	(3,745)
Sugoi LLC	3,782	-	1,364	4,016
	130,845	30,146	(190)	153,311

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8 Fixed assets

Description	Parent company			Consolidated				
	December 31, 2020	Additions	Write-offs	December 31, 2021	December 31, 2020	Additions	Write-offs	December 31, 2021
IT equipment	-	8	-	8	0	55	-55	-
Facilities	44	-	-	44	44	-	-	44
Furniture and fixtures	123	-	-	123	213	68	(158)	123
Machinery and equipment	128	83	(2)	209	148	254	-	402
Improvements	27	2	-	29	28	5	(2)	31
Telephone lease	72	-	(72)	-	72	-	(72)	-
Vehicles	-	-	-	-	422	313	-	735
Properties	59	28	(5)	83	235	160	(54)	341
Sales stands	-	-	-	-	636	71	(707)	-
Right of use of property	2,038	1,046	(2,079)	1,005	2,038	1,046	(2,079)	1,005
Total	2,491	1,167	(2,158)	1,501	3,836	1,972	(3,127)	2,681
Accumulated depreciation	(1,420)	306	-	(218)	(2,117)	313	-	(234)
Total	1,071	1,473	(2,158)	1,283	1,719	2,285	(3,127)	2,447

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

(a) Changes in fixed assets

Description	Depreciation rate	Parent company		Consolidated	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Facilities	10% p.a.	44	44	44	44
Furniture and fixtures	10% p.a.	123	123	123	213
Machinery and equipment	20% p.a.	209	128	401,5	148
Improvements	20% p.a.	29	27	31	28
Telephone lease	20% p.a.	-	72	-	72
Vehicles	20% p.a.	-	-	735	422
Properties	4% p.a.	83	59	341	235
IT equipment		8	-	-	-
Use rights		1,005	2,038	1,005	2,038
Sales stands		-	-	-	636
Total		1,501	2,491	2,681	3,836
Accumulated depreciation		(218)	(1,420)	(234)	(2,117)
Total		1,283	1,071	2,447	1,719

9 Related-party transactions

Description	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Noncurrent assets	69,383	46,700	15,852	10,551
Current liabilities	(112,971)	(87,492)	(458)	(794)
Total	(43,588)	(40,792)	15,394	9,757

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Description (Assets)	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Haifa Investimentos e Participações Ltda	25	23	-	-
Dahab Brasil S.A	942	-	942	222
Dahab Participações Ltda	7	7	7	7
Vista Cantareira Empreendimentos Imobiliários Ltda	-	-	222	-
Residencial São Mateus SPE Ltda	-	-	1,739	1,701
Residencial Colina Francisco Morato SPE Ltda	1,626	1,461	-	-
Residencial Bom Retiro SPE Ltda	-	-	11,150	8,052
Residencial José Vigna Talhado SPE Ltda	624	479	-	-
Residencial Colina Guarapiranga SPE Ltda	1,085	907	-	-
Residencial Paulínia I SPE Ltda	141	139	-	-
Residencial Parque do Carmo SPE Ltda	-	14,591	164	-
Residencial Idemori SPE Ltda	586	588	-	-
Sugoi Projeto SPE Ltda	92	92	-	-
Residencial Sports Gardens da Amazônia Ltda.	20,171	12,621	-	-
Sugoi N Empreendimentos Imobiliários Ltda.	516	515	-	-
Residencial Portal do Belo Horizonte SPE Ltda	602	580	-	-
Residencial Barcelona SPE Ltda	2,701	2,819	-	-
Condomínio Varandas Jardim do Lago II	4,729	1,239	-	-
Residencial Isabel Ferrari SPE Ltda	269	254	-	-
Tsuri Brasil Ltda.	177	-	177	-
Residencial São José SPE Ltda.	4,086	802	-	-
Residencial Jacú-Pessego I SPE Ltda.	569	337	-	-
Sugoi Residencial I SPE Ltda	391	261	-	-
Sugoi Residencial II SPE Ltda	729	410	-	-
Sugoi Residencial III SPE Ltda	560	492	-	-
Sugoi Residencial Via Verde SPE Ltda	2	1	-	-
Sugoi Residencial IV SPE Ltda	73	73	-	-
Sugoi Residencial V SPE Ltda	777	-	-	-
Sugoi Residencial VI SPE Ltda	17,150	1,755	-	-
Sugoi Residencial VII SPE Ltda	3	2	-	-
Sugoi Residencial VIII SPE Ltda	810	809	-	-
Sugoi Residencial IX SPE Ltda	3,486	2,142	-	-
Tsuri Acre Ltda	16	16	16	16
Sugoi Residencial XI SPE Ltda	722	546	-	-
Sugoi Residencial XIII SPE Ltda	2,526	2,075	-	-
Sugoi Residencial XIV SPE Ltda	2	3	-	-
Sugoi Residencial X SPE Ltda	27	26	-	-
Sugoi Residencial XII SPE Ltda	25	26	-	-
Sugoi Residencial XVI SPE Ltda	121	112	-	-
Sugoi Residencial XV SPE Ltda	39	38	-	-
Residencial Guarapiranga SPE Ltda	18	-	18	-
Sugoi Residencial XXIV SPE Ltda	2	1	-	-
Sugoi Residencial XXIII SPE Ltda	12	12	-	-
Sugoi Residencial XXII SPE Ltda	1,005	1	-	-
Sugoi Residencial XIX SPE Ltda	137	17	-	-
Sugoi Residencial XX SPE Ltda	49	2	-	-
Sugoi Residencial XXI Ltda	224	223	-	-
Sugoi Residencial XVII SPE Ltda	1	2	-	-
Sugoi Residencial XVIII SPE Ltda	472	201	-	-
Residencial Vila União SPE LTDA	65	-	-	-
Residencial Atibaia SPE Ltda	84	-	-	-
Residencial Bragança SPE Ltda	42	-	-	-
Thiago de Oliveira Andrade Pazinato	419	-	419	-
Ronaldo Yoshio Akagui	446	-	446	-
Others	-	-	552	553
Total	69,383	46,700	15,852	10,551

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Description (Liabilities)	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Condomínio Varandas Jardim do Lago	11,514	11,376	-	-
Vista Cantareira Empreendimentos Imobiliários Ltda	6,402	6,491	-	-
Residencial Monte Serrat Ltda	378	337	-	-
Residencial Parque do Carmo SPE Ltda	5,965	-	-	-
Residencial São Mateus SPE Ltda	57,353	41,644	-	-
Kibutz Administração e Participações Ltda	108	-	108	31
Residencial Bom Retiro SPE Ltda	31,131	27,048	-	-
Residencial Sports Gardens da Amazônia Ltda.	-	-	199	210
Residencial Colina Guarapiranga SPE Ltda	-	-	31	-
Sugoi Residencial V SPE Ltda	-	43	-	-
Dahab Brasil S.A.	-	117	-	117
Montanha Vermelha Participações S.A.	120	436	120	436
Total	112,971	87,492	458	794

The balances of accounts held with controlled and jointly-controlled companies represent current intercompany loans transactions 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 ventures in those companies. The liability balances refer to receipts of funds from controlled and jointly-controlled companies, resulting from payments made by clients for sale of real estate units.

10 Loans and financing

Type	Financial institution	Guarantees	Type	Commissions and interest rate	Parent company		Consolidated	
					December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Bank Credit Notes (CCB)	Caixa Econômica Federal	Pledge of property	Corporate	CDI + 3.91% p.a.	5,000	1,400	5,000	1,400
Housing Finance System (SFH)	Caixa Econômica Federal	None	Venture	Up to 11% p.a.	-	-	11,108	6,304
Machinery and Equipment Financing (FINAME)	Santander	None	Venture	SELIC + 5.54% p.a.	-	-	15,603	11,277
Lease	Banco Daycoval	None	Corporate	Up to 22.99% p.a.	-	33	-	33
Bank Credit Notes (CCB)	Banco Daycoval	Investment Guarantee Fund (FGI) - BNDES	Corporate	14.02% p.a.	1,158	1,516	1,158	1,516
Bank Credit Notes (CCB)	Banco ABC	CDB R\$ 2MM + BNDES FGI	Corporate	CDI + 6.73% p.a.	7,681	10,111	7,681	10,111
Bank Credit Notes (CCB)	Banco PINE	Pledge of property	Corporate	CDI + 8.02% p.a.	5,542	1,513	5,542	1,513
Bank Credit Notes (CCB)	Banco PINE	None	Corporate	10.43% p.a.	-	4,000	-	4,000
Overdraft protection	Caixa Econômica Federal	None	Corporate	8% p.m.	1,000	-	1,000	-
Overdraft protection	Banco Itaú	None	Corporate	8% p.m.	28	-	82	-
Overdraft protection	Banco ABC Brasil S.A.	None	Corporate	8% p.m.	1,029	-	1,029	-
	Sugoi Development USA LLC	None	Corporate		-	-	-	1,081
					21,438	18,573	48,203	37,235
Current portion					11,697	9,248	30,434	17,573
Noncurrent portion					9,741	9,325	17,769	19,662

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Changes in indebtedness

		Parent company					
Institution	Type	December 31, 2020	Fund raising	Appropriation of charges	Payment of principal	Interest payments	December 31, 2021
Caixa Econômica Federal	Working capital	1,400	5,000	169	(1,389)	(180)	5,000
Banco PINE	CCB	5,510	7,000	1,317	(7,617)	(669)	5,541
Banco Daycoval S.A.	CCB	1,517	-	371	(545)	(185)	1,158
Banco ABC Brasil S.A.	CCB	10,113	-	1,921	(3,419)	(933)	7,682
Banco Daycoval S.A.	Lease	33	-	(33)	-	-	-
Caixa Econômica Federal	Overdraft protection	-	1,000	-	-	-	1,000
Banco Itaú	Overdraft protection	-	28	-	-	-	28
Banco ABC Brasil S.A.	Overdraft protection	-	1,029	-	-	-	1,029
		18,573	14,057	3,745	(12,970)	(1,967)	21,438
		Consolidated					
Institution	Type	December 31, 2020	Fund raising	Appropriation of charges	Payment of principal	Interest payments	December 31, 2021
Caixa Econômica Federal	Working capital	1,400	5,000	169	(1,389)	(180)	5,000
Banco PINE	CCB	5,510	7,000	1,317	(7,617)	(668)	5,542
Banco Daycoval S.A.	CCB	1,517	-	371	(545)	(185)	1,158
Banco ABC Brasil S.A.	CCB	10,113	-	1,921	(3,419)	(934)	7,681
Banco Daycoval S.A.	Lease	33	-	(33)	-	-	-
Caixa Econômica Federal	SFH	6,304	24,303	1,154	(19,273)	(1,380)	11,108
Banco Santander	FINAME	11,277	4,345	1,476	(896)	(600)	15,603
Caixa Econômica Federal	Overdraft protection	-	1,000	-	-	-	1,000
Banco Itaú	Overdraft protection	-	82	-	-	-	82
Banco ABC Brasil S.A.	Overdraft protection	-	1,029	-	-	-	1,029
Sugoi Development USA LLC		1,081	-	-	(1,081)	-	-
		37,235	42,759	6,376	(34,220)	(3,947)	48,203

The balances by year of maturity are as follows:

Year	Parent company			Consolidated
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
2022	11,697	9,248	30,434	17,573
2023	6,275	3,903	14,302	9,541
2024	3,466	3,417	3,467	8,116
2025	-	2,005	-	2,005
	21,438	18,573	48,203	37,235

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The loans have as guarantee the pledge of properties belonging to controlled companies or the portfolio of receivables. In turn, the SFH contract has as guarantee the pledge of the land of the financed venture, as well as financing (related credits) received from clients. Loan contracts have no related covenants.

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

- The probable scenario of interest rate fluctuation estimated by Management:
 - Estimated interest rate: 9% per year.
- The possible scenario of interest rate fluctuation, with deterioration of twenty-five percent (25%) in the risk variable considered as probable:
 - Estimated interest rate: Increase to 10% per year.
- The remote scenario of interest rate fluctuation, with deterioration of fifty percent (50%) in the risk variable considered as probable:
 - Estimated interest rate: Increase to 11% per year.

Impacts presented in the chart below refer to the total outstanding debt balance.

Balance	Risk of increase in interest rate	Parent company		
		9% p.a. Probable	10% p.a. Possible	11% p.a. Remote
21,438	Accounting effect (cost/ expense)	2,358	2,144	1,929

Balance	Risk of increase in interest rate	Consolidated		
		9% p.a. Probable	10% p.a. Possible	11% p.a. Remote
48,203	Accounting effect (cost/ expense)	5,302	4,820	4,338

11 Trade accounts payable

Maturity	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Overdue	647	49	16,333	2,872
Falling due in up to 30 days	167	142	9,930	11,530
Falling due between 31 and 60 days	1	-	1,342	1,312
Falling due between 61 and 90 days	-	-	181	574
Falling due between 91 and 120 days	-	-	21	103
Falling due between 121 and 180 days	-	-	1,120	201
Falling due after 180 days	-	-	642	37
Total falling due	168	142	13,236	13,757
Total	815	191	29,569	16,629

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12 Labor and tax liabilities

Description	Parent company			Consolidated
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Tax liabilities	501	501	503	503
Labor liabilities	268	346	430	585
Taxes withheld at source	693	22	2,751	781
Special Tax Regime (RET) – Current amounts	-	-	6,339	2,801
RET – Deferred amounts	-	-	2,592	1,247
Total	1,462	869	12,615	5,917
Current amounts	1,462	869	9,969	4,670
Noncurrent amounts	-	-	2,646	1,247

13 Accounts payable

Description	Parent company			Consolidated
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Acquisition of ownership interest	1002	1,680	1002	1,680
Commission on plots of land	-	-	500	500
Contract cancellations payable	-	-	65	497
Rents payable	1,004	1,359	1,005	1,359
Others	-	994	283	994
Total	2,006	4,033	2,855	5,030
Current amounts	1,350	4,033	1,493	4,530
Noncurrent amounts	656	-	1,362	500

14 Advances from clients and others

Description	Parent company			Consolidated
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Advances from clients - Real estate development	-	-	6,825	9,463
Advances from clients - Bartered units launched	-	-	208	10,841
Creditors from acquired properties	5,998	1,042	158,741	118,445
Barters (*)	-	5,435	22,099	78,530
Others	-	-	-	2,283
Total	5,998	6,477	187,873	219,562
Current amounts	5,998	6,477	22,314	67,209
Noncurrent amounts	-	-	165,559	152,353

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

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15 Debentures

Trustee	Type	Guarantees	Interest rate	Parent company		Consolidated	
				December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Oliveira Trust	Debentures	Pledge of property	CDI + 7.5% p.a.	-	7,301	-	7,301
				-	7,301	-	7,301

Changes in debentures

Trustee	Type	Consolidated					December 31, 2021
		December 31, 2020	Fund raising	Appropriation of charges	Payment of principal	Interest payments	
Oliveira Trust	Debentures	7,301	-	123	(7,301)	(123)	-
		7,301	-	123	(7,301)	(123)	-

The Company contracted two debentures that were settled at the beginning of 2021. There is no debenture transaction in progress, and the purpose of the table above is just comparing the balance recorded for the current period with the one recorded for the previous year.

16 Real Estate Receivables Certificates (CRI)

Financial institution	Type	Guarantees	Interest rate	Parent company			Consolidated
				December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Travessia Securitizadora	(CRI - 39 th series)	Pledge of property	DI + 7% p.a.	29,167	34,236	29,167	34,236
Travessia Securitizadora	(CRI - 60 th series)	Pledge of property	DI + 6.25% p.a.	30,000	-	30,000	-
Current portion				10,000	7,458	10,000	7,458
Noncurrent portion				49,167	26,778	49,167	26,778

Changes in CRI:

Financial institution	Type	Consolidated					December 31, 2021
		December 31, 2020	Fund raising	Appropriation of charges	Payment of principal	Interest payments	
Travessia Securitizadora	(CRI - 39 th series)	34,236	-	7,922	(6,266)	(6,725)	29,167
Travessia Securitizadora	(CRI - 60 th series)	-	30,000	-	-	-	30,000
		34,236	30,000	7,922	(6,266)	(6,725)	59,167

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The payment schedule of loans installments is as follows:

Year	Consolidated	
	December 31, 2021	December 31, 2020
2022	10,000	7,458
2023	18,571	1,500
2024	17,739	10,850
2025	8,571	14,428
2026	4,286	-
	59,167	34,236

Balance	Risk of increase in interest rate	9% p.a. Probable	10% p.a. Possible	11% p.a. Remote
59,167	Accounting effect (cost/expense)	5,325	5,917	6,508

CRIs are adjusted at CDI plus annual interest of 7% charged on the nominal value, calculated on a business day pro rata basis, with monthly payments as from May 2021 and maturing in June 2026.

17 Provisions

Description	Consolidated	
	December 31, 2021	December 31, 2020
Provision for guarantee (i)	3,515	2,753
Provision for contingencies (ii)	197	1,617
Total	3,712	4,370

(i) Provisions for guarantees refer to the estimate of expenses to be incurred by the Company with the existing guarantees related to the period after the delivery of the keys of real estate units. The guarantee period is calculated based on an average of expenses incurred in the last 5 years, which is the best estimate of the Company's Management. The estimate was made based on historical information on guarantee and may vary as a result of the use of new materials, construction modifications and other events that directly affect the units built.

(ii) In the ordinary course of conducting its business, the Company is involved in labor, civil and tax proceedings. Management, relying on its legal counselors' opinion or that of other experts, when applicable, evaluates the possible outcome of ongoing proceedings, and the need to set up provisions for contingencies arising from them. The provision recognized in the consolidated statements, in the amount of R\$ 197 (R\$ 1,617 as at December 31, 2020), 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\$ 1,988 in the Consolidated financial statements (R\$ 6,017 as at December 31, 2020) were not recognized, also arising from labor and civil lawsuits whose likelihood of loss was assessed by the Company's legal counselors as possible, which is the reason Management did not record this amount in the financial statements.

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Equity

(a) Capital

The Company's capital consists of one million (1,000,000) shares, fully paid-in and distributed as follows:

	December 31, 2021	December 31, 2020
Number of shares		
Ronaldo Yoshio Akagui	500,000	500,000
Thiago de Oliveira Andrade Pazinato	500,000	500,000
Total	1,000,000	1,000,000

Pursuant to the 7th amendment to the articles of organization made 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 Meeting held on November 24, 2016, Kibutz Participações Ltda. transfers its common registered shares to Kibutz Administração e Participações S.A.

The Company structured its process of registration with CVM in category A, dated July 19, 2016, and is currently registered under code "CVM 23957".

In accordance with the corporate restructuring of the Company carried out on November 29, 2020, "relevant fact", Kibutz Administração e Participações S.A. is no longer the operating holding of Sugoi S.A., and control was transferred to its direct shareholders.

(b) Profit

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. No minimum amount to be distributed has been established, therefore, profits amounting to R\$ 1MM was distributed to Residencial São Mateus.

(c) Earnings per share

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

	December 31, 2021	December 31, 2020
Net income (loss) (in Brazilian Reals)	6,337,000	18,677,000
Number of shares	500,000	500,000
	6.337	18.677

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

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

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There is no difference between basic earnings (losses) per share and diluted earnings (losses), since there are no potential common shares which could be issued and converted in the future.

(d) Cumulative translation adjustment

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

19 Net revenues and gross profit

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

Description	Consolidated	
	December 31, 2021	December 31, 2020
Revenue from properties	217,620	188,534
Cancelled sales	(1,323)	(1,450)
Gross operating revenue	216,297	187,084
Taxes levied	(5,021)	(3,618)
Net operating revenue	211,276	183,466
Expenses on land, development and construction	(144,592)	(120,602)
Gross profit	66,684	62,864
Gross margin percentage - %	31.6%	34.3%

20 Expenses by type

Description	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Selling expenses				
Commissions	-	-	(7,190)	(6,295)
Advising and consulting	(1,052)	(93)	(721)	(192)
Advertising and publicity	(631)	(27)	(7,420)	(3,859)
Expenses on sales stands and show apartments	-	-	(1,114)	(558)
Rent expenses	-	-	(229)	(761)
Insurance	-	(170)	(1)	(601)
Other selling expenses	-	(39)	(1,896)	(269)
	(1,683)	(329)	(18,570)	(12,535)
General and administrative expenses				
Advising and consulting	(7,179)	(6,107)	(9,417)	(8,174)
Personnel expenses	(5,952)	(3,913)	(6,188)	(3,937)
Rent expenses	(810)	(323)	(810)	(362)
Expenses on office materials	(705)	(448)	(1,118)	(790)
Depreciation	(218)	(260)	(234)	(264)
Expenses on notary's office and registry	(161)	(149)	(518)	(288)
Provision for contingencies	-	-	-	-
Insurance	-	-	(411)	(510)
Allowance for doubtful account	(3,124)	(2,254)	(3,581)	(2,254)
Other administrative expenses	-	(429)	(1,775)	(2,614)
	(18,149)	(13,883)	(24,051)	(19,193)
	(19,832)	(14,212)	(42,662)	(31,728)

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21. Net financial income (loss)

	Parent company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Financial expenses				
Discounts granted	-	-	(54)	(37)
Interest losses	(4,068)	(4,481)	(6,666)	(5,751)
Late payment fine	(163)	(85)	(1,206)	(83)
Bank fees	(554)	(107)	(1,331)	(926)
	(4,785)	(4,673)	(9,257)	(6,797)
Financial revenues				
Discounts obtained	7		179	83
Interest on financial investments	0	65	0	243
	7	65	179	326
	(4,778)	(4,608)	(9,078)	(6,471)

22 Real estate ventures under development

Description	December 31, 2021	December 31, 2020
Unrecognized sale contracted (Note 4)	104,414	178,941
Taxes on sales	(4,177)	(7,158)
	100,237	171,783
Cost to incur of units sold	(66,750)	(121,753)
	33,487	50,030
Percentage of unrecognized gross margin	33.4%	29.1%

(a) The table below shows recognized income (loss) arising from ventures under construction.

Description	December 31, 2021	December 31, 2020
Recognized revenue	705,083	373,199
Taxes on revenues	(28,203)	(14,928)
	676,880	358,271
Recognized cost	(471,342)	(250,676)
Gross profit	205,538	107,595
Recognized gross margin - %	30.37%	30.03%

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(b) The table below shows total budgeted costs to be incurred in the venture.

Description	December 31, 2021	December 31, 2020
Units under construction sold	66,750	121,753
Units under construction not yet sold	39,270	24,357
Budgeted cost to be incurred	106,020	146,110
Inventory - Real estate under construction	31,577	46,149
Total cost to be recognized	137,597	192,259

23 Insurance

The Company takes out insurance at amounts considered sufficient by Management to cover possible risks to its assets and/or liabilities.

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

24 Management of risks and financial instruments

(a) Risk management

The Company has entered into transactions with financial instruments. These instruments are managed based on operating 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 against 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 instruments for speculation purposes.

The amounts of asset and liability 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:

	Parent company		Consolidated		Classification
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	
FINANCIAL ASSETS					
Cash and cash equivalents	19,278	23,679	29,385	44,078	Fair value through income (loss)
Trade accounts receivable	-	-	69,486	41,360	Amortized cost
Related-party transactions	69,383	46,700	15,852	10,551	Amortized cost
FINANCIAL LIABILITIES					
Trade accounts payable	815	191	29,569	16,629	Amortized cost
Loans, financing and debentures	80,605	60,110	107,370	78,772	Amortized cost
Plots of land payable	5,998	6,477	187,873	219,562	Amortized cost
Related-party transactions	112,971	87,492	458	794	Amortized cost

Credit risk

Credit risk results from the possibility of the Company incurring losses arising from default of its clients. In order to reduce this risk, the Company analyzes the financial and equity position of its clients by means of a credit granting and qualification program.

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<u>Book value</u>	Consolidated	
	12/31/2021	12/31/2020
Trade accounts receivable - 4	29,385	44,078

Interest rate risk

Interest rate risk arises from the possibility of the Company reporting gains from or losses on fluctuations in interest rates charged on its financial assets and liabilities. In order to reduce this risk, the Company has entered into contracts for ballasting financial assets and liabilities with fixed rates.

Risk increase operation	Position as at 12/31/2020	Risk factor	Consolidated		
			Scenario I	Scenario II	Scenario III
Assets:					
Cash and cash equivalents	29,385	CDI	11.75%	8.81%	5.87%
Projected financial revenues	-	-	3,453	2,589	1,725
Liabilities:					
Loans and financing	107,370	CDI	11.75%	14.68%	17.62%
Projected financial expenses	-	-	12,616	15,762	18,919

Market risk

Market risk results from the possibility of fluctuations in market prices of raw materials and inputs used in the process of construction of real estate units. These price fluctuations may cause significant changes in the costs of the Company's inventories. In order to reduce this risk, 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 the Company's liquidity requirements 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.

Operating risk

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

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

Top Management is responsible 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:

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- Requirements for adequate segregation of duties, including independent authorization of 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 address identified risks;
- Requirements for reporting operating losses and corrective actions proposed;
- 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 financial assets and liabilities, together with their book values, are presented in the statement of financial position under the captions Cash and cash equivalents, Financial investments, Accounts receivable, Other accounts receivable, Trade accounts payable, Other accounts payable, Loans and financing and Related-party transactions.

	Note	Consolidated	
		12/31/2021	12/31/2020
Book value			
Cash and cash equivalents	3	29,385	44,078
Accounts receivable	4	69,486	41,360
Total		98,871	85,438

(c) Capital management

The Company manages its capital for the purpose of safeguarding the continuity of return to its shareholders and for benefiting other interested parties, in addition to maintaining an ideal 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 in its operations.

25 Pandemic – Covid-19 – Coronavirus

The Company has adopted measures to mitigate the transmission of the virus at construction sites, points of sale or its head office. It has also increased the frequency of its hygiene practices, with 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 to preserve the physical and psychological health of its employees, dismissing from work all individuals over 60 years of age.

Operations at construction sites continue, still with immaterial impacts, and the Company believes that, in this sense, there should be no significant interference in the execution of ventures. However, external restrictions, such as public transportation of employees and supply of inputs and raw materials essential for continuity of the work, may have significant impacts, a possibility that cannot be considered and measured at this time.

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The Company redirected its sales force to serve clients at a distance, expanding the online dissemination of ventures by means of applications and social networks, and maintains daily contact with Top Management to monitor the scenario and optimize decision making.

Regarding the Company's operating/financial measures due to the pandemic, we point out the following:

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

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

Alignment with clients to reinforce our commitment and safety in relation to installment renegotiation programs, among others.

Until this moment, no additional significant measures have been taken for the year ended December 31, 2021.

26 Subsequent events

According to the minutes of the meeting of the Board of Directors held on March 03, 2022, Sugoi concluded the disposal by Sugoi Development USA LLC, a wholly-owned controlled company of the Company, of the interest held in the company Lincoln at 27th LLC under the terms of the instrument called "Amended and Restated Operating Agreement of Lincoln at 27th LLC", signed on 07/21/2020, observing the commercial terms and conditions of the instrument "Sale of LLC Interest Agreement", dated 10/14/2021. Sugoi Development USA LLC, a wholly-owned controlled company of the company holding retained interest in the company Lincoln at 27th LLC and, thus, terminated its operations.