

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

**SUGOI S.A.**

**Independent auditor's report**

**Individual and consolidated interim financial  
information**

**As at June 30, 2021**

**SUGOI S.A.**

**Individual and consolidated interim financial information  
As at June 30, 2021**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

### Introduction

We have reviewed the individual and consolidated interim financial information of **Sugoi S.A. ("Company")**, included in the Quarterly Information, for the quarter ended June 30, 2021, which comprise the statement of financial position as at June 30, 2021, and the respective statements of operations and comprehensive income (loss) for the three- and six-month periods then ended, and of changes in equity and cash flows for the six-month period then ended, as well as the corresponding notes to the financial information.

The Company's Management is responsible for the preparation of the individual interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statements and of the consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) and International Accounting Standard (IAS) 34 - Interim Financial Reporting, applicable to entities of real estate development in Brazil registered with the Brazilian Securities and Exchange Commission (CVM), as well as for the presentation of this information in accordance with the standards issued by CVM, applicable to the preparation of Quarterly Information. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). An interim review consists principally of applying analytical and other review procedures and making enquiries to and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

### Conclusion on the individual interim financial information

Based on our review, we are not aware of any fact that would lead us to believe that the individual interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with Technical Pronouncement CPC 21 (R1), applicable to entities of real estate development in Brazil registered with CVM, as well as for the presentation of this information in accordance with standards issued by CVM applicable to the preparation of Quarterly Information.

### **Conclusion on the consolidated interim financial information**

Based on our review, we are not aware of any fact that that would lead us to believe that the consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34, applicable to entities of real estate development in Brazil registered with CVM, as well as for the presentation of this information in accordance with standards issued by CVM applicable to the preparation of Quarterly Information.

### **Emphasis**

#### **Revenue recognition**

As described in Note 2.1., the individual interim financial information included in the Quarterly Information has been prepared in accordance with Technical Pronouncement CPC 21 (R1), and the consolidated interim financial information included in the Quarterly Information has been prepared in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34, applicable to entities 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 agreements for purchase and sale of unfinished real estate units, related to aspects of 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 conclusion is not qualified in respect of this matter.

### **Other matters**

#### **Statements of value added**

The quarterly information referred to above includes the individual and consolidated statements of value added for the six-month period ended June 30, 2021, prepared under the responsibility of the Company's Management and presented as supplementary information pursuant to IAS 34, applicable to entities of real estate development in Brazil registered with CVM. These statements were submitted to review procedures carried out along with the review of the quarterly information, aiming to conclude if they are in accordance with the interim financial information and accounting records, as applicable, and if their form and contents are in accordance with the criteria established in CPC 09 - Statement of Value Added.

Based on our review, we are not aware of any fact that would lead us to believe that these statements were not prepared, in all material respects, in accordance with the criteria established in this standard and consistently with the individual and consolidated interim financial information taken as whole.

The accompanying financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 16, 2021.

**Sugoi S.A.****Statements of financial position as at June 30, 2021, and December 31, 2020**

(In thousands of Brazilian Reais)

**ASSETS**

		Parent company		Consolidated	
Assets	Note	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current assets					
Cash and cash equivalents	3	2,552	23,679	12,245	44,078
Accounts receivable	4	-	-	36,081	26,922
Properties for sale	5	6,826	3,782	122,927	98,994
Sundry receivables	6	2,086	1,845	7,523	6,892
Taxes and contributions to be offset		286	228	584	519
Prepaid expenses		570	456	8,230	7,468
		12,320	29,990	187,590	184,873
Noncurrent assets					
Accounts receivable	4	-	-	13,522	14,438
Properties for sale	5	1,222	4,127	143,667	168,197
Sundry receivables	6	-	-	4,142	4,142
Related-party transactions	9	58,307	46,700	13,271	10,551
Taxes and contributions to offset	-	22	22	25	-
Prepaid expenses	-	-	-	-	427
		59,551	50,849	174,627	197,755
Investments	7	139,664	130,845	3,408	2,697
Fixed assets	8	975	1,071	1,844	1,719
		200,190	182,765	179,879	202,171
Total assets		212,510	212,755	367,469	387,044

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.****Statements of financial position as at June 30, 2021, and December 31, 2020**

(In thousands of Brazilian Reais)

**LIABILITIES**

Liabilities	Note	Parent company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current liabilities					
Loans and financing	11	10,321	9,248	20,642	17,573
Debentures	16	-	7,301	-	7,301
Real Estate Receivables Certificates	17	9,674	7,458	9,674	7,458
Trade accounts payable	12	1,033	191	21,320	16,629
Labor and tax liabilities	13	894	869	4,825	4,670
Accounts payable	14	1,634	4,033	3,013	4,530
Advances from clients and others	15	6,338	6,477	87,820	67,209
Related-party transactions	9	100,335	87,492	2,066	794
		130,229	123,069	149,360	126,164
Noncurrent liabilities					
Loans and financing	11	9,557	9,325	19,895	19,662
Intercompany account with Silent Partnerships (SCPs)	10	1,405	1,405	1,405	1,405
Real Estate Receivables Certificates	17	23,776	26,778	23,777	26,778
Labor and tax liabilities	13	-	-	3,997	1,247
Accounts payable	14	-	-	500	500
Advances from clients and others	15	-	-	111,616	152,353
Provisions	18	-	-	3,609	4,370
Provisions for losses on investments	7	4,545	7,492	3,423	3,423
		39,283	45,000	168,222	209,738
Total liabilities		169,512	168,069	317,582	335,902
Equity	18				
Capital stock		1,000	1,000	1,000	1,000
Statutory reserve		200	200	200	200
Income reserve		41,373	43,438	41,373	43,438
Cumulative translation adjustment		425	48	425	48
		42,998	44,686	42,998	44,686
Noncontrolling interest		-	-	6,890	6,456
Total equity		42,998	44,686	49,888	51,142
Total liabilities and equity		212,510	212,755	367,469	387,044

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of operations for the periods ended June 30, 2021 and 2020**  
(In thousands of Brazilian Reals)

	Note	Parent company				Consolidated			
		06/30/2021	04/01/2021 to 06/30/2021	06/30/2020	04/01/2020 to 06/30/2020	06/30/2021	04/01/2021 to 06/30/2021	06/30/2020	04/01/2020 to 06/30/2020
Revenues from properties		-	-	-	-	99,055	51,639	75,249	39,759
Taxes levied		(0)	(0)	-	-	(3,895)	(1,927)	(1,508)	(155)
<b>Continuing operations</b>									
Net revenues	19	(0)	(0)	-	-	95,160	49,712	73,741	39,604
Costs of sales	19	-	-	-	-	(67,482)	(35,800)	(46,199)	(25,606)
<b>Gross profit</b>	19	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>27,678</b>	<b>13,912</b>	<b>27,542</b>	<b>13,998</b>
Operating revenues (expenses)									
General and administrative expenses	20	(7,774)	(3,645)	(5,162)	(2,619)	(11,019)	(5,289)	(7,023)	(3,613)
Selling expenses	21	(2,073)	(624)	(75)	(30)	(10,197)	(3,794)	(3,923)	(1,940)
Other operating revenues (expenses), net		-	-	-	-	617	(728)	(1,135)	(762)
Equity in earnings (losses) of controlled companies	7	11,065	5,934	18,120	8,387	(950)	1	26	-
		<b>1,218</b>	<b>1,665</b>	<b>12,883</b>	<b>5,738</b>	<b>(21,549)</b>	<b>(9,812)</b>	<b>(12,055)</b>	<b>(6,315)</b>
<b>Income (loss) before financial income (loss)</b>		<b>1,218</b>	<b>1,665</b>	<b>12,883</b>	<b>5,738</b>	<b>6,129</b>	<b>4,100</b>	<b>15,487</b>	<b>7,683</b>
Financial expenses		(2,892)	(1,142)	(1,528)	(356)	(4,562)	(1,842)	(1,868)	(483)
Financial revenues		33	13	53	15	143	100	146	36
<b>Net financial income (loss)</b>		<b>(2,859)</b>	<b>(1,129)</b>	<b>(1,475)</b>	<b>(341)</b>	<b>(4,419)</b>	<b>(1,742)</b>	<b>(1,722)</b>	<b>(447)</b>
		<b>(1,641)</b>	<b>537</b>	<b>11,408</b>	<b>5,397</b>	<b>1,710</b>	<b>2,358</b>	<b>13,765</b>	<b>7,236</b>
<b>Income (loss) before Income and Social Contribution taxes</b>		<b>(1,641)</b>	<b>537</b>	<b>11,408</b>	<b>5,397</b>	<b>1,710</b>	<b>2,358</b>	<b>13,765</b>	<b>7,236</b>
Current Income and Social Contribution taxes	-	-	-	-	-	(1,782)	(580)	(659)	(659)
Deferred Income and Social Contribution taxes	-	-	-	-	-	(911)	(911)	(733)	(733)
<b>Net income (loss) for the period</b>		<b>(1,641)</b>	<b>537</b>	<b>11,408</b>	<b>5,397</b>	<b>(983)</b>	<b>867</b>	<b>12,373</b>	<b>5,844</b>
Attributable to									
Controlling shareholders of the Company						(1,641)	537	11,408	5,397
Noncontrolling interest						658	330	965	447
<b>Basic and diluted earnings (losses) per share</b>	18 c	<b>(1,641)</b>	<b>0,537</b>	<b>11,408</b>	<b>5,397</b>				

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of comprehensive income (loss) for the periods ended June 30, 2021 and 2020**  
(In thousands of Brazilian Reais)

	<b>Parent company</b>				<b>Consolidated</b>			
	<b>06/30/2021</b>	<b>04/01/2021 to 06/30/2021</b>	<b>06/30/2020</b>	<b>04/01/2020 to 06/30/2020</b>	<b>06/30/2021</b>	<b>04/01/2021 to 06/30/2021</b>	<b>06/30/2020</b>	<b>04/01/2020 to 06/30/2020</b>
Net income (loss) for the period	(1,641)	537	11,408	13,586	(983)	867	12,373	14,223
Translation adjustment in controlled companies	425	-	48	(377)	425	0	48	(377)
(=) Comprehensive income (loss) for the period	<b>(1,216)</b>	<b>537</b>	<b>11,456</b>	<b>13,209</b>	<b>(558)</b>	<b>867</b>	<b>12,421</b>	<b>13,846</b>
Attributable to								
Controlling shareholders of the Company					(1,216)	537	11,456	13,209
Noncontrolling interest					658	330	965	637
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(558)</b>	<b>867</b>	<b>12,421</b>	<b>13,846</b>

The accompanying notes are an integral part of this financial information.



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

**Attributable to controlling shareholders of the Company**

	<b>Paid-in capital stock</b>	<b>Statutory reserve</b>	<b>Income reserves</b>	<b>Cumulative translation adjustment</b>	<b>Total</b>	<b>Noncontrolling interest</b>	<b>Consolidated equity</b>
<b>Balance as at January 01, 2020</b>	1,000	200	33,383	90	34,673	4,544	39,217
Translation adjustment in controlled companies	-	-	-	7	7	-	7
Net income for the year	-	-	11,408	-	11,408	965	12,373
<b>Balance as at June 30, 2020</b>	<b>1,000</b>	<b>200</b>	<b>44,791</b>	<b>97</b>	<b>46,088</b>	<b>5,509</b>	<b>51,597</b>
<b>Balance as at January 01, 2021</b>	1,000	200	43,438	48	44,686	6,456	51,142
Profit distribution	-	-	-	-	-	(54)	(54)
Translation adjustment in controlled companies	-	-	(425)	377	(48)	(169)	(217)
Net income for the period	-	-	(1,641)	-	(1,641)	658	(983)
<b>Balance as at June 30, 2021</b>	<b>1,000</b>	<b>200</b>	<b>41,373</b>	<b>425</b>	<b>42,998</b>	<b>6,890</b>	<b>49,888</b>

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of cash flows for the periods ended June 30, 2021 and 2020**  
(In thousands of Brazilian Reals)

		<b>Parent company</b>		<b>Consolidated</b>	
	<b>Note</b>	<b>06/30/2021</b>	<b>06/30/2020</b>	<b>06/30/2021</b>	<b>06/30/2020</b>
<b>From operating activities</b>					
Net income (loss) for the period	<b>18c</b>	(1,641)	11,408	(983)	12,373
<b>Adjustments to reconcile income (loss) with cash and cash equivalents from operating activities</b>					
Depreciation and amortization	<b>8</b>	101	232	103	234
Provision for construction warranty and contingencies	<b>18</b>	-	-	1,148	1,614
Deferred taxes	<b>13</b>	-	-	911	265
Discount to present value	<b>4</b>	-	-	667	-
Asset and liability translation adjustment		(49)	-	216	-
Equity in earnings (losses) of controlled companies	<b>7</b>	(11,065)	(18,120)	950	(26)
		<b>(12,654)</b>	<b>(6,480)</b>	<b>3,012</b>	<b>14,460</b>
<b>Changes in assets and liabilities</b>					
<b>(Increase)/decrease in asset accounts</b>					
Accounts receivable	<b>4</b>	-	-	(8,243)	(3,601)
Properties for sale	<b>5</b>	(139)	(11)	597	(7,561)
Taxes and contributions to be offset	<b>13</b>	(58)	(1)	(90)	(48)
Sundry receivables	<b>6</b>	(241)	(92)	631	(4,616)
Unrecognized selling expenses		(114)	(100)	(335)	52
<b>Increase/(decrease) in liability accounts</b>					
Labor and tax liabilities	<b>13</b>	25	69	1,994	2,436
Trade accounts payable	<b>12</b>	842	(55)	4,691	5,663
Accounts payable	<b>14</b>	(2,399)	2,972	(1,516)	2,916
Advances from clients	<b>15</b>	(139)	-	(20,126)	(7,190)
		<b>(14,877)</b>	<b>(3,698)</b>	<b>(19,386)</b>	<b>2,511</b>
Paid Income and Social Contribution taxes	<b>13</b>	-	-	(1,782)	(659)
<b>Net cash from operating activities</b>		<b>(14,877)</b>	<b>(3,698)</b>	<b>(21,168)</b>	<b>1,852</b>
<b>From investing activities</b>					
(Increase)/decrease in capital of controlled companies, net	<b>18</b>	(700)	(284)	(1,661)	-
In fixed assets	<b>8</b>	(5)	(232)	(228)	(343)
In intangible assets		(0)	205	(0)	205
<b>Net cash from investing activities</b>		<b>(705)</b>	<b>(311)</b>	<b>(1,889)</b>	<b>(131)</b>
<b>From financing activities</b>					
Raising of loans, financing and others	<b>11</b>	20,767	1,466	30,309	13,889
Payment of loans, financing and others	<b>11</b>	(27,549)	(9,552)	(35,093)	(19,147)
Related-party transactions	<b>9</b>	1,237	8,048	(3,992)	(3)
<b>Net cash from financing activities</b>		<b>(5,545)</b>	<b>(38)</b>	<b>(8,776)</b>	<b>(5,261)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(21,127)</b>	<b>(4,047)</b>	<b>(31,833)</b>	<b>(3,540)</b>
<b>Cash and cash equivalents</b>					
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		2,552	352	12,245	19,924
<b>Decrease in cash and cash equivalents</b>		<b>(21,127)</b>	<b>(4,047)</b>	<b>(31,833)</b>	<b>(3,540)</b>

The accompanying notes are an integral part of this financial information.

**Sugoi S.A.**  
**Statements of value added for the periods ended June 30, 2021 and 2020**  
(In thousands of Brazilian Reais)

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/2021</b>	<b>06/30/2020</b>	<b>06/30/2021</b>	<b>06/30/2020</b>
<b>Revenues</b>				
Sales and services	-	-	99,055	75,249
Other revenues	-	-	617	(1,135)
	<b>-</b>	<b>-</b>	<b>99,672</b>	<b>74,114</b>
<b>Inputs acquired from third parties</b>				
Cost of goods, merchandise and services sold	-	-	(67,483)	(46,199)
Materials, energy, third-party and other operating services	(6,550)	(3,031)	(11,477)	(6,945)
	<b>(6,550)</b>	<b>(3,031)</b>	<b>(78,960)</b>	<b>(53,144)</b>
<b>Gross value added</b>	<b>(6,550)</b>	<b>(3,031)</b>	<b>20,712</b>	<b>20,970</b>
Depreciation, amortization and depletion, net	(101)	(232)	(103)	(234)
<b>Net value added generated by the Company</b>	<b>(6,651)</b>	<b>(3,263)</b>	<b>20,609</b>	<b>20,736</b>
<b>Value added received in transfer</b>				
Equity in earnings (losses) of controlled companies	11,065	18,120	(950)	26
Financial revenues	33	53	144	146
	<b>11,098</b>	<b>18,173</b>	<b>(806)</b>	<b>172</b>
<b>Total value added to be distributed</b>	<b>4,447</b>	<b>14,910</b>	<b>19,803</b>	<b>20,908</b>
<b>Value added distribution</b>				
Personnel				
Payroll and charges	2,652	1,780	2,778	1,780
Commissions on sales	-	-	6,295	1,536
Management fees	62	15	62	15
Taxes, fees and contributions				
Federal	0	-	6,588	2,900
Return on debt capital				
Interest	2,892	1,528	4,562	1,868
Rents	482	179	501	436
Return on equity capital				
Net income (loss) for the period	(1,641)	11,408	(1,641)	11,408
Noncontrolling interest in retained earnings	-	-	658	965
	<b>4,447</b>	<b>14,910</b>	<b>19,803</b>	<b>20,908</b>

The accompanying notes are an integral part of this financial information.

# **SUGOI S.A.**

## **Notes to the quarterly information**

**As at June 30, 2021, and December 31, 2020**

**In thousands of Brazilian Reals, unless otherwise stated**

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### **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 very 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 interim financial information are presented below. These policies were applied consistently in relation to the previous year, unless otherwise stated.

#### **2.1 Statement of compliance**

The individual and consolidated interim financial information was prepared in accordance with Brazilian accounting practices and with the International Financial Reporting Standards (IFRS) applicable to entities of real estate development in Brazil registered with CVM.

## **SUGOI S.A.**

### **Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reais, unless otherwise stated**

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Aspects related to transfer of control in the sale of real estate units follow the understanding of the Company's Management, aligned with that of CVM in CVM/SNC/SEP Circular Letter No. 02/18 on the adoption of NBC TG 47 (IFRS 15).

The individual and consolidated interim financial information was approved by the Company's Management on August 16, 2021.

## **2.2 Basis of preparation**

The individual quarterly information was prepared in accordance with standard NBC TG 21 (R4) - Interim Statements, and the consolidated quarterly information was prepared in accordance with standard NBC TG 21 (R4) and International Accounting Standard (IAS) 34 – Interim Financial Reporting, applicable to real estate development entities registered with CVM and presented in compliance with the standards issued by it.

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

The individual and consolidated quarterly information was 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 quarterly information.

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

The preparation of individual and consolidated quarterly information requires that the Company's Management uses critical accounting estimates and 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 quarterly information, 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 quarterly information, 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 quarterly information**

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

Following the equity method, the quarterly information of the controlled and jointly-controlled companies is 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 quarterly information

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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 quarterly information:

##### (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	
	06/30/2021	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	95%	95%
Residencial Parque do Carmo SPE Ltda.	95%	95%
Residencial Idemori SPE Ltda	95%	95%
Sugoi Projeto SPE Ltda	95%	95%
Residencial Sports Gardens da Amazônia Ltda.	95%	95%
Sugoi N Empreendimentos Imobiliários Ltda	50%	50%
Residencial Portal do Belo Horizonte SPE Ltda	95%	95%
Residencial Barcelona SPE Ltda.	95%	95%
Condomínio Varandas Jardim do Lago II SPE Ltda.	95%	95%
Residencial Isabel Ferrari SPE Ltda.	95%	95%
Residencial São Jose SPE Ltda.	95%	95%
Residencial Jacú-Pessego I SPE Ltda.	95%	95%
Sugoi Residencial I SPE Ltda.	95%	95%
Sugoi Residencial II SPE Ltda.	95%	95%
Sugoi Residencial III SPE Ltda.	95%	95%
Residencial Via Verde SPE Ltda	95%	95%
Sugoi Residencial IV SPE Ltda.	95%	95%
Sugoi Residencial V SPE Ltda.	95%	95%
Sugoi Residencial VI SPE Ltda.	95%	95%
Sugoi Residencial VII SPE Ltda	95%	95%
Sugoi Residencial VIII SPE Ltda	95%	95%
Sugoi Residencial IX SPE Ltda	95%	95%
Sugoi Development USA, LLC	100%	100%
Sugoi Residencial X SPE Ltda.	95%	95%
Sugoi Residencial XI SPE Ltda.	95%	95%
Sugoi Residencial XII SPE Ltda.	95%	95%
Sugoi Residencial XIII SPE Ltda.	95%	95%
Sugoi Residencial XIV SPE Ltda.	95%	95%

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### Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reais, unless otherwise stated

Directly controlled and jointly-controlled companies	Percentage of ownership interest	
	06/30/2021	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%
Sugoi Residencial XXV SPE Ltda (i)	0%	95%
HTG Infraestrutura e Participações Ltda	33.33%	33.33%

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

#### (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".

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.

## 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 quarterly information.

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#### **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).

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



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### **Notes to the quarterly information**

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#### **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.

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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 adopts the deemed profit regime, whereby Income tax is calculated at the rate of 8% and Social Contribution tax is calculated at the rate of 12% charged on gross revenue (32% when it derives from services rendered and 100% in the case of financial revenues), to which the regular tax rates of 15% plus a 10% surtax for Income tax and 9% for Social Contribution tax are applied. In ventures under construction, the Company adopts the special tax regime (RET), in which the tax burden is 4% considering federal taxes (Taxes on Sales – PIS/COFINS) (Income and Social Contribution taxes – IRPJ and CSLL).

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).

#### **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.

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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:

<b>Agreement</b>	<b>Parties</b>	<b>Real estate guarantee</b>	<b>Credit risk</b>	<b>Market risk</b>	<b>Cancellation risk</b>
					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.
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	

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

The procedures below are followed for sales of unfinished units:

- 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 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 period, taking into consideration, when applicable, the splitting process for the period or events that took place following the preparation of the interim financial information.

#### **2.15 New pronouncements issued**

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

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- 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;
- 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
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform - IBOR “Phase 2”) - These amendments are mandatory for periods beginning on or after 01/01/2021, and elucidate aspects related to the definition of the interest rate benchmark for applying these standards.

### 3 Cash and cash equivalents

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Cash and banks – checking account	961	4,303	10,512	24,607
Bank Certificates of Deposit (CDB)	1,591	19,376	1,733	19,471
	2,552	23,679	12,245	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: 4% per year.

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- 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 3% 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 2% per year.

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

Balance	Risk of increase in interest rate	Parent company		
		4% p.a.	3% p.a.	2% p.a.
		Probable	Possible	Remote
2,552	Accounting effect (cost/expense)	102	77	51

Balance	Risk of increase in interest rate	Consolidated		
		4% p.a.	3 p.a.	2% p.a.
		Probable	Possible	Remote
12,245	Accounting effect (cost/expense)	490	367	245

#### 4 Accounts receivable

Description	Consolidated	
	June 30, 2021	December 31, 2020
Recognized sales revenue	585,279	488,870
Discount to present value	(2,141)	(1,135)
(-) Amount received	(534,293)	(447,113)
	48,845	40,622
Other accounts receivable	758	738
Current amounts	36,081	26,922
Noncurrent amounts	13,522	14,438

	Consolidated	
	June 30, 2021	December 31, 2020
Accounts receivable from sales recognized	585,279	488,870
Total received	(534,293)	(447,113)
Unrecognized sales revenue (*)	145,787	178,941
Total accounts receivable	196,773	220,698
Advances from clients	(8,822)	(9,450)
Total net portfolio receivable	187,951	211,248

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

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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.

Discount to present value was calculated considering the rate of 5.26% for 2021 and 3.10% for 2020.

### 5 Properties for sale

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Land for development (i)	8,048	7,909	231,517	220,237
Properties under construction	-	-	34,326	44,624
Capitalized interest	-	-	-	1,525
Finished properties	-	-	751	805
	<u>8,048</u>	<u>7,909</u>	<u>266,594</u>	<u>267,191</u>
Current amounts	<u>6,826</u>	<u>3,782</u>	<u>122,927</u>	<u>98,994</u>
Noncurrent amounts	<u>-1,222</u>	<u>4,127</u>	<u>143,667</u>	<u>168,197</u>

(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.

	June 30, 2021	December 31, 2020
Total cost incurred	<u>428,082</u>	<u>341,631</u>
Recognized cost of units sold	<u>(393,004)</u>	<u>(296,202)</u>
Cost of real estate units for sale	<u>35,077</u>	<u>45,429</u>

## SUGOI S.A.

### Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reais, unless otherwise stated

#### 6 Sundry receivables

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Advances to suppliers	1,197	939	6,632	5,984
Brasinco Incorporações Ltda. (i)	831	830	831	830
Willian Gadelha (ii)	-	-	4,143	4,143
Brasinco Incorporações Ltda. (iii)	7,034	5,498	7,034	5,499
Others	890	906	890	906
Allowance for doubtful account	(7,864)	(6,328)	(7,864)	(6,328)
<b>Total</b>	<b>2,086</b>	<b>1,845</b>	<b>11,665</b>	<b>11,034</b>
Current amounts	2,086	1,845	7,523	6,892
Noncurrent amounts	-	-	4,142	4,142

(i) The Company is guarantor of a loan obtained by Brasinco Incorporações Ltda. In view of such commitment, payments in this amount were made. Other than the refund of amounts by Brasinco 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 Brasinco.

#### 7 Investments

Description	Parent company	
	June 30, 2021	December 31, 2020
Investments in controlled and jointly-controlled companies	135,119	138,337
Provision for unsecured liabilities	(4,545)	(7,492)
Investments (a)	130,574	130,845
Reclassification as liabilities	4,545	7,492
	<b>135,119</b>	<b>138,337</b>

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.



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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 June 30, 2021
Vista Cantareira Empreendimentos Imobiliários Ltda	5,926	(228)	-	5,698
Condomínio Varandas Jardim do Lago Ltda	12,338	(38)	-	12,300
Residencial Monte Serrat SPE Ltda	1,231	384	-	1,615
Haifa Investimentos e Participações Ltda	(12)	(0)	-	(12)
Residencial São Mateus SPE Ltda	53,582	4,266	(950)	56,898
Residencial Colina Francisco Morato SPE Ltda	(374)	(31)	-	(405)
Residencial Bom Retiro SPE Ltda	42,847	62	-	42,909
Residencial Jacú-Pessegueiro II SPE Ltda.	(215)	(0)	-	(215)
Residencial Colina Guarapiranga SPE Ltda	(40)	(1)	-	(41)
Residencial Paulínia I SPE Ltda	(25)	(1)	-	(26)
Residencial Parque do Carmo SPE Ltda	7,532	6,353	-	13,885
Residencial Idemori SPE Ltda	(547)	(0)	-	(547)
Sugoi Projeto SPE Ltda	(93)	8	-	(85)
Residencial Sports Gardens da Amazônia Ltda	3,505	2,903	-	6,408
Sugoi Inovare Empreendimentos Imobiliários Ltda.	(8)	(0)	-	(8)
Residencial Portal do Belo Horizonte SPE Ltda.	(33)	(1)	-	(34)
Residencial Barcelona SPE Ltda.	(1,501)	404	-	(1,097)
Condomínio Varandas Jardim do Lago II SPE Ltda.	(382)	(496)	-	(878)
Residencial Isabel Ferrari SPE Ltda.	(11)	(24)	-	(35)
Residencial São Jose SPE Ltda	(19)	(221)	-	(240)
Residencial Jacú-Pessegueiro I SPE Ltda.	(26)	(1)	-	(27)
Sugoi Residencial I SPE Ltda	(11)	(3)	-	(14)
Sugoi Residencial II SPE Ltda	(10)	(3)	-	(13)
Sugoi Residencial III SPE Ltda	(9)	(25)	-	(34)
Residencial Via Verde SPE Ltda	(1)	-	-	(1)
Sugoi Residencial IV SPE Ltda.	(3)	(0)	-	(3)
Sugoi Residencial V SPE Ltda.	821	(464)	-	357
Sugoi Residencial VI SPE Ltda.	(175)	(3)	-	(178)
Sugoi Residencial VII SPE Ltda	(2)	(1)	-	(3)
Sugoi Residencial VIII SPE Ltda	(3)	(1)	-	(4)
Sugoi Residencial IX SPE Ltda	(21)	(2)	-	(23)
Sugoi Residencial XI SPE Ltda	(15)	(3)	-	(18)
Sugoi Residencial XIII SPE Ltda	(247)	(11)	-	(258)
Sugoi Residencial XIV SPE Ltda	(2)	-	-	(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)	(6)	-	(17)
Sugoi Residencial XVII SPE Ltda	(2)	-	-	(2)
Sugoi Residencial XVIII SPE Ltda	(11)	(9)	-	(20)
Sugoi Residencial XIX SPE Ltda	(2)	(1)	-	(3)
Sugoi Residencial XX SPE Ltda	(12)	(0)	-	(12)
Sugoi Residencial XXI SPE Ltda	(213)	(1)	-	(214)
Sugoi Residencial XXII SPE Ltda	(2)	(0)	-	(2)
Sugoi Residencial XXIII SPE Ltda	(2)	-	-	(2)
Sugoi Residencial XXIV SPE Ltda	(2)	-	-	(2)
HTG Infraestrutura e Participação Ltda.	3,389	34	-	3,423
Sugoi LLC	3,782	(486)	843	4,139
	<b>130,845</b>	<b>12,315</b>	<b>(107)</b>	<b>139,664</b>

## SUGOI S.A.

### Notes to the quarterly information

As at June 30, 2021, and December 31, 2020

In thousands of Brazilian Reals, unless otherwise stated

#### 8 Fixed assets

Description	Depreciation rate	Parent company		Consolidated	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Facilities	10% p.a.	44	44	44	44
Furniture and fixtures	10% p.a.	124	123	193	213
Machinery and equipment	20% p.a.	127	128	238	148
Improvements	20% p.a.	30	27	30	28
Telephone lease	20% p.a.	72	72	72	72
Vehicles	20% p.a.	-	-	489	422
Properties	4% p.a.	62	59	282	235
IT equipment		-	-	-	-
Use rights		-	2,038	2,038	2,038
Sales stands (*)		2,038	-	678	636
		<b>2,497</b>	<b>2,491</b>	<b>4,064</b>	<b>3,836</b>
Accumulated depreciation		(1,522)	(1,420)	(2,220)	(2,117)
		<b>975</b>	<b>1,071</b>	<b>1,844</b>	<b>1,719</b>

(\*) 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.

## SUGOI S.A.

### Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reais, unless otherwise stated

#### (a) Changes in fixed assets

Description	Parent company				Consolidated			
	December 31, 2020	Additions	Write-offs	June 30, 2021	December 31, 2020	Additions	Write-offs	June 30, 2021
Facilities	44	-	-	44	44	-	-	44
Furniture and fixtures	123	1	-	124	213	68	(88)	193
Machinery and equipment	128	-	(1)	127	148	90	-	238
Improvements	27	3	-	30	28	5	(3)	30
Telephone lease	72	-	-	72	72	-	-	72
Vehicles	-	-	-	-	422	67	-	489
Properties	59	3	-	62	235	47	-	282
Sales stands	-	-	-	-	636	42	-	678
Right of use of property	2,038	-	-	2,038	2,038	-	-	2,038
	<b>2,491</b>	<b>7</b>	<b>(1)</b>	<b>2,497</b>	<b>3,836</b>	<b>319</b>	<b>(91)</b>	<b>4,064</b>
Accumulated depreciation	(1,420)			(1,522)	(2,117)			(2,220)
	<b>1,071</b>	<b>7</b>	<b>(1)</b>	<b>975</b>	<b>1,719</b>	<b>319</b>	<b>(91)</b>	<b>1,844</b>

## SUGOI S.A.

### Notes to the quarterly information

As at June 30, 2021, and December 31, 2020

In thousands of Brazilian Reais, unless otherwise stated

#### 9 Related-party transactions

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Noncurrent assets	58,307	46,700	13,271	10,551
Current liabilities	(100,335)	(87,492)	(2,066)	(794)
	(42,028)	(40,792)	11,205	9,757

Description (assets)	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Haifa Investimentos e Participações Ltda	24	23	-	-
Dahab Brasil S.A	-	-	223	222
Dahab Participações Ltda	7	7	7	7
Residencial São Mateus SPE Ltda	-	-	1,739	1,701
Residencial Colina Francisco Morato SPE Ltda	1,568	1,461	-	-
Residencial Bom Retiro SPE Ltda	-	-	9,363	8,052
Residencial José Vigna Talhado SPE Ltda	550	479	-	-
Residencial Colina Guarapiranga SPE Ltda	1,040	907	-	-
Residencial Paulínia I SPE Ltda	141	139	-	-
Residencial Parque do Carmo SPE Ltda	6,317	14,591	-	-
Residencial Idemori SPE Ltda	586	588	-	-
Sugoi Projeto SPE Ltda	91	92	-	-
Residencial Sports Gardens da Amazônia Ltda.	17,755	12,621	-	-
Sugoi N Empreendimentos Imobiliários Ltda.	515	515	-	-
Residencial Portal do Belo Horizonte SPE Ltda	587	580	-	-
Residencial Barcelona SPE Ltda	2,827	2,819	-	-
Condomínio Varandas Jardim do Lago II	2,852	1,239	-	-
Residencial Isabel Ferrari SPE Ltda	261	254	-	-
Tsuri Brasil Ltda.	26	-	26	-
Residencial São José SPE Ltda.	1,531	802	-	-
Residencial Jacú-Pessegueiro I SPE Ltda.	490	337	-	-
Sugoi Residencial I SPE Ltda	317	261	-	-
Sugoi Residencial II SPE Ltda	562	410	-	-
Sugoi Residencial III SPE Ltda	555	492	-	-
Sugoi Residencial Via Verde SPE Ltda	1	1	-	-
Sugoi Residencial IV SPE Ltda	72	73	-	-
Sugoi Residencial V SPE Ltda	218	-	-	-
Sugoi Residencial VI SPE Ltda	10,888	1,755	-	-
Vercelli Gestão de Negócios Eireli	-	-	-	1
Sugoi Residencial VII SPE Ltda	3	2	-	-
Sugoi Residencial VIII SPE Ltda	809	809	-	-
Sugoi Residencial IX SPE Ltda	2,417	2,142	-	-
Tsuri Acre Ltda	16	16	16	16
Sugoi Residencial XI SPE Ltda	598	546	-	-
Sugoi Residencial XIII SPE Ltda	2,337	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	118	112	-	-
Sugoi Residencial XV SPE Ltda	39	38	-	-
Sugoi Residencial XXIV SPE Ltda	1	1	-	-
Sugoi Residencial XXIII SPE Ltda	12	12	-	-
Sugoi Residencial XXII SPE Ltda	2	1	-	-
Sugoi Residencial XIX SPE Ltda	128	17	-	-
Sugoi Residencial XX SPE Ltda	24	2	-	-
Sugoi Residencial XXI Ltda	224	223	-	-
Sugoi Residencial XXV SPE Ltda	-	-	-	-
Sugoi Residencial XVII SPE Ltda	2	2	-	-
Sugoi Residencial XVIII SPE Ltda	397	201	-	-
THIAGO DE OLIVEIRA ANDRADE	667	-	667	-
PAZINATTO	-	-	-	-
Ronaldo Yoshio Akagui	678	-	678	-
Others	-	-	552	552
	<b>58,307</b>	<b>46,700</b>	<b>13,271</b>	<b>10,551</b>

## SUGOI S.A.

### Notes to the quarterly information

As at June 30, 2021, and December 31, 2020

In thousands of Brazilian Reals, unless otherwise stated

Description (Liabilities)	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Condomínio Varandas Jardim do Lago	11,380	11,376	-	-
Vista Cantareira Empreendimentos Imobiliários Ltda	6,415	6,491	-	-
Residencial Monte Serrat Ltda	278	337	-	-
Residencial Parque do Carmo SPE Ltda	-	-	1,500	-
Residencial São Mateus SPE Ltda	52,243	41,644	-	-
Residencial Guarapiranga SPE Ltda	-	-	31	31
Residencial Bom Retiro SPE Ltda	29,693	27,048	-	-
Residencial Sports Gardens da Amazônia Ltda.	-	-	210	210
Sugoi Residencial V SPE Ltda	1	43	-	-
Dahab Brasil S.A.	117	117	117	117
MONTANHA VERMELHA PARTICIPACOES S.A	208	436	208	436
<b>Total</b>	<b>100,335</b>	<b>87,492</b>	<b>2,066</b>	<b>794</b>
Current amounts	100,335	87,492	2,066	794
Noncurrent amounts	-	-	-	-

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 Intercompany account with Silent Partnerships (SCPs)

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Intercompany account with Silent Partnerships (SCPs)	1,405	1,405	1,405	1,405
	<u>1,405</u>	<u>1,405</u>	<u>1,405</u>	<u>1,405</u>

Transactions involving SCPs are presented alongside the Company's operations on a consolidated basis. Acquisitions from silent partners are presented in current and noncurrent liabilities according to the Company's expectation of disbursement, under the caption Intercompany account with SCPs.

## SUGOI S.A.

### Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reals, unless otherwise stated

#### 11 Loans and financing

Type	Financial institution	Interest rate and commissions	Parent company		Consolidated	
			June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Working capital	Caixa Economica Federal - CEF	Up to 9.6 % p.a. + CDI	970	1,400	6,305	1,400
Housing Finance System (SFH)	Caixa Economica Federal - CEF	Up to 11% p.a.	-	-	-	6,304
Machinery and Equipment Financing (FINAME)	Santander	5.54 p.a.	-	-	15,324	11,277
Lease	Banco Daycoval	Up to 22.99% p.a.	33	33	33	33
Bank Credit Notes (CCB)	Banco Daycoval	14.02% p.a.	1,375	1,516	1,375	1,516
CCB	Banco ABC	CDI + 6.73% p.a.	10,088	10,111	10,088	10,111
CCB	Banco PINE	CDI + 8.47% p.a.	-	1,513	-	1,513
CCB	Banco PINE	10.43% p.a.	7,412	4,000	7,412	4,000
Others	Others	N/A	-	-	-	1,081
			<u>19,878</u>	<u>18,573</u>	<u>40,537</u>	<u>37,235</u>
Current amounts			10,321	9,248	20,642	17,573
Noncurrent amounts			9,557	9,325	19,895	19,662

The balances by year of maturity are as follows:

Year	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
2021	7,355	9,248	17,676	17,573
2022	6,422	3,903	12,060	9,541
2023	4,098	3,417	8,796	8,116
2024	2,003	2,005	2,005	2,005
	<u>19,878</u>	<u>18,573</u>	<u>40,537</u>	<u>37,235</u>

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.

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: 4% 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 5% 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 6% per year.

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

## SUGOI S.A.

### Notes to the quarterly information

As at June 30, 2021, and December 31, 2020

In thousands of Brazilian Reals, unless otherwise stated

Balance	Risk of increase in interest rate	Parent company		
		4% p.a. Probable	5% p.a. Possible	6% p.a. Remote
19,878	Accounting effect (cost/ expense)	795	994	1,193

  

Balance	Risk of increase in interest rate	Consolidated		
		4% p.a. Probable	5% p.a. Possible	6% p.a. Remote
40,537	Accounting effect (cost/ expense)	1,621	2,027	2,432

## 12 Trade accounts payable

Maturity	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Overdue amounts	249	49	7,365	2,872
Falling due in up to 30 days	517	142	10,086	11,530
Falling due in 31 to 60 days	93	-	312	1,312
Falling due in 61 to 90 days	35	-	137	574
Falling due in 91 to 120 days	35	-	125	103
Falling due in 121 to 180 days	70	-	460	201
Falling due after 180 days	34	-	2,835	37
Total amounts falling due	784	142	13,955	13,757
Total	1,033	191	21,320	16,629

## 13 Labor and tax liabilities

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Tax liabilities	501	501	503	503
Labor liabilities	365	346	794	585
Taxes withheld at source	28	22	856	781
Special Tax Regime (RET) – Current amounts	-	-	2,672	2,801
RET – Deferred amounts	-	-	3,997	1,247
	894	869	8,822	5,917
Current amounts	894	869	4,825	4,670
Noncurrent amounts	-	-	3,997	1,247

## 14 Accounts payable

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Acquisition of ownership interest (i)	-	(553)	1,680	441
Commission on plots of land	-	-	500	500
Civil/labor contingencies	-	-	169	-
Contract cancellations payable	-	-	218	497
Rents payable	1,249	1,359	1,249	1,359
Others	938	994	936	994
	1,634	4,033	3,513	5,030
Current amounts	1,634	4,033	3,013	4,530
Noncurrent amounts	-	-	500	500

## SUGOI S.A.

### Notes to the quarterly information

**As at June 30, 2021, and December 31, 2020**

**In thousands of Brazilian Reals, unless otherwise stated**

- (i) This value consists of: R\$ 2,000 referring to the acquisition of the company Residencial Parque do Carmo SPE Ltda. (R\$ 3,967 as at December 31, 2020), which will be paid by means of promissory notes.

#### 15 Advances from clients and others

Description	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Advances from clients - Real estate development	-	-	8,850	9,463
Advances from clients - Bartered units	-	-	10,841	10,841
Creditors from acquired properties	6,338	1,042	107,644	118,445
Barterers (*)	-	5,435	70,856	78,530
Others	-	-	1,245	2,283
	6,338	6,477	199,436	219,562
Current amounts	6,338	6,477	87,820	67,209
Noncurrent amounts	-	-	111,616	152,353

(\*) In certain land acquisition transactions, the Company conducted barterers with units to build. These barterers 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.

#### 16 Debentures

Type	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Debentures	-	32,897	-	32,897
(-) Amortization	-	(32,547)	-	(32,547)
Interest on debentures	-	6,951	-	6,951
	-	7,301	-	7,301
Current amounts	-	7,301	-	7,301

The Company contracted two debentures that were settled at the beginning of 2021. There is currently 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.



## SUGOI S.A.

### Notes to the quarterly information

As at June 30, 2021, and December 31, 2020

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#### Real Estate Receivables Certificates (CRI)

Type	Parent company June 30, 2021	Parent company December 31, 2020	Consolidated June 30, 2021	Consolidated December 31, 2020
CRI	35,000	35,000	35,000	35,000
(-) Amortization	(2,237)	-	(2,237)	-
Unrecognized charges	(849)	(848)	(848)	(848)
Interest on CRI	1536	84	1536	84
	<b>33,450</b>	<b>34,236</b>	<b>33,451</b>	<b>34,236</b>
Current amounts	9,674	7,458	9,674	7,458
Noncurrent amounts	23,776	26,778	23,777	26,778
<b>Balance</b>	<b>Risk of increase in interest rate</b>		<b>4% p.a. Probable</b>	<b>5% p.a. Possible</b>
33,450	Accounting effect (cost/expense)		1,338	1,673
				2,007

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 November 2024.

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#### Provisions

Description	Consolidated June 30, 2021	Consolidated December 31, 2020
Provision for guarantee (i)	844	2,753
Provision for contingencies (ii)	2,765	1,617
	<b>3,609</b>	<b>4,370</b>

- (i) Provision for guarantee – It is recognized during the venture's construction period to cover estimated costs to be incurred in the period of five years after completion of the venture.
- (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\$ 3,250 (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\$ 0 in the financial statements of the Parent company and R\$ 3,334 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 why Management did not record this amount in the interim financial information.

## SUGOI S.A.

### Notes to the quarterly information

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In thousands of Brazilian Reais, unless otherwise stated

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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:

	June 30, 2021	December 31, 2020
Number of shares		
Ronaldo Yoshio Akagui	500,000	500,000
Thiago de Oliveira Andrade Pazinato	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>

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. Such processes are still in progress as at the present date.

##### (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.

##### (c) Earnings (losses) per share

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

	June 30, 2021	December 31, 2020
Net income (loss) for the period (in Brazilian Reais)	(969,772)	12,373,000
Number of shares	1,000,000	1,000,000
	<u>(0.970)</u>	<u>12.373</u>

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.

## SUGOI S.A.

### Notes to the quarterly information

**As at June 30, 2021, and December 31, 2020**

**In thousands of Brazilian Reals, unless otherwise stated**

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. As mentioned in Note 17, debentures issued are not convertible into shares.

#### (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.

## 20 Net revenues and gross profit

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

Description	Consolidated			
	June 30, 2021	April 01 to June 30, 2021	June 30, 2020	April 01 to June 30, 2020
Revenue from properties	99,563	51,086	75,731	40,013
Cancelled sales	(508)	-	(482)	(254)
Gross operating revenue	99,055	51,639	75,249	39,759
Taxes levied	(3,895)	(1,927)	(1,508)	(155)
Net operating revenue	95,160	49,712	73,741	39,604
Expenses on land, development and construction	(67,482)	(35,800)	(46,199)	(25,606)
Gross profit	27,678	13,912	27,542	13,998
Gross margin percentage - %	29.1%	-0.9%	37.3%	-2.4%

## SUGOI S.A.

### Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reais, unless otherwise stated

#### 21 Expenses by nature

Description	Parent company				Consolidated			
	June 30, 2021	April 01 to June 30, 2021	June 30, 2020	April 01 to June 30, 2020	June 30, 2021	April 01 to June 30, 2021	June 30, 2020	April 01 to June 30, 2020
<b>Selling expenses</b>								
Commissions	-	-	-	-	(3,838)	(1,318)	(1,536)	(728)
Advising and consulting	(777)	(304)	(48)	(21)	(1,918)	(1,444)	(134)	(42)
Advertising and publicity	(980)	(30)	(6)	(2)	(3,743)	(552)	(1,439)	(806)
Expenses on sales stands and show apartments	-	-	-	-	(458)	(123)	(265)	(102)
Rent expenses	-	-	-	-	(20)	(165)	(233)	(110)
Insurance	(188)	(174)	-	-	(209)	(184)	-	-
Other selling expenses	(128)	(116)	(21)	(7)	(11)	(9)	(316)	(152)
	<u>(2,073)</u>	<u>(624)</u>	<u>(75)</u>	<u>(30)</u>	<u>(10,197)</u>	<u>(3,794)</u>	<u>(3,923)</u>	<u>(1,940)</u>
<b>General and administrative expenses</b>								
Advising and consulting	(2,119)	(1,167)	(2,590)	(1,499)	(3,398)	(1,775)	(3,510)	(2,141)
Personnel expenses	(2,641)	(1,260)	(1,793)	(872)	(2,764)	(1,291)	(1,795)	(868)
Rent expenses	(482)	(188)	(170)	(101)	(482)	(188)	(204)	(112)
Expenses on office materials	(220)	(46)	(149)	(33)	(708)	(200)	(246)	(77)
Depreciation	(20)	(10)	(232)	(123)	(21)	(10)	(234)	(124)
Expenses on notary's office and registry	(38)	(17)	(8)	(4)	(50)	(14)	(124)	(29)
Insurance	-	-	-	-	(245)	(106)	(232)	(232)
Allowance for doubtful account	(1,537)	(796)	-	-	(1,538)	(797)	-	-
Other administrative expenses	(717)	(161)	(220)	13	(1,813)	(909)	(678)	(30)
	<u>(7,774)</u>	<u>(3,645)</u>	<u>(5,162)</u>	<u>(2,619)</u>	<u>(11,019)</u>	<u>(5,289)</u>	<u>(7,023)</u>	<u>(3,613)</u>
	<u>(9,847)</u>	<u>(4,269)</u>	<u>(5,237)</u>	<u>(2,649)</u>	<u>(21,216)</u>	<u>(9,083)</u>	<u>(10,946)</u>	<u>(5,553)</u>

## SUGOI S.A.

### Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reais, unless otherwise stated

#### 22. Net financial income (loss)

	Parent company		Consolidated					
	June 30, 2021	April 01 to June 30, 2021	June 30, 2020	April 01 to June 30, 2020	June 30, 2021	April 01 to June 30, 2021	June 30, 2020	April 01 to June 30, 2020
<b>Financial expenses</b>								
Discounts granted	-	-	-	-	(34)	(16)	(13)	(1)
Interest losses	(2,700)	(1,026)	(1,475)	(320)	(3,738)	(1,498)	(1,360)	(187)
Late payment fine	(13)	(12)	(1)	(1)	(219)	(32)	(25)	(22)
Bank fees	(180)	(105)	(52)	(35)	(571)	(295)	(470)	(273)
	<b>(2,893)</b>	<b>(1,143)</b>	<b>(1,528)</b>	<b>(356)</b>	<b>(4,562)</b>	<b>(1,842)</b>	<b>(1,868)</b>	<b>(483)</b>
<b>Financial revenues</b>								
Discounts obtained				0	54	40	52	41
Interest on financial investments	34	15	53	15	89	60	94	-5
	<b>34</b>	<b>15</b>	<b>53</b>	<b>15</b>	<b>143</b>	<b>100</b>	<b>146</b>	<b>36</b>
	<b>(2,859)</b>	<b>(1,129)</b>	<b>(1,475)</b>	<b>(341)</b>	<b>(4,419)</b>	<b>(1,742)</b>	<b>(1,722)</b>	<b>(447)</b>

## SUGOI S.A.

### Notes to the quarterly information As at June 30, 2021, and December 31, 2020 In thousands of Brazilian Reals, unless otherwise stated

#### 23 Real estate ventures under development

Description	June 30, 2021	April 01 to June 30, 2021	December 31, 2020	April 01 to June 30, 2020
Unrecognized contracted sales (Note 4)	145,787	(11,855)	178,941	(3,597)
Taxes on sales	(5,831)	475	(7,158)	144
	139,956	(11,380)	171,783	(3,453)
Cost to incur of units sold	(88,912)	18,794	(121,753)	8,883
	51,044	7,414	50,030	5,430
Percentage of unrecognized gross margin	36.5%	8%	29.1%	4%

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

Description	June 30, 2021	April 01 to June 30, 2021	December 31, 2020	April 01 to June 30, 2020
Recognized revenue	469,608	48,669	373,199	149,805
Taxes on revenues	(18,784)	(1,946)	(14,928)	(5,992)
	450,824	46,723	358,271	143,813
Recognized cost	(313,476)	(47,281)	(250,676)	(97,881)
Gross profit	137,348	(558)	107,595	45,932
Recognized gross margin - %	30.47%	(4%)	30.03%	1%

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

Description	June 30, 2021	April 01 to June 30, 2021	December 31, 2020	April 01 to June 30, 2020
Sold units under construction	88,912	(18,794)	121,753	(8,883)
Units under construction not yet sold	17,652	(16,907)	24,357	(28,409)
Budgeted cost to be incurred	106,564	(35,701)	146,110	(37,292)
Inventory - Real estate under construction	34,326	10,835	46,149	(9,539)
Total cost to be recognized in the future	140,890	(24,866)	192,259	(46,831)

#### 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.

## **SUGOI S.A.**

### **Notes to the quarterly information**

**As at June 30, 2021, and December 31, 2020**

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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 quarterly information were determined according to the criteria and accounting practices disclosed in specific notes.

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

#### **Credit risk**

Credit risk results from the possibility of the Company incurring losses arising from 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.

#### **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.

#### **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:

## **SUGOI S.A.**

### **Notes to the quarterly information**

**As at June 30, 2021, and December 31, 2020**

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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.

#### **(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.

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.



## **SUGOI S.A.**

### **Notes to the quarterly information**

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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 period ended June 30, 2021.

## **26 Subsequent events**

Real Estate Receivables Certificates (CRI)

The Company concluded its fundraising by means of a CRI transaction carried out in July 2021, in the amount of 30 MM, half of which has already been realized, to be presented in the Quarterly Information for the next period.