

(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 September 30, 2021

SUGOI S.A.

Individual and consolidated interim financial information
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Contents

Independent auditor's review report on the individual and consolidated interim financial information

Individual and consolidated statements of financial position

Individual and consolidated statements of operations

Individual and consolidated statements of comprehensive income (loss)

Individual and consolidated statements of changes in equity

Individual and consolidated statements of cash flows

Individual and consolidated statements of value added

Notes to the individual and consolidated interim financial information

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 September 30, 2021, which comprises the statement of financial position as at September 30, 2021, and the respective statements of operations and comprehensive income (loss) for the three- and nine-month periods then ended, and of changes in equity and cash flows for the nine-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) - Interim Statements 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 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 of 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 recognition of revenue from agreements on 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 nine-month period ended September 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, November 16, 2021.



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

Julian Clemente
Accountant CRC 1 SP 197232/O-6

Sugoi S.A.
 Statements of financial position as at September 30, 2021, and December 31, 2020
 (In thousands of Brazilian Reais)

ASSETS

| Assets | Note | Parent company | | Consolidated | |
|-----------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Current | | | | | |
| Cash and cash equivalents | 3 | 18,059 | 23,679 | 23,024 | 44,078 |
| Accounts receivable | 4 | - | - | 41,798 | 26,922 |
| Properties for sale | 5 | 6,880 | 3,782 | 108,651 | 98,994 |
| Sundry receivables | 6 | 2,124 | 1,845 | 7,526 | 6,892 |
| Taxes and contributions to offset | | 288 | 228 | 586 | 519 |
| Prepaid expenses | | 451 | 456 | 8,167 | 7,468 |
| | | <u>27,802</u> | <u>29,990</u> | <u>189,752</u> | <u>184,873</u> |
| Noncurrent | | | | | |
| Accounts receivable | 4 | - | - | 13,522 | 14,438 |
| Properties for sale | 5 | 1,212 | 4,127 | 160,262 | 168,197 |
| Sundry receivables | 6 | - | - | 4,142 | 4,142 |
| Related-party transactions | 9 | 63,596 | 46,700 | 15,246 | 10,551 |
| Taxes and contributions to offset | - | 22 | 22 | 25 | - |
| Prepaid expenses | - | - | - | - | 427 |
| | | <u>64,830</u> | <u>50,849</u> | <u>193,197</u> | <u>197,755</u> |
| Investments | 7 | 149,712 | 130,845 | 5,192 | 2,697 |
| Fixed assets | 8 | 1,053 | 1,071 | 2,075 | 1,719 |
| | | <u>215,595</u> | <u>182,765</u> | <u>200,464</u> | <u>202,171</u> |
| Total assets | | <u><u>243,397</u></u> | <u><u>212,755</u></u> | <u><u>390,216</u></u> | <u><u>387,044</u></u> |

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

Sugoi S.A.

Statements of financial position as at September 30, 2021, and December 31, 2020

(In thousands of Brazilian Reais)

LIABILITIES

| Liabilities | Note | Parent company | | Consolidated | |
|--|------|----------------|----------------|----------------|----------------|
| | | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Current | | | | | |
| Loans and financing | 11 | 8,618 | 9,248 | 26,100 | 17,573 |
| Debentures | 16 | - | 7,301 | - | 7,301 |
| Certificates of real estate receivables | 17 | 10,000 | 7,458 | 10,000 | 7,458 |
| Trade accounts payable | 12 | 802 | 191 | 25,068 | 16,629 |
| Labor and tax liabilities | 13 | 933 | 869 | 7,252 | 4,670 |
| Accounts payable | 14 | 757 | 4,033 | 866 | 4,530 |
| Advances from clients and others | 15 | 6,199 | 6,477 | 79,052 | 67,209 |
| Related-party transactions | 9 | 108,156 | 87,492 | 1,047 | 794 |
| | | <u>135,465</u> | <u>123,069</u> | <u>149,385</u> | <u>126,164</u> |
| Noncurrent | | | | | |
| Loans and financing | 11 | 7,646 | 9,325 | 16,504 | 19,662 |
| Intercompany account with Silent Partnerships (SCPs) | 10 | 1,405 | 1,405 | 1,405 | 1,405 |
| Certificates of real estate receivables | 17 | 51,870 | 26,778 | 51,870 | 26,778 |
| Labor and tax liabilities | 13 | - | - | 5,806 | 1,247 |
| Accounts payable | 14 | 8 | - | 508 | 500 |
| Advances from clients and others | 15 | - | - | 111,201 | 152,353 |
| Provisions | 18 | - | - | 3,069 | 4,370 |
| Provisions for losses on investments | 7 | 7,532 | 7,492 | 3,423 | 3,423 |
| | | <u>68,461</u> | <u>45,000</u> | <u>193,786</u> | <u>209,738</u> |
| Total liabilities | | <u>203,926</u> | <u>168,069</u> | <u>343,171</u> | <u>335,902</u> |
| Equity | | | | | |
| Capital stock | 18 | 1,000 | 1,000 | 1,000 | 1,000 |
| Statutory reserve | | 200 | 200 | 200 | 200 |
| Income reserve | | 37,845 | 43,438 | 38,270 | 43,438 |
| Cumulative translation adjustment | | 426 | 48 | 219 | 48 |
| | | <u>39,471</u> | <u>44,686</u> | <u>39,689</u> | <u>44,686</u> |
| Noncontrolling interest | | - | - | 7,356 | 6,456 |
| Total equity | | <u>39,471</u> | <u>44,686</u> | <u>47,045</u> | <u>51,142</u> |
| Total liabilities and equity | | <u>243,397</u> | <u>212,755</u> | <u>390,216</u> | <u>387,044</u> |

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

Sugoi S.A.

Statements of operations for the periods ended September 30, 2021 and 2020

(In thousands of Brazilian Reals)

| | Notes | Parent company | | | | Consolidated | | | |
|---|-------|----------------|-----------------------------|---------------|-----------------------------|----------------|-----------------------------|---------------|-----------------------------|
| | | 09/30/2021 | 07/01/2021 to 09/30/2021 | 09/30/2020 | 07/01/2020 to 09/30/2020 | 09/30/2021 | 07/01/2021 to 09/30/2021 | 09/30/2020 | 07/01/2020 to 09/30/2020 |
| Revenue from properties | - | - | - | - | - | 151,394 | 52,339 | 138,368 | 63,119 |
| Taxes levied | - | (0) | - | - | - | (5,756) | (1,861) | (2,632) | (1,124) |
| Continuing operations | | | | | | | | | |
| Net revenue | 19 | (0) | - | - | - | 145,638 | 50,478 | 135,736 | 61,995 |
| Cost of sales | 19 | - | - | - | - | (102,352) | (34,870) | (88,243) | (42,044) |
| Gross profit | 19 | (0) | - | - | - | 43,286 | 15,608 | 47,493 | 19,951 |
| Operating revenues (expenses) | | | | | | | | | |
| General and administrative expenses | 20 | (11,937) | (4,163) | (8,252) | (3,090) | (16,077) | (5,058) | (11,918) | (4,895) |
| Selling expenses | 21 | (2,933) | (860) | (192) | (117) | (15,488) | (5,291) | (7,669) | (3,746) |
| Other operating revenues (expenses), net | | - | - | - | - | (725) | (1,342) | (999) | 136 |
| Equity in earnings (losses) of controlled companies | 7 | 16,571 | 5,506 | 29,945 | 11,825 | (952) | (2) | (41) | (67) |
| | | 1,701 | 483 | 21,501 | 8,618 | (33,242) | (11,693) | (20,627) | (8,572) |
| Income (loss) before financial income (loss) | | 1,701 | 483 | 21,501 | 8,618 | 10,044 | 3,915 | 26,866 | 11,379 |
| Financial expenses | - | (7,147) | (4,255) | (3,754) | (2,226) | (10,251) | (5,689) | (5,249) | (3,381) |
| Financial revenues | 22 | 278 | 245 | 51 | (2) | 402 | 259 | 219 | 73 |
| Net financial income (loss) | | (6,869) | (4,010) | (3,703) | (2,228) | (9,849) | (5,430) | (5,030) | (3,308) |
| Income (loss) before Income and Social Contribution taxes | | (5,168) | (3,527) | 17,798 | 6,390 | 195 | (1,515) | 21,836 | 8,071 |
| Current Income and Social Contribution taxes | - | - | - | - | - | (3,499) | (1,717) | (1,954) | (1,295) |
| Deferred Income and Social Contribution taxes | - | - | - | - | - | (911) | - | (476) | 257 |
| Net income (loss) for the period | | <u>(5,168)</u> | <u>(3,527)</u> | <u>17,798</u> | <u>6,390</u> | <u>(4,215)</u> | <u>(3,232)</u> | <u>19,406</u> | <u>7,033</u> |
| Attributable to | | | | | | | | | |
| Controlling shareholders of the Company | | | | | | (5,168) | (3,527) | 17,798 | 6,390 |
| Noncontrolling interest | | | | | | 953 | 295 | 1,608 | 643 |
| Basic and diluted earnings (losses) per share | 18 c | <u>(5,168)</u> | <u>(3,527)</u> | <u>17,798</u> | <u>6,390</u> | | | | |

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

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

| | Parent company | | | | Consolidated | | | |
|--|----------------|-----------------------------|---------------|-----------------------------|----------------|-----------------------------|---------------|-----------------------------|
| | 09/30/2021 | 07/01/2021 to 09/30/2021 | 09/30/2020 | 07/01/2020 to 09/30/2020 | 09/30/2021 | 07/01/2021 to 09/30/2021 | 09/30/2020 | 07/01/2020 to 09/30/2020 |
| Net Income (loss) for the period | (5,168) | (2,991) | 17,798 | 11,767 | (4,215) | (2,365) | 19,406 | 12,877 |
| Translation adjustment in controlled companies | 426 | 1 | 48 | 48 | 219 | (206) | 48 | (137) |
| (=) Comprehensive income (loss) for the period | <u>(4,742)</u> | <u>(2,990)</u> | <u>17,846</u> | <u>11,835</u> | <u>(3,996)</u> | <u>(2,571)</u> | <u>19,454</u> | <u>12,740</u> |
| Attributable to | | | | | | | | |
| Controlling shareholders of the Company | | | | | (4,949) | (3,196) | 17,846 | 11,650 |
| Noncontrolling interest | | | | | 953 | 625 | 1,608 | 1,090 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,996)</u> | <u>(2,571)</u> | <u>19,454</u> | <u>12,740</u> |

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 | | | | Total | Noncontrolling interest | 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 | - | - | - | - | - | - | - |
| Net income for the period | - | - | 17,798 | - | 17,798 | 1,609 | 19,407 |
| Balances as at September 30, 2020 | <u>1,000</u> | <u>200</u> | <u>51,181</u> | <u>389</u> | <u>52,770</u> | <u>6,153</u> | <u>58,923</u> |
| Balance as at January 01, 2021 | 1,000 | 200 | 43,438 | 48 | 44,688 | 6,456 | 51,144 |
| Profit distribution | - | - | - | - | - | (55) | (55) |
| Translation adjustment in controlled companies | - | - | (426) | 377 | (49) | 220 | 171 |
| Net loss for the period | - | - | (5,168) | - | (5,168) | 953 | (4,215) |
| Balances as at September 30, 2021 | <u>1,000</u> | <u>200</u> | <u>37,844</u> | <u>425</u> | <u>39,471</u> | <u>7,574</u> | <u>47,045</u> |

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

Sugoi S.A.

Statements of cash flows for the periods ended September 30, 2021 and 2020

(In thousands of Brazilian Reals)

| | Notes | Parent company | | Consolidated | |
|---|-------|-----------------|----------------|-----------------|----------------|
| | | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| From operating activities | | | | | |
| Net income (loss) for the period | 18c | (5,168) | 11,408 | (4,215) | 12,373 |
| Adjustments to reconcile income (loss) with cash and cash equivalents from operating activities | | | | | |
| Depreciation and amortization | 8 | 100 | 232 | 103 | 234 |
| Provision for construction warranty and contingencies | 18 | - | - | 649 | 1,614 |
| Deferred taxes | 13 | - | - | 911 | 265 |
| Discount to present value | 4 | - | - | 735 | - |
| Asset and liability translation adjustment | | (49) | - | 170 | - |
| Equity in earnings (losses) of controlled companies | 7 | (16,571) | (18,120) | 952 | (26) |
| | | <u>(21,688)</u> | <u>(6,480)</u> | <u>(695)</u> | <u>14,460</u> |
| Changes in assets and liabilities | | | | | |
| (Increase)/decrease in asset accounts | | | | | |
| Accounts receivable | 4 | - | - | (13,960) | (3,601) |
| Properties for sales | 5 | (183) | (11) | (1,722) | (7,561) |
| Taxes and contributions to offset | 13 | (60) | (1) | (92) | (48) |
| Sundry receivables | 6 | (279) | (92) | 634 | (4,616) |
| Unrecognized selling expenses | | 7 | (100) | (272) | 52 |
| Increase/(decrease) in liability accounts | | | | | |
| Labor and tax liabilities | 13 | 64 | 69 | 6,230 | 2,436 |
| Trade accounts payable | 12 | 611 | (55) | 8,439 | 5,663 |
| Accounts payable | 14 | (3,268) | 2,972 | (3,656) | 2,916 |
| Advances from clients | 15 | (278) | - | (29,309) | (7,190) |
| | | <u>(25,074)</u> | <u>(3,698)</u> | <u>(34,403)</u> | <u>2,511</u> |
| Paid Income and Social Contribution taxes | 13 | - | - | (3,499) | (659) |
| Net cash from operating activities | | <u>(25,074)</u> | <u>(3,698)</u> | <u>(37,902)</u> | <u>1,852</u> |
| From investing activities | | | | | |
| (Increase)/decrease in capital of controlled companies, net | 18 | (2,256) | (284) | (3,447) | - |
| Translation adjustment in controlled companies | | - | - | - | 7 |
| In fixed assets | 8 | (82) | (232) | (459) | (343) |
| In intangible assets | | - | 205 | (0) | 205 |
| Net cash from investing activities | | <u>(2,338)</u> | <u>(311)</u> | <u>(3,906)</u> | <u>(131)</u> |
| From financing activities | | | | | |
| Raising of loans, financing and others | 11 | 45,573 | 1,466 | 60,795 | 13,889 |
| Payment of loans, financing and others | 11 | (27,549) | (9,552) | (35,093) | (19,147) |
| Related-party transactions | 9 | 3,768 | 8,048 | (4,948) | (3) |
| Net cash from financing activities | | <u>21,792</u> | <u>(38)</u> | <u>20,754</u> | <u>(5,261)</u> |
| Decrease in cash and cash equivalents | | <u>(5,620)</u> | <u>(4,047)</u> | <u>(21,054)</u> | <u>(3,540)</u> |
| Cash and cash equivalents | | | | | |
| Cash and cash equivalents balance at beginning of period | | 23,679 | 4,399 | 44,078 | 23,464 |
| Cash and cash equivalents balance at end of period | | 18,059 | 352 | 23,024 | 19,924 |
| Decrease in cash and cash equivalents | | <u>(5,620)</u> | <u>(4,047)</u> | <u>(21,054)</u> | <u>(3,540)</u> |

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

Sugoi S.A.

Statements of value added for the periods ended September 30, 2021 and 2020

(In thousands of Brazilian Reais)

| | Parent company | | Consolidated | |
|---|----------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Revenue | | | | |
| Sales and services | - | - | 151,394 | 138,368 |
| Other revenue | - | - | (725) | (999) |
| | - | - | 150,669 | 137,369 |
| Inputs acquired from third parties | | | | |
| Cost of goods, merchandise and services sold | - | - | (102,353) | (88,243) |
| Materials, energy, third-party and other operating services | (11,574) | (5,419) | (21,826) | (13,060) |
| | (11,574) | (5,419) | (124,179) | (101,303) |
| Gross value added | (11,574) | (5,419) | 26,490 | 36,066 |
| Depreciation, amortization and depletion, net | (100) | (255) | (103) | (255) |
| Net value added generated by the Company | (11,674) | (5,674) | 26,387 | 35,811 |
| Value added received through transfer | | | | |
| Equity in earnings (losses) of controlled companies | 16,571 | 29,945 | (952) | (41) |
| Financial revenue | 278 | 51 | 403 | 219 |
| | 16,849 | 29,996 | (549) | 178 |
| Total value added to be distributed | 5,175 | 24,322 | 25,838 | 35,989 |
| Distribution of value added | | | | |
| Personnel | | | | |
| Payroll and charges | 2,652 | 2,678 | 2,778 | 2,678 |
| Commissions on sales | - | - | 6,295 | 3,126 |
| Management fees | 62 | 25 | 62 | 25 |
| Taxes, fees and contributions | | | | |
| Federal | 0 | - | 10,166 | 5,062 |
| Return on debt capital | | | | |
| Interest | 7,147 | 3,754 | 10,251 | 5,249 |
| Rent | 482 | 67 | 501 | 443 |
| Return on equity capital | | | | |
| Net income (loss) for the period | (5,168) | 17,798 | (5,168) | 17,798 |
| Noncontrolling interest in retained earnings | - | - | 953 | 1,608 |
| | 5,175 | 24,322 | 25,838 | 35,989 |

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

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reais, unless otherwise stated

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 November 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

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

In thousands of Brazilian Reals, 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 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 | |
|---|---|-------------------|
| | 09/30/2021 | 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% |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

| Directly controlled and jointly-controlled companies | Percentage of ownership interest | |
|---|---|-------------------|
| | 09/30/2021 | 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. | 95% | 95% |
| Residencial Vila União SPE Ltda. | 50% | 50% |
| Residencial Atibaia SPE Ltda. | 50% | 50% |
| Residencial Bragança SPE Ltda. | 50% | 50% |
| HTG Infraestrutura e Participações Ltda | 33.33% | 33.33% |

(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.

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.

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reais, unless otherwise stated

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.

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

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.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

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.

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reais, unless otherwise stated

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:

| Agreement | Parties | Real estate guarantee | Credit risk | Market risk | Cancellation risk |
|------------------|---|------------------------------|--|--------------------|---|
| 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. |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reais, unless otherwise stated

(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 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 quarterly information:

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

- 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

3 Cash and cash equivalents

| Description | Parent company | | Consolidated | |
|------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Cash and banks – checking account | 1,680 | 4,303 | 6,653 | 24,607 |
| Bank Certificates of Deposit (CDB) | 16,379 | 19,376 | 16,371 | 19,471 |
| | 18,059 | 23,679 | 23,024 | 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: 8% per year.

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reais, unless otherwise stated

- 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 7% 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 6% 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 | | |
|---------|-----------------------------------|---------------------|---------------------|-------------------|
| | | 8% p.a. Probable | 7% p.a. Possible | 6% p.a. Remote |
| 18,059 | Accounting effect (cost/expense) | 1,445 | 1,264 | 1,084 |

| Balance | Risk of increase in interest rate | Consolidated | | |
|---------|-----------------------------------|---------------------|---------------------|-------------------|
| | | 8% p.a. Probable | 7% p.a. Possible | 6% p.a. Remote |
| 23,024 | Accounting effect (cost/expense) | 1,842 | 1,612 | 1,381 |

4 Accounts receivable

| Description | Consolidated | |
|---------------------------|-----------------------|----------------------|
| | September 30, 2021 | December 31, 2020 |
| Recognized sales revenue | 639,593 | 488,870 |
| Discount to present value | (2,668) | (1,135) |
| (-) Amount received | (582,321) | (447,113) |
| | 54,604 | 40,622 |
| Other accounts receivable | 716 | 738 |
| Current amounts | 41,798 | 26,922 |
| Noncurrent amounts | 13,522 | 14,438 |

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

| | Consolidated | |
|---|-----------------------|----------------------|
| | September 30, 2021 | December 31, 2020 |
| Accounts receivable from sales recognized | 639,593 | 488,870 |
| Total received | (582,321) | (447,113) |
| Unrecognized sales revenue (*) | 143,827 | 178,941 |
| Total accounts receivable | 201,099 | 220,698 |
| Advances from clients (Note 15) | (8,141) | (9,450) |
| Total net portfolio receivable | 192,958 | 211,248 |

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

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

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.

5 Properties for sale

| Description | September 30, 2021 | Parent company | Consolidated | |
|-------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Land for development (i) | 8,092 | 7,909 | 236,960 | 220,237 |
| Properties under construction | - | - | 31,189 | 44,624 |
| Capitalized interest | - | - | - | 1,525 |
| Finished properties | - | - | 764 | 805 |
| | <u>8,092</u> | <u>7,909</u> | <u>268,913</u> | <u>267,191</u> |
| Current amounts | <u>6,880</u> | <u>3,782</u> | <u>108,651</u> | <u>98,994</u> |
| Noncurrent amounts | <u>1,212</u> | <u>4,127</u> | <u>160,626</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.

| | September 30, 2021 | December 31, 2020 |
|------------------------------------|--------------------|----------------------|
| Total cost incurred | 457,305 | 341,631 |
| Recognized cost of units sold | (425,352) | (296,202) |
| Cost of real estate units for sale | <u>31,953</u> | <u>45,429</u> |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

6 Sundry receivables

| Description | Parent company | | Consolidated | |
|--------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Advances to suppliers | 1,233 | 939 | 6,635 | 5,984 |
| Brasinco Incorporações Ltda. | 831 | 830 | 830 | 830 |
| (i) | | | | |
| William Gadelha (ii) | - | - | 4,143 | 4,143 |
| Brasinco Incorporações Ltda. | 7,034 | 5,498 | 7,034 | 5,499 |
| (iii) | | | | |
| Other | 890 | 906 | 890 | 906 |
| Allowance for doubtful account | (7,864) | (6,328) | (7,864) | (6,328) |
| Total | 2,124 | 1,845 | 11,668 | 11,034 |
| Current amounts | 2,124 | 1,845 | 7,526 | 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

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 | |
|--|-----------------------|----------------------|
| | September 30, 2021 | December 31, 2020 |
| Investments in controlled and jointly-controlled companies | 149,712 | 130,845 |
| Provision for unsecured liabilities (b) | (7,532) | (7,492) |
| Investments (a) | 142,180 | 123,353 |
| Cumulative translation adjustment | - | - |
| Reclassification as liabilities (b) | 7,532 | 7,492 |
| | 149,712 | 130,845 |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

(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 September 30, 2021 |
|---|------------------------------------|--|---------------------------------------|-------------------------------------|
| Vista Cantareira Empreendimentos Imobiliários Ltda | 5,926 | 358 | - | 6,284 |
| Condomínio Varandas Jardim do Lago Ltda | 12,338 | 63 | - | 12,401 |
| Residencial Monte Serrat SPE Ltda | 1,231 | 386 | - | 1,617 |
| Haifa Investimentos e Participações Ltda | (12) | (0) | - | (12) |
| Residencial São Mateus SPE Ltda | 53,582 | 6,659 | (950) | 59,291 |
| Residencial Colina Francisco Morato SPE Ltda | (374) | (33) | - | (407) |
| Residencial Bom Retiro SPE Ltda | 42,847 | (1,027) | - | 41,820 |
| Residencial Jacú-Pessego II SPE Ltda. | (215) | (1) | - | (216) |
| Residencial Colina Guarapiranga SPE Ltda | (40) | (4) | - | (44) |
| Residencial Paulínia I SPE Ltda | (25) | (110) | - | (135) |
| Residencial Parque do Carmo SPE Ltda | 7,532 | 9,605 | - | 17,137 |
| Residencial Idemori SPE Ltda | (547) | (1) | - | (548) |
| Sugoi Projeto SPE Ltda | (93) | 8 | - | (85) |
| Residencial Sports Gardens da Amazônia Ltda | 3,505 | 5,979 | - | 9,484 |
| Sugoi Inovare Empreendimentos Imobiliários Ltda. | (8) | (0) | - | (8) |
| Residencial Portal do Belo Horizonte SPE Ltda. | (33) | (1) | - | (34) |
| Residencial Barcelona SPE Ltda. | (1,501) | (993) | - | (2,494) |
| Condomínio Varandas Jardim do Lago II SPE Ltda. | (382) | (934) | - | (1,316) |
| Residencial Isabel Ferrari SPE Ltda. | (11) | (27) | - | (38) |
| Residencial São Jose SPE Ltda | (19) | (991) | - | (1,010) |
| Residencial Jacú-Pessego I SPE Ltda. | (26) | (1) | - | (27) |
| Sugoi Residencial I SPE Ltda | (11) | (10) | - | (21) |
| 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) | - | (4) |
| Sugoi Residencial V SPE Ltda. | 821 | (935) | - | (114) |
| Sugoi Residencial VI SPE Ltda. | (175) | (19) | - | (194) |
| Sugoi Residencial VII SPE Ltda | (2) | (1) | - | (3) |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reais, unless otherwise stated

| | | | | |
|---|----------------|---------------|--------------|----------------|
| Sugoi Residencial VIII SPE Ltda | (3) | | - | (5) |
| | | (2) | | |
| Sugoi Residencial IX SPE Ltda | (21) | | - | (58) |
| | | (37) | | |
| Sugoi Residencial XI SPE Ltda | (15) | | - | (19) |
| | | (4) | | |
| Sugoi Residencial XIII SPE Ltda | (247) | | - | (258) |
| | | (11) | | |
| Sugoi Residencial XIV SPE Ltda | (2) | | - | (2) |
| | | (0) | | |
| Sugoi Residencial X SPE LTDA | (25) | | - | (26) |
| | | (1) | | |
| Sugoi Residencial XII SPE LTDA | (5) | | - | (6) |
| | | (1) | | |
| Sugoi Residencial XV SPE LTDA | (36) | | - | (37) |
| | | (1) | | |
| Sugoi Residencial XVI SPE LTDA | (11) | | - | (18) |
| | | (7) | | |
| Sugoi Residencial XVII SPE Ltda | (2) | | - | (2) |
| | | (0) | | |
| Sugoi Residencial XVIII SPE Ltda | (11) | | - | (20) |
| | | (9) | | |
| Sugoi Residencial XIX SPE Ltda | (2) | | - | (3) |
| | | (1) | | |
| Sugoi Residencial XX SPE Ltda | (12) | | - | (12) |
| | | (0) | | |
| Sugoi Residencial XXI SPE Ltda | (213) | | - | (214) |
| | | (1) | | |
| Sugoi Residencial XXII SPE Ltda | (2) | | - | (4) |
| | | (2) | | |
| Sugoi Residencial XXIII SPE Ltda | (2) | | - | (2) |
| | | (0) | | |
| Sugoi Residencial XXIV SPE Ltda | (2) | | - | (2) |
| | | (0) | | |
| Residencial Vila União SPE LTDA | - | | - | (1) |
| | | (1) | | |
| Residencial Atibaia SPE Ltda | - | | - | (1) |
| | | (1) | | |
| Residencial Bragança SPE Ltda | - | | - | (1) |
| | | (1) | | |
| HTG Infraestrutura e Participação Ltda. | 3,389 | 34 | - | 3,423 |
| HTG Infraestrutura e Participação Ltda. | - | - | - | - |
| Sugoi LLC | 3,782 | | 2,522 | 5,679 |
| | | (625) | | |
| | 130,845 | | 1,572 | 149,712 |
| | | 17,295 | | |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reais, unless otherwise stated

8 Fixed assets

| Description | Depreciation rate | Parent company | | Consolidated | |
|--------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| | | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Facilities | 10% p.a. | 44 | 44 | 44 | 44 |
| Furniture and fixtures | 10% p.a. | 125 | 123 | 193 | 213 |
| Machinery and equipment | 20% p.a. | 210 | 128 | 238 | 148 |
| Improvements | 20% p.a. | 30 | 27 | 30 | 28 |
| Telephone lease | 20% p.a. | 72 | 72 | 72 | 72 |
| Vehicles | 20% p.a. | - | - | 640 | 422 |
| Properties | 4% p.a. | 84 | 59 | 365 | 235 |
| IT equipment | | | - | | - |
| | | 8 | | 55 | |
| Use rights | | 1,594 | 2,038 | 1,594 | 2,038 |
| Sales stands (*) | | - | - | 618 | 636 |
| | | 2,167 | 2,491 | 3,879 | 3,836 |
| Accumulated depreciation | | (1,114) | (1,420) | (1,804) | (2,117) |
| | | 1,053 | 1,071 | 2,075 | 1,719 |

(*) 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 September 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 | September 30, 2021 | December 31, 2020 | Additions | Write-offs | September 30, 2021 |
| IT equipment | - | 8 | - | 8 | - | 55 | - | 55 |
| Facilities | 44 | - | - | 44 | 44 | - | - | 44 |
| Furniture and fixtures | 123 | 2 | - | 125 | 213 | 68 | (88) | 193 |
| Machinery and equipment | 128 | 83 | (1) | 210 | 148 | 90 | - | 238 |
| Improvements | 27 | 3 | - | 30 | 28 | 5 | (3) | 30 |
| Telephone lease | 72 | - | - | 72 | 72 | - | - | 72 |
| Vehicles | - | - | - | - | 422 | 218 | - | 640 |
| Properties | 59 | 25 | - | 1,295 | 235 | 160 | - | 1,606 |
| Sales stands | - | - | - | - | 636 | 71 | (89) | 618 |
| Right of use of property | 2,038 | - | (444) | 1,594 | 2,038 | - | (444) | 1,594 |
| | 2,491 | 121 | (445) | 3,378 | 3,836 | 1,878 | (624) | 5,090 |
| Accumulated depreciation | (1,420) | 306 | - | (1,114) | (2,117) | 313 | - | (1,804) |
| | 1,071 | 427 | (445) | 1,053 | 1,719 | 980 | (624) | 2,075 |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

9 Related-party transactions

| Description | Parent company | | Consolidated | |
|---------------------|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Noncurrent assets | 63,596 | 46,700 | 15,246 | 10,551 |
| Current liabilities | (108,156) | (87,492) | (1,047) | (794) |
| | <u>(44,560)</u> | <u>(40,792)</u> | <u>14,199</u> | <u>9,757</u> |

| Description (Assets) | Parent company | | Consolidated | |
|---|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 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 | 1,594 | 1,461 | - | - |
| Residencial Bom Retiro SPE Ltda | - | - | 9,970 | 8,052 |
| Residencial José Vigna Talhado SPE Ltda | 570 | 479 | - | - |
| Residencial Colina Guarapiranga SPE Ltda | 1,084 | 907 | 31 | - |
| Residencial Paulínia I SPE Ltda | 141 | 139 | - | - |
| Residencial Parque do Carmo SPE Ltda | 1,582 | 14,591 | 369 | - |
| Residencial Idemori SPE Ltda | 586 | 588 | - | - |
| Sugoi Projeto SPE Ltda | 92 | 92 | - | - |
| Residencial Sports Gardens da Amazônia Ltda. | 18,099 | 12,621 | - | - |
| Sugoi N Empreendimentos Imobiliários Ltda. | 516 | 515 | - | - |
| Residencial Portal do Belo Horizonte SPE Ltda | 602 | 580 | - | - |
| Residencial Barcelona SPE Ltda | 2,687 | 2,819 | - | - |
| Condomínio Varandas Jardim do Lago II | 3,285 | 1,239 | - | - |
| Residencial Isabel Ferrari SPE Ltda | 269 | 254 | - | - |
| Tsuri Brasil Ltda. | 98 | - | 98 | - |
| Residencial São José SPE Ltda. | 2,921 | 802 | 4 | - |
| Residencial Jacú-Pessego I SPE Ltda. | 526 | 337 | - | - |
| Sugoi Residencial I SPE Ltda | 373 | 261 | - | - |
| Sugoi Residencial II SPE Ltda | 613 | 410 | - | - |
| Sugoi Residencial III SPE Ltda | 556 | 492 | - | - |
| Sugoi Residencial Via Verde SPE Ltda | 2 | 1 | - | - |
| Sugoi Residencial IV SPE Ltda | 73 | 73 | - | - |
| Sugoi Residencial V SPE Ltda | 1,421 | - | - | - |
| Sugoi Residencial VI SPE Ltda | 15,735 | 1,755 | - | - |
| Vercelli Gestão de Negócios Eireli | - | - | - | 1 |
| Sugoi Residencial VII SPE Ltda | 3 | 2 | - | - |
| Sugoi Residencial VIII SPE Ltda | 810 | 809 | - | - |
| Sugoi Residencial IX SPE Ltda | 2,832 | 2,142 | - | - |
| Tsuri Acre Ltda | 16 | 16 | 16 | 16 |
| Sugoi Residencial XI SPE Ltda | 644 | 546 | - | - |
| Sugoi Residencial XIII SPE Ltda | 2,473 | 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 | 119 | 112 | - | - |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

| | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Sugoi Residencial XV SPE Ltda | 39 | 38 | - | - |
| Sugoi Residencial XXIV SPE Ltda | 2 | 1 | - | - |
| Sugoi Residencial XXIII SPE Ltda | 12 | 12 | - | - |
| Sugoi Residencial XXII SPE Ltda | 4 | 1 | - | - |
| Sugoi Residencial XIX SPE Ltda | 135 | 17 | - | - |
| Sugoi Residencial XX SPE Ltda | 35 | 2 | - | - |
| Sugoi Residencial XXI Ltda | 224 | 223 | - | - |
| Sugoi Residencial XVII SPE Ltda | 1 | 2 | - | - |
| Sugoi Residencial XVIII SPE Ltda | 462 | 201 | - | - |
| Residencial Vila União SPE LTDA | 38 | - | - | - |
| THIAGO DE OLIVEIRA ANDRADE PAZINATTO | 1,109 | - | 1,109 | - |
| Ronaldo Yoshio Akagui | 1,128 | - | 1,128 | - |
| Other | - | - | 552 | 552 |
| | 63,596 | 46,700 | 15,246 | 10,551 |

| Description (Liabilities) | Parent company | | Consolidated | |
|--|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Condomínio Varandas Jardim do Lago (fee) | - | - | - | - |
| Condomínio Varandas Jardim do Lago | 11,367 | 11,376 | - | - |
| Vista Cantareira Empreendimentos Imobiliários Ltda | 6,402 | 6,491 | - | - |
| Residencial Monte Serrat Ltda | 410 | 337 | - | - |
| | | | 926 | |
| Residencial Parque do Carmo SPE Ltda | - | - | 4 | - |
| Residencial São Mateus SPE Ltda | 60,672 | 41,644 | - | - |
| Residencial Guarapiranga SPE Ltda | - | - | - | 31 |
| Residencial Bom Retiro SPE Ltda | 29,188 | 27,048 | - | - |
| Residencial Sports Gardens da Amazônia Ltda. | - | - | - | 210 |
| Sugoi Residencial V SPE Ltda | 1 | 43 | - | - |
| Dahab Brasil S.A. | 116 | 117 | - | 117 |
| | | | 117 | |
| MONTANHA VERMELHA PARTICIPACOES S.A | - | 436 | - | 436 |
| Total | 108,156 | 87,492 | 1,047 | 794 |
| Current amounts | 108,156 | 87,492 | 1,047 | 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.

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

10 Intercompany accounts with Silent Partnerships (SCPs)

| Description | Parent company | | Consolidated | |
|--|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 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.

11 Loans and financing

| Type | Financial institution | Interest rate and commissions | Parent company | | Consolidated | |
|---|-------------------------------|-------------------------------|--------------------|-------------------|--------------------|-------------------|
| | | | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Working capital | Caixa Economica Federal – CEF | Up to 9.6 % p.a. +CDI | 773 | 1,400 | - | 1,400 |
| Housing Finance System (SFH) | Caixa Economica Federal – CEF | Up to 11% p.a. | - | - | 11,595 | 6,304 |
| Financing Fund for Acquisition of Industrial Machinery and Equipment (Finame) | Santander | 5.54% p.a. | - | - | 15,518 | 11,277 |
| Lease | Banco Daycoval | Up to 22.99% p.a. | - | 33 | - | 33 |
| Bank Credit Notes (CCB) | Banco Daycoval | 14.02% p.a. | 1,266 | 1,516 | 1,266 | 1,516 |
| CCB | Banco ABC | CDI + 6.73% p.a. | 8,599 | 10,111 | 8,599 | 10,111 |
| CCB | Banco PINE | CDI + 8.47% p.a. | 5,626 | 1,513 | 5,626 | 1,513 |
| CCB | Banco PINE | 10.43% p.a. | - | 4,000 | - | 4,000 |
| Other | Other | N/A | - | - | - | 1,081 |
| | | | <u>16,265</u> | <u>18,573</u> | <u>42,605</u> | <u>37,235</u> |
| Current | | | 8,618 | 9,248 | 26,100 | 17,573 |
| Non-current | | | 7,646 | 9,325 | 16,504 | 19,662 |

The balances by year of maturity are as follows:

| Year | Parent company | | Consolidated | |
|------|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| 2021 | 8,618 | 9,248 | 26,100 | 17,573 |
| 2022 | 2,121 | 3,903 | 4,043 | 9,541 |
| 2023 | 3,353 | 3,417 | 10,291 | 8,116 |
| 2024 | 2,172 | 2,005 | 2,170 | 2,005 |
| | <u>16,264</u> | <u>18,573</u> | <u>42,604</u> | <u>37,235</u> |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

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: 8% 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 9% 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 10% per year.

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

| Balance | Risk of increase in interest rate | Parent company | | |
|---------|-----------------------------------|---------------------|---------------------|--------------------|
| | | 8% p.a. Probable | 9% p.a. Possible | 10% p.a. Remote |
| 16,264 | Accounting effect (cost/ expense) | 1,301 | 1,464 | 1,626 |

| Balance | Risk of increase in interest rate | Consolidated | | |
|---------|-----------------------------------|---------------------|---------------------|--------------------|
| | | 8% p.a. Probable | 9% p.a. Possible | 10% p.a. Remote |
| 42,604 | Accounting effect (cost/ expense) | 3,408 | 3,834 | 4,260 |

12 Trade accounts payable

| Maturity | Parent company | | | Consolidated |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Overdue | 186 | 49 | 6,234 | 2,872 |
| Falling due in up to 30 days | 352 | 142 | 11,852 | 11,530 |
| Falling due between 31 and 60 days | 42 | - | 1,949 | 1,312 |
| Falling due between 61 and 90 days | 36 | - | 934 | 574 |
| Falling due between 91 and 120 days | 34 | - | 2,346 | 103 |
| Falling due between 121 and 180 days | 152 | - | 268 | 201 |
| Falling due after 180 days | - | - | 1,485 | 37 |
| Total falling due | 616 | 142 | 18,834 | 13,757 |
| Total | 802 | 191 | 25,068 | 16,629 |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

13 Labor and tax liabilities

| Description | Parent company | | Consolidated | |
|--|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Tax liabilities | 501 | 501 | 503 | 503 |
| Labor liabilities | 343 | 346 | 723 | 585 |
| Taxes withheld at source | 89 | 22 | 3,157 | 781 |
| Special Tax Regime (RET) – Current amounts | - | - | 5,662 | 2,801 |
| RET – Deferred amounts | - | - | 3,014 | 1,247 |
| | 933 | 869 | 13,058 | 5,917 |
| Current amounts | 933 | 869 | 7,252 | 4,670 |
| Noncurrent amounts | - | - | 5,806 | 1,247 |

14 Accounts payable

| Description | Parent company | | Consolidated | |
|-----------------------------------|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Acquisition of ownership interest | 765 | 1,680 | 591 | 1,680 |
| Commission on plots of land | - | - | 500 | 500 |
| Civil/labor contingencies | - | - | 173 | - |
| Contract cancellations payable | - | - | 110 | 497 |
| Rents payable | - | 1,359 | - | 1,359 |
| Others | - | 994 | - | 994 |
| | 765 | 4,033 | 1,374 | 5,030 |
| Current amounts | 757 | 4,033 | 866 | 4,530 |
| Noncurrent amounts | 8 | - | 508 | 500 |

15 Advances from clients and others

| Description | Parent company | | Consolidated | |
|---|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Advances from clients - Real estate development | - | - | 8,141 | 9,463 |
| Advances from clients - Bartered units | - | - | 6,996 | 10,841 |
| Creditors from acquired properties | 6,199 | 1,042 | 103,481 | 118,445 |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

| | | | | |
|--------------------|-------|-------|---------|---------|
| Barters (*) | - | 5,435 | 70,794 | 78,530 |
| Others | - | - | 841 | 2,283 |
| | 6,199 | 6,477 | 190,253 | 219,562 |
| Current amounts | 6,199 | 6,477 | 79,052 | 67,209 |
| Noncurrent amounts | - | - | 111,201 | 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.

16 Debentures

| Type | Parent company | | Consolidated | |
|------------------------|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 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 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.

17 Real Estate Receivables Certificates (CRI)

| Type | Parent company | Parent company | Consolidated | Consolidated |
|---------------------------|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| CRI | 65,000 | 35,000 | 65,000 | 35,000 |
| (-) Amortization | (4,666) | - | (4,666) | - |
| Unrecognized charges | - | (848) | - | (848) |
| Interest on CRI | 1,536 | 84 | 1,536 | 84 |
| | 61,870 | 34,236 | 61,870 | 34,236 |
| Current amounts | 10,000 | 7,458 | 10,000 | 7,458 |
| Noncurrent amounts | 51,870 | 26,778 | 51,870 | 26,778 |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

| Year | Consolidated | | | | |
|----------------|--|-------------------|------------------|------------------|-----------------|
| | September 30, 2021 | December 31, 2020 | 8% p.a. Probable | 9% p.a. Possible | 10% p.a. Remote |
| 2021 | 10,000 | 7,458 | | | |
| 2022 | 2,500 | 1,500 | | | |
| 2023 | 18,571 | 10,850 | | | |
| 2024 | 30,799 | 14,428 | | | |
| | 61,870 | 34,236 | | | |
| Balance | Risk of increase in interest rate | | | | |
| 61,870 | Accounting effect (cost/expense) | | 4,950 | 5,568 | 6,187 |

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.

18 Provisions

| Description | Consolidated | |
|-----------------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 |
| Provision for guarantee (i) | 2,896 | 2,753 |
| Provision for contingencies | 173 | 1,617 |
| | 3,069 | 4,370 |

- (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\$ 173 (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\$ 4,632 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

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

In thousands of Brazilian Reals, unless otherwise stated

19

Equity

(a) Capital

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

| | September 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.

(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:

| | September 30, 2021 | September 30, 2020 |
|--|-------------------------------|-------------------------------|
| Earnings/(losses), net of income (loss) (in Brazilian Reals) | (4,215,000) | 19,406,000 |
| Number of shares | 1,000,000 | 1,000,000 |
| | <u>(4,215)</u> | <u>19,406</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 September 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.

(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 | | | |
|--|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
| | September 30, 2021 | August 01 to September 30, 2021 | September 30, 2020 | August 01 to September 30, 2020 |
| Revenue from properties | 152,717 | 53,154 | 139,051 | 63,320 |
| Cancelled sales | (1,323) | (815) | (683) | (201) |
| Gross operating revenue | 151,394 | 52,339 | 138,368 | 63,119 |
| Taxes levied | (5,756) | (1,861) | (2,632) | (1,124) |
| Net operating revenue | 145,638 | 50,478 | 135,736 | 61,995 |
| Expenses on land, development and construction | (102,352) | (34,870) | (88,243) | (42,044) |
| Gross profit | 43,286 | 15,608 | 47,493 | 19,951 |
| Gross margin percentage - % | 29.7% | 0.6% | 35.0% | -2.4% |

SUGOI S.A.

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

21 Expenses by nature

| Description | Parent company | | | | Consolidated | | | |
|---|-----------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|
| | September 30, 2021 | July 01 to September 30, 2021 | September 30, 2020 | July 01 to September 30, 2020 | September 30, 2021 | July 01 to September 30, 2021 | September 30, 2020 | July 01 to September 30, 2020 |
| Selling expenses | | | | | | | | |
| Commissions | - | - | - | - | (5,600) | (1,762) | (3,115) | (1,579) |
| Advising and consulting | (1,419) | (642) | (90) | (42) | (2,295) | (377) | (180) | (46) |
| Advertising and publicity | (133) | 847 | (15) | (9) | (5,266) | (1,523) | (3,058) | (1,619) |
| Expenses on sales stands and show apartments | - | - | - | - | (707) | (249) | (411) | (146) |
| Rent expenses | - | - | - | - | (144) | (124) | (354) | (121) |
| Insurance | (371) | (183) | - | - | (372) | (163) | - | - |
| Other selling expenses | (1,010) | (882) | (87) | (66) | (1,105) | (1,094) | (551) | (235) |
| | <u>(2,933)</u> | <u>(860)</u> | <u>(192)</u> | <u>(117)</u> | <u>(15,488)</u> | <u>(5,291)</u> | <u>(7,669)</u> | <u>(3,746)</u> |
| General and administrative expenses | | | | | | | | |
| Advising and consulting | (4,993) | (2,874) | (4,544) | (1,954) | (6,223) | (2,825) | (5,612) | (2,102) |
| Personnel expenses | (4,245) | (1,604) | (2,678) | (885) | (4,802) | (2,038) | (2,681) | (886) |
| Rent expenses | (643) | (161) | (128) | 42 | (643) | (161) | (166) | 38 |
| Expenses on office materials | (243) | (23) | (330) | (181) | (957) | (249) | (486) | (240) |
| Depreciation | (20) | - | (250) | (18) | (36) | (15) | (253) | (19) |
| Expenses on notary's office and registry | 813 | 851 | (26) | (18) | 485 | 535 | (173) | (49) |
| Provision for contingencies | - | - | - | - | - | - | (999) | (999) |
| Insurance | - | - | - | - | (327) | (82) | (365) | (133) |
| Allowance for doubtful account | (1,537) | - | - | - | (1,538) | - | - | - |
| Other administrative expenses | (1,069) | (352) | (296) | (76) | (2,037) | (224) | (1,183) | (505) |
| | <u>(11,937)</u> | <u>(4,163)</u> | <u>(8,252)</u> | <u>(3,090)</u> | <u>(16,077)</u> | <u>(5,058)</u> | <u>(11,918)</u> | <u>(4,895)</u> |
| | <u>(14,870)</u> | <u>(5,023)</u> | <u>(8,444)</u> | <u>(3,207)</u> | <u>(31,565)</u> | <u>(10,349)</u> | <u>(19,587)</u> | <u>(8,641)</u> |

SUGOI S.A.

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

22. Net financial income (loss)

| | Parent company | | | | Consolidated | | | |
|-----------------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|
| | September 30, 2021 | July 01 to September 30, 2021 | September 30, 2020 | July 01 to September 30, 2020 | September 30, 2021 | July 01 to September 30, 2021 | September 30, 2020 | July 01 to September 30, 2020 |
| Financial expenses | | | | | | | | |
| Discounts granted | - | - | - | - | (47) | (13) | (13) | - |
| Interest losses | (6,694) | (3,994) | (3,701) | (2,226) | (8,941) | (5,203) | (4,741) | (3,381) |
| Late payment fine | (13) | - | (1) | - | (219) | - | (25) | - |
| Bank fees | (440) | (261) | (52) | - | (1,044) | (473) | (470) | - |
| | (7,147) | (4,255) | (3,754) | (2,226) | (10,251) | (5,689) | (5,249) | (3,381) |
| Financial revenues | | | | | | | | |
| Discounts obtained | 134 | 134 | - | - | 201 | 147 | 62 | 10 |
| Interest on financial investments | 144 | 110 | 51 | (2) | 201 | 112 | 157 | 63 |
| | 278 | 245 | 51 | (2) | 402 | 259 | 219 | 73 |
| | (6,869) | (4,010) | (3,703) | (2,228) | (9,849) | (5,430) | (5,030) | (3,308) |

SUGOI S.A.

Notes to the quarterly information
As at September 30, 2021, and December 31, 2020

In thousands of Brazilian Reals, unless otherwise stated

23

Real estate ventures under development

| Description | September 30, 2021 | July 01 to September 30, 2021 | September 30, 2020 | July 01 to September 30, 2020 |
|---|--------------------|-------------------------------|--------------------|-------------------------------|
| Unrecognized contracted sales (Note 4) | 143,827 | (1,960) | 178,941 | (22,707) |
| Contracted sales of units as provided for in the contract's clauses | (24,592) | (24,592) | - | - |
| Taxes on sales | (5,753) | 78 | (7,158) | 908 |
| | <u>113,482</u> | <u>(26,474)</u> | <u>171,783</u> | <u>(21,799)</u> |
| Cost of units sold to incur | (61,506) | 27,406 | (121,753) | 25,869 |
| Cost of units sold to incur as provided for in the contract's clauses | (8,300) | - | - | - |
| | <u>43,676</u> | <u>(7,368)</u> | <u>50,030</u> | <u>4,070</u> |
| Percentage of unrecognized gross margin | 38.5% | 2% | 29.1% | 5% |

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

| Description | September 30, 2021 | August 01 to September 30, 2021 | September 30, 2020 | August 01 to September 30, 2020 |
|-----------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| Recognized revenue | 523,923 | 54,315 | 373,199 | 110,478 |
| Taxes on revenues | (20,957) | (2,173) | (14,928) | (4,419) |
| | <u>502,966</u> | <u>52,142</u> | <u>358,271</u> | <u>106,059</u> |
| Recognized cost | (345,836) | (32,360) | (250,676) | (72,794) |
| Gross profit | <u>157,130</u> | <u>19,782</u> | <u>107,595</u> | <u>33,265</u> |
| Recognized gross margin - % | <u>31.24%</u> | 1% | <u>30.03%</u> | 1% |

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

| Description | September 30, 2021 | August 01 to September 30, 2021 | September 30, 2020 | August 01 to September 30, 2020 |
|-----------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| Recognized revenue | 523,923 | 54,315 | 373,199 | 110,478 |
| Taxes on revenues | (20,957) | (2,173) | (14,928) | (4,419) |
| | <u>502,966</u> | <u>52,142</u> | <u>358,271</u> | <u>106,059</u> |
| Recognized cost | (345,836) | (32,360) | (250,676) | (72,794) |
| Gross profit | <u>157,130</u> | <u>19,782</u> | <u>107,595</u> | <u>33,265</u> |
| Recognized gross margin - % | <u>31.24%</u> | 1% | <u>30.03%</u> | 1% |

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

24 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.

25 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 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.

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

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:

- 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.

26 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.

SUGOI S.A.

Notes to the quarterly information

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

In thousands of Brazilian Reals, unless otherwise stated

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.

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 September 30, 2021.